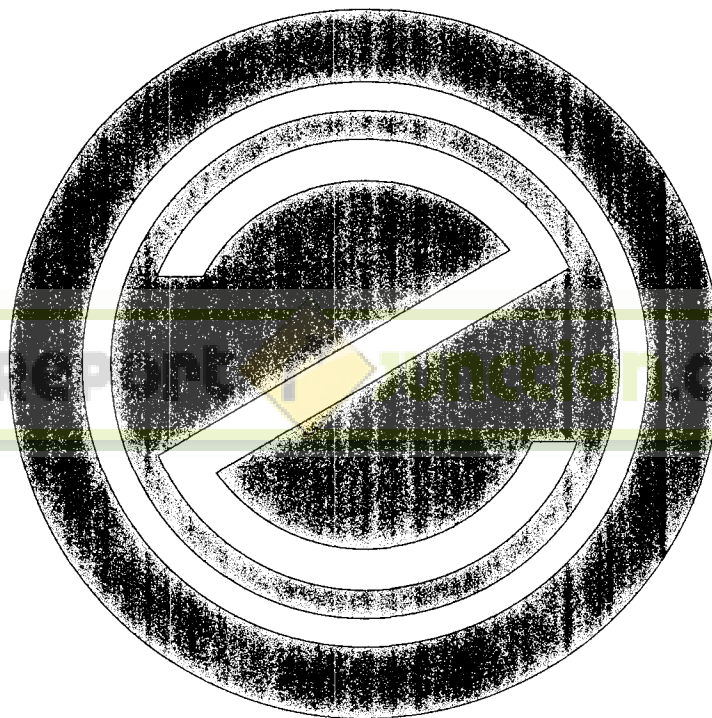


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MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



ZENITH LIMITED





Zenith Limited

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DIRECTORS

YASH BIRLA
M.P. GANDHI
S.N. BAHETI
D.V. KAPUR
A.L. KAPUR
V. GAURI SHANKER
V.P. SHAH
A.P. SAXENA
AUGUSTINE P. KURIAS
D.K. RAO
U.S. SETHIA

Chairman

*(Nominee of ICICI)
(Nominee of BIFR)
(Nominee of IDBI)
Whole-time Director
(Finance - Nominee of SBI)
Managing Director*

REGISTERED OFFICE

MOTI MAHAL
195, CHURCHGATE RECLAMATION
MUMBAI - 400 020

SECRETARY

P.R. DHURVA

WORKS

KHOPOLI 410 203
DIST. RAIGAD
MAHARASHTRA

D-17, MIDC AREA
BOISAR 401 506
DIST. THANE
MAHARASHTRA

AUDITORS

DAIAL & SHAH
CHARTERED ACCOUNTANTS

62/63, MIDC AREA
SATPUR
NASHIK 422 007
MAHARASHTRA

B-15/3, MIDC AREA
WALUJ 431 133
DIST. AURANGABAD
MAHARASHTRA

BRANCH AUDITORS

S.R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS

A-82, MIDC AREA
KHAMGAON 444 303
DIST. BULDHANA
MAHARASHTRA

BANKERS

STATE BANK OF INDIA
PUNJAB NATIONAL BANK
BANK OF BARODA
ORIENTAL BANK OF COMMERCE

REGISTRARS AND TRANSFER AGENTS

COMPUTRADE SERVICES LIMITED
WAKEFIELD HOUSE, 2ND FLOOR
11, SPROTT ROAD, BALLARD ESTATE
MUMBAI - 400 038

Report  Junction.com


Zenith Limited

NOTICE

Registered Office :

Moti Mahal, 195, Churchgate Reclamation
Mumbai - 400 020.

NOTICE is hereby given that the Thirty-sixth Annual General Meeting of the Shareholders of ZENITH LIMITED will be held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai - 400 020 on Thursday, the 25th September, 1997 at 4.00 p.m. to transact, with or without modifications, as may be permissible, the following business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the Accounting Year ended 31st March, 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Yash Birla who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Prof. M.P. Gandhi who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Dalal & Shah, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, in addition to re-imbursement of out-of-pocket expenses incurred in the performance of their duties."

5. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the

Companies Act, 1956, Messrs. S.R. Batliboi & Company, Chartered Accountants, be and are hereby appointed as Branch Auditors of Tool Division having its units at Mumbai, Nashik and Aurangabad and Textile Division having its unit at Khamgaon, together with their branches, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors, in addition to re-imbursement of out-of-pocket expenses incurred in the performance of their duties".

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE FILED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Nos. 4 & 5 set out above is annexed hereto.
3. The Register of Members of the Company and Share Transfer Books will remain closed from 12th September, 1997 to 25th September, 1997 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to notify the changes in address, if any, immediately, quoting their folio numbers to the Registrars & Transfer Agents, M/s. Computrade Services Limited, Wakefield House, 2nd Floor, 11, Sprott Road, Ballard Estate, Mumbai - 400 038.

By Order of the Board

U.S. Sethia

Managing Director

Mumbai, 17th July, 1997.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 4**

Since the combined shareholding of Life Insurance Corporation of India, Unit Trust of India, State/Central Government, Nationalised Banks and Insurance Companies exceeds 25% of the Subscribed Capital of the Company, the appointment of Messrs. Dalal & Shah, Chartered Accountants, as Auditors of the Company, is proposed to be made by a Special Resolution in view of the provisions of Section 224A of the Companies Act, 1956. As required under Section 224 of the said Act, a Certificate has been received from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the said Act.

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

Item No. 5

Under Section 228 of the Companies Act, 1956, it is obligatory for the Company to have all the branches audited by a Statutory

Auditor unless the Company in General Meeting decides to have the branches audited by persons qualified to be appointed as Auditors of the Company under Section 226 of the said Act. The Company has its Tools Manufacturing Units at Mumbai, Nashik and Aurangabad and Textile unit at Khamgaon and it is proposed, in accordance with provisions of the said Section, to appoint Messrs. S.R. Batliboi & Company, Chartered Accountants, to audit the accounts of the aforesaid units of the Company. As required under Section 224 of the Companies Act, 1956, a Certificate has been received from the said Auditors to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the said Act.

None of the Directors of the Company, is, in any way, concerned or interested in this Resolution.

By Order of the Board

Mumbai, 17th July, 1997.

U.S. Sethia
Managing Director



DIRECTORS' REPORT

To the Members,

Your Directors present the Thirty-sixth Annual Report together with the Audited Statement of Accounts for the Accounting Year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97 (Rs. in lacs)	1995-96 (Rs. in lacs)
TOTAL INCOME	21184.32	18204.81
PROFIT BEFORE INTEREST, DEPRECIATION EXTRA-ORDINARY ITEMS & TAXATION	1635.40	1116.66
Interest	1029.36	782.56
PROFIT/(LOSS) BEFORE DEPRECIATION, EXTRA-ORDINARY ITEMS & TAXATION	606.04	334.10
Depreciation	163.88	192.64
PROFIT/(LOSS) BEFORE EXTRA-ORDINARY ITEMS, EXPENSES IN RESPECT OF EARLIER YEARS & TAXATION	442.16	141.46
Extra-ordinary Items		
(a) Debits :-		
(i) Loans Written off in terms of BIFR order of Transasia Carpets Limited	—	344.54
(b) Credits :-		
(i) Reliefs and Concessions under BIFR Scheme State Bank of India Interest Credit (Subject to Confirmation)	435.04	
Less : Additional Expenses as per BIFR Order (Net)	46.96	
	388.08	2297.12
(ii) Profit on Sale of Undertakings/Properties	—	4861.83
PROFIT/(LOSS) FOR THE YEAR	830.24	6955.87
Expenses in respect of earlier years	(93.96)	(1251.51)
Excess Depreciation written back	—	5.74
Less : Multiple Shift Depreciation for earlier years provided	—	4.98
	—	0.76
Adding thereto -		
Balance of loss as per last Account	3124.83	10328.39
Add : Capital Reduction Account	—	1498.44
Balance carried to Balance Sheet	2388.55	3124.83

The Total Income of the Company increased from Rs. 182.05 crores in the previous year to Rs. 211.84 crores for the year under review, thus registering a growth of 16.36% despite lockout and partial operations at Pipe Division for a significant portion of the year. In previous year the profit before interest and depreciation was Rs. 11.17 crores which included other income of Rs. 5.38 crores of extra-ordinary nature. During the period under review, profit before interest and depreciation is Rs. 16.35 crores including other income of Rs. 4.55 crores. In absolute terms, therefore, the operations of the Company have gained significant strength. The interest cost of the Company has increased from Rs. 7.83 crores in the previous year to Rs. 10.29 crores during the year under review. After accounting for interest and depreciation the net profit for the year has increased to Rs. 4.42 crores as against Rs. 1.41 crores for the previous year. The improvement in operational results has been made possible by further rationalising procurement cost of raw material, operational efficiency, debottlenecking of operations & reduction in wage cost, during the year under review. The operating results of the Company could have been better but for the loss caused by stoppage of work in the Pipe Division.

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1) OPERATIONS :

The Division-wise performance during the year under review in comparison to that in the previous year is as under :-

Division	1995-96		1996-97		% Increase / (Decrease)	
	Quantity	Rupees (in Crores)	Quantity	Rupees (in Crores)	Qty.	Value
Pipes (MT)	14945	37.63	24834	54.48	66%	45%
Chemicals (MT)	2595	48.47	2734	51.83	5%	7%
Tools (000 pieces)	7123	24.96	7330	29.41	3%	18%
Textiles (MT)	2673	37.13	2506	30.37	(6%)	(18%)
International (Divn. Turnover)	—	28.46	—	41.20	—	—

Pipe Division

Lock-out at Pipe Division was lifted in September '96 almost after one year of stoppage of work, whereafter partial operations commenced and by December '96 production at Pipe Division got stabilised. During the year under review, the Division produced 24834 tonnes of pipes as against 14945 tonnes in the previous year. With keen competition and declining trend of prices, the Company is making all efforts to reduce costs and diversify markets for better value realisation.

Chemical Division

The profitability of Chemical Division is significantly better in comparison to that of the previous year. The Division achieved the highest ever production of 2734 tonnes compared to production of 2595 tonnes in the previous year. The average sales realisation of the Division's products was much better due to the quality of our products continuing to receive support in the international markets. During the year under review, process automation system, for batch to batch consistency, reduction of human interference and reduction of time cycle was successfully installed. Major gains due to these improvements will be realised from this year onwards. Upgraded tertiary treatment facilities were installed for near total elimination of liquid effluents discharge. All these actions have helped the Division to further consolidate its position in the international market.

Tools Division

The Tool Division has continued to be on a growth oriented path and there is significant improvement in terms of volume and profitability in comparison to the previous year. In terms of volume the production increased from 7123 thousand pieces to 7330 thousand pieces. By better product mix the revenues of the Division increased from Rs. 24.96 crores to Rs. 29.41 crores. This was made possible by aggressive and concentrated marketing efforts despite the fact that general sluggishness was visible in the Engineering Industry during the later part of the financial year 1996-97.

Textile Division

The operations of the Textile Division received a set back due to acute recession and volatility of fibre prices almost throughout 1996-97. However, despite extremely adverse market conditions, the financial performance of the Division was kept under control by reducing overheads. The Division produced 2506 tonnes of yarn as against 2673 tonnes during the previous year.

2) EXPORTS :

The value of exports has gone up substantially from Rs. 49.36 crores in the previous year to Rs. 56.99 crores during the year under review. In terms of physical performance, 2598 tonnes of Dye Intermediates were exported as against 2318 tonnes in the previous year and 7259 tonnes of Pipes were exported as against 4308 tonnes in the previous year. The export turnover of the Company in years to come should increase significantly in view of the thrust given to exports of both Dye Intermediates & Pipes. Apart from the above, some more value added products have been successfully developed in the pilot plant of the Chemical Division. These products are presently being test marketed for which the Company has received encouraging response. With volume marketing of these products, the export earnings of the Company will rise further.

3) INDUSTRIAL RELATIONS :

Lock-out at Pipe Division was lifted in the month of September '96. During the period of cessation of activities; Voluntary Retirement Scheme was introduced in this Division and nearly 400 workmen took advantage of this Scheme. Further, a fresh long term productivity incentive-linked wage agreement was reached with the workers. The productivity linked wage settlements in the Tool Division at Nashik and Aurangabad have produced satisfactory results. The Textile Division too reached a wage agreement and as a result the Industrial Relations have improved. On the whole all the Divisions of the Company have enjoyed harmonious industrial relations.


Zenith Limited
4) REHABILITATION SCHEME :

The Rehabilitation Scheme sanctioned by BIFR on 8/1/96 was successfully implemented during the year. In terms of the package starting with payment of major amount of 75% to Term Lenders, Debenture Holders and Banks, the Company has also met most of its other obligations such as issue of CCPS Certificates to Public Debenture Holders, Term Lenders, Banks etc. By now almost all due payments have been made and certain remaining adjustments with Banks are being completed.

5) SUBSIDIARY COMPANY :

The Accounts for the wholly owned Subsidiary Company, M/s. Zenith (USA) Inc. for the year ended 31st December, 1996 have not been received by the Company and therefore statement pursuant to Section 212 of the Companies Act, 1956 is not enclosed.

6) AUDITORS' REMARKS :

The Auditors have drawn your attention to specific points in their report. The notes are self-explanatory.

7) DIRECTORS :

During the year, State Bank of India, has withdrawn their Nominee Director Shri M. M. Mehta, from 11th October, 1996 and has nominated Shri D. K. Rao as Whole-time Director (Finance) on the Board of the Company with effect from 18th November, 1996 under Section 35-A of State Bank of India Act, 1955.

During the year, General Insurance Corporation of India and its subsidiaries have withdrawn its Nominee Director, Shri L. R. Ringshia, with effect from 27th March, 1997.

The Board placed on record its appreciation for valuable services rendered by both the Directors during their tenure as Directors of the Company.

In accordance with the Article 149 of the Articles of Association of the Company, Shri Yash Birla and Prof. M. P. Gandhi, retire by rotation and being eligible, offer themselves for re-appointment.

8) FIXED DEPOSITS :

The Company has paid all such Fixed Deposit Holders who have forwarded to the Company their duly discharged Fixed Deposit Receipts. As on 31st March, 97, the amount payable to Fixed Deposit Holders stood at Rs. 17.82 lacs. Since then and upto 15th July, 97 the Company has further paid Rs. 0.27 lac. As and when the remaining discharged Fixed Deposit Receipts are received by the Company, the same will be paid.

9) AUDITORS :

The members are requested to appoint Statutory Auditors and Branch Auditors for the current financial year.

10) PERSONNEL :

The particulars of employees as per Section 217(2A) of the Companies Act, 1956 are set out in Annexure-I forming part of this Report.

11) DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY ETC. :

The particulars as required under Section 217(1)(e) of the Companies Act, 1956 and the Rules therein pertaining to the above are set out in Annexure-II forming part of this Report.

12) APPRECIATION :

The Board wishes to place on record their gratitude for the co-operation and support received from the Share Holders, Debenture Holders, Fixed Deposit Holders, Financial Institutions, Banks, Central and State Government Authorities. The Board also appreciates the co-operation and support received from all its employees in the process of revival of the Company.

On behalf of the Board

YASH BIRLA
Chairman

Mumbai, 17th July, 1997.

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ANNEXURE TO DIRECTORS' REPORT

ANNEXURE I

Information as per Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 1997.

Sr. No.	Name of the Employee	Age (Yrs)	Designation/ Nature of Duties	Remuneration recd. (Rs.)	Net take home pay (Rs.)	Qualifications	Experi- ence (years)	Date of Commencement of Employment	Last employment and position held before joining the Company
BOMBAY OFFICE									
1.	Sethia U.S. +	61	Managing Director	712227	307602	M.Com, Dipl. Business Mngmnt.	39	10-06-94	Birla Jute & Industries Ltd. President-Satna Cement Works
2.	Sharma M.M.	68	Sr. President	450865	237517	M.A.(Eco), M.A. (Hindi), DSW, CM, IIPM	43	11-06-94	NRC Limited Executive President
3.	Sethia S.L. *	49	Officer (Sales Accounts)	190846	172727	B.Com.	25	07-02-73	None
4.	Nair M.K. *	61	Dy. Officer (Exports)	231876	216059	S.S.L.C.	38	15-03-65	The Baroda Rayon Corporation Ltd. Steno-Typist
5.	Singh Swaroop*	57	Driver	295397	283339	Non-matric	30	01-03-68	None
6.	Parikh N.A.*	61	Asst. Officer (Admn.)	179241	173839	B.Com., LL.B.	35	01.03.74	Hotel Horizon, Mumbai Internal Auditor
TEXTILE DIVISION									
1.	Lodha H.S	44	Chief Executive	342667	252717	B.Com., F.C.A.	20	11-05-95	Orient Syntax Ltd. Joint President

- * Employed for part of the year.
+ Employed on Contractual Basis.

Notes :

- In the case of the employees, the remuneration received includes Salary, Allowances, the Company's Contribution to Provident and Superannuation Funds, payment of Gratuity and value of perquisites evaluated in accordance with the Income-tax Rules.
- Net take home pay represents net amount received after deduction of Income-tax, Profession Tax Contribution towards Provident and Superannuation Funds and Reimbursement.
- None of the above employees is related to any of the Directors of the Company.
- The above list does not include payment made under Voluntary Retirement Scheme.

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE II

(Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997.)

A. CONSERVATION OF ENERGY :

(a) Energy Conservation Measures Taken :

The Company has taken following measures for energy conservation at the factories namely :

- Installation of vapour absorption system heat pump for refrigeration in place of electrical refrigeration compressor, which will help in reducing the energy consumption substantially.
- Installation of higher efficiency cooling tower with FRP blades.
- Reduction in batch time cycle causing substantial effect on energy consumption per unit product.

- Automation of system, resulting in less dependency and avoiding overlapping of time in operations, thus reducing energy consumption.
- Additional capacitors have been provided to increase the power factor.
- Regularisation of water supply to staff colony for reduction of electric energy and water consumption.

(b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy :

- The process steam vapours have been planned to be redirected to hot water tank through condenser.
- Energy conservation measures suggested in the electrical energy audit have been planned to be implemented.



Zenith Limited

- iii) Electrical Energy Audit and Audit for optimising use of steam are being done for economising the energy costs.
- iv) Proposals of fibre glass insulation, fluid coupling and fluid coupling installation-FRP fan's blade instead of aluminium blades are under consideration for saving energy.

(c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The above measures have resulted in energy steam and water saving resulting into decrease in cost of production.

(d) Total Energy Consumption and Energy Consumption per unit of production :

As per Form 'A' annexed.

B. TECHNOLOGY ABSORPTION :

Efforts made in Technology Absorption as per Form B.

FORM 'B'

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company :

- (a) Red Oxide pigment grade as per IS44, 1969 had been developed in our Pilot Plant.
- (b) Development of new Dye-Intermediates like DASA, C-Acid, Chromotropic Acid, European K-Acid, Schaeffer Acid, Peri & Laurent Acid etc. at commercial

scale conforming to international specifications.

- (c) Modifications for reduction in batch time-cycle have been completed in two plants, resulting in increased production and productivity.
- (d) Effluent treatment plant was up-dated by providing concentrators and incinerators for the rich stream of effluents, while the weak effluent stream is provided with tertiary treatment for total recycle of the effluent, achieving ZERO effluent.

2. Future Plan of Action :

- (a) Expansion of OTA plant is being carried out to manufacture diversified products.
- (b) Another stream of H-Acid is being added.
- (c) Another DG set 550 KVA is being installed.

3. Expenditure on R & D :

The expenditure on in-house R&D is shown under respective functional heads and no separate account is maintained.

4. Technology Absorption, Adaptation and Innovation :

The Chemical Division is in the process of obtaining Certification under ISO 9002 specifications as a mark of the approval of the quality management system adopted by the Division.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Rs. in lacs

	Current Year 1996-97	Previous Year 1995-96
Total Foreign Exchange earned	5698.72	4936.51
Total Foreign Exchange used	4936.17	3631.99

FORM 'A'

A. Power & Fuel Consumption

Units

1 Electricity :

Purchased
For Textile Division
Quantity
Total value
Rate per Unit

Lacs(KWH)
Rs.in Lacs
Rs.per Unit

Current
Year
1996-97

Previous
Year
1995-96

2 Coal(Steam Coal):

For Textile Division
Quantity
Total value
Rate per Unit

MT
Rs.in Lacs
Rs.per MT

628.91
10.54
1676.00

1014.91
14.56
1435.00

B. Consumption Per Unit

Prod.
Unit

Electricity
(KWH)

Current
Year

Previous
Year

Textile

100 KG

319

330

Note : Information in respect of Pipe, Chemical and Tools Division has not been provided as Form 'A' under Section 217(1)(e) of the Companies Act, 1956 is not applicable to these Units.