

# 38th ANNUAL REPORT 1998-99



**ZENITH LIMITED**



**DIRECTORS**

YASH BIRLA  
D.V. KAPUR  
A.P. SAXENA  
AUGUSTINE P. KURIAS  
D.K. RAO

U.S. SETHIA

Chairman

(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. DHRUVA

**WORKS**

KHOPOLI 410 203  
DIST. RAIGAD  
MAHARASHTRA

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

**AUDITORS**

DALAL & 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  
C/O. JAMNADAS MORARJEE & CO.  
ROOM NO.11, FIRST FLOOR,  
35, MINT ROAD, OPP. G.P.O.,  
MUMBAI - 400 001.

Report  junction.com


**Zenith Limited**

## NOTICE

NOTICE is hereby given that the Thirtyeighth Annual General Meeting of the Shareholders of ZENITH LIMITED will be held at Patkar Hall of S.N.D.T. Women's University, 1, Nathibai Thakersey Road, Mumbai - 400 020 on Tuesday, the 28th September, 1999 at 4.00 PM, 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, 1999, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. D. V. Kapur who retires by rotation, and being eligible, offers himself for re-appointment.
3. 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-imbusement of out-of-pocket expenses incurred in the performance of their duties".

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. 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-imbusement of out-of-pocket expenses incurred in the performance of their duties".

5. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII or any amendment thereto from time to time and subject to approval of shareholders in General Meeting and other applicable provisions of the Companies Act, 1956 and subject to such other approvals, if any, the Board hereby approves the re-appointment of Shri U. S. Sethia as Managing Director of the Company for a further period of 5 years with effect from 10th June, 1999 upon the terms as to remuneration as set out hereafter and in the draft Agreement to be entered into between the Company and the Managing Director, a copy whereof, initialled by the Chairman for the purpose of identification, is placed before the Meeting.

- (a) Salary of Rs. 60,000/- per month with an annual increment of Rs. 6,000/- Rs. 6,500/- Rs. 7,500/- and Rs. 7,500/- respectively for each year beginning from 1.4.2000 onwards to be allowed.
- (b) Commission @ 1% of the net profit of the Company for each financial year or part thereof computed in the manner laid down under Section 349 of the Companies Act, 1956 and within the limits specified in Section 198 and Section 309 of the Companies Act, 1956 and in any case, shall not exceed 50% of the aforesaid salary.
- (c) The following perquisites aggregate value of which shall be restricted to an amount equal to the annual salary as per clause (a) above such perquisites being classified into the following A, B and C categories.

### Category-A

- (i) The Company shall provide residential accommodation to the Managing Director and 10% of the salary shall be deducted by the Company as House Rent.

### Explanation :

Expenses incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Managing Director.

- (ii) Medical reimbursement - expenses incurred for the Managing Director and his family, subject to the ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
- (iii) Leave Travel Assistance - for the Managing Director and his family, once in a year in accordance with the Rules specified by the Company.
- (iv) Club Fees - fees of clubs subject to the maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance - Premium not to exceed Rs. 4000/- per annum.

### Category-B

- (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund under the Company's Rule will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under Income Tax Act,
- (ii) Gratuity in respect of the period of appointment not exceeding half a month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/- (Rupees one lac).
- (iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

### Category-C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall, however, be billed by the Company to the Managing Director.

RESOLVED THAT the aforesaid salary and perquisites as set out in the draft Agreement to be entered into between the Company and the Managing Director be paid as minimum remuneration to the Managing Director in case of absence or inadequacy of profit in any year.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the aforesaid draft Agreement between the Company and Shri U. S. Sethia be suitably amended to give effect to such modification, relaxation or variation without any reference to the Company in the General Meeting.

### 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. 3, 4 & 5 set out above is annexed hereto.
3. The Register of Members of the Company and Share Transfer Books will remain closed from 19th September, 1999 to 28th September, 1999 (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 and Transfer Agents, M/s. Computrade Services Limited, C/o. Jamnadas Morarjee & Co. Room No. 11, First Floor, 35, Mint Road, Opp. GPO, Mumbai-400 001.

By Order of the Board

**U. S. SETHIA**

Managing Director

Mumbai 6th May, 1999.



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956.

#### Item No. 3

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 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. 4

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 the 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.

#### Item No. 5

In the interest of the Company, the Board of Directors in its Meeting held on 15th February, 1999, considered desirable to re-appoint Shri U. S. Sethia as Managing Director of the Company, not liable to retire by rotation, for a further period of 5 years with effect from 10th June, 1999 which is in accordance with the provisions of Schedule XIII of the Companies Act, 1956. The abstract of the terms and conditions as to the remuneration etc. as contained in the Agreement are as under :

- (a) Salary : Rs. 60,000/- per month with an annual increment of Rs. 6,000/- Rs. 6,500/- Rs. 7,500/- and Rs. 7,500/- respectively for each year beginning from 1.4.2000 onwards to be allowed.
- (b) Commission @ 1% of the net profit of the Company for each financial year or part thereof computed in the manner laid down under Section 349 of the Companies Act, 1956 and within the limits specified in Section 198 and Section 309 of the Companies Act, 1956 and in any case, shall not exceed 50% of the aforesaid salary.
- (c) The following perquisites aggregate value of which shall be restricted to an amount equal to the annual salary as

per clause (a) above such perquisites being classified into the following A, B and C categories.

#### Category - A

- (i) The Company shall provide residential accommodation to the Managing Director and 10% of the salary shall be deducted by the Company as House Rent.

#### Explanation :

Expenses incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Managing Director.

- (ii) Medical reimbursement - expenses incurred for the Managing Director and his family, subject to the ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
- (iii) Leave Travel Assistance - for the Managing Director and his family, once in a year in accordance with the Rules specified by the Company.
- (iv) Club Fees - fees of clubs subject to the maximum of two clubs. This will not include admission and life membership fees.
- (iv) Personal Accident Insurance- Premium not to exceed Rs. 4000/- per annum.

#### Category - B

- (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund under the Company's Rule will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity in respect of the period of appointment not exceeding half a month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/- (Rupees one lac).
- (iv) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

#### Category - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall, however, be billed by the Company to the Managing Director. Your approval is sought to the proposed Resolution in the interest of the Company.

A copy of the Agreement setting out the terms of re-appointment of Shri U. S. Sethia, as Managing Director of the Company may be inspected by any member of the Company at the Registered Office between 11 A. M. and 1 P. M. on any working day excluding Sundays and Holidays and will also be available for inspection at the Meeting.

Except Shri U. S. Sethia, none of the Directors of the Company is concerned or interested in the said Resolution.

By Order of the Board

**U. S. SETHIA**

Managing Director

Mumbai, 6th May, 1999.



Zentix Limited

**DIRECTORS' REPORT**

To the Members,

Your Directors present the Thirty eighth Annual Report together with the Audited Statement of Accounts for the Accounting Year ended 31st March, 1999.

**FINANCIAL RESULTS**

	1998-99 (Rs.in Lacs)	1997-98 (Rs.in Lacs)
<b>TOTAL INCOME</b>	<b>21056.72</b>	28451.67
PROFIT BEFORE INTEREST, DEPRECIATION EXTRAORDINARY ITEMS & TAXATION	<b>1256.83</b>	2534.09
Interest	<b>964.60</b>	1102.71
PROFIT BEFORE DEPRECIATION, EXTRAORDINARY ITEMS & TAXATION	<b>292.23</b>	1431.38
Depreciation	<b>226.25</b>	190.25
PROFIT BEFORE EXTRAORDINARY ITEMS, EXPENSES IN RESPECT OF EARLIER YEARS & TAXATION	<b>65.98</b>	1241.13

**Extraordinary Items****(a) Credits :-**

(i) Reliefs and Concessions under BIFR Scheme	<b>43.50</b>	309.20
Less: Additional payment under BIFR Scheme (Net)	<b>5.45</b>	87.70
	<b>38.05</b>	221.50
PROFIT FOR THE YEAR	<b>104.03</b>	1462.63
Expenses in respect of earlier years	<b>(18.23)</b>	(66.21)
Excess Depreciation written back	-	(1.81)
Investment Allowance Reserve	-	(252.38)
Provision for Taxation	<b>(9.20)</b>	-
Balance of loss as per last Account	<b>(1246.32)</b>	(2388.55)
Balance carried to Balance Sheet	<b>(1169.72)</b>	(1246.32)

During the year under review, the total income has come down to Rs 210.57 crores from Rs 284.52 crores. At the same time Profit before Depreciation and Taxation has also come down from Rs 14.31 crores in last year to Rs 2.92 crores this year. This is mainly due to unfavourable market condition prevailing all over and specially for Chemical Division of the Company. The Company has taken steps to reduce costs of various inputs and other expenses by improvements in operational efficiencies. The Company hopes to face the future with confidence by continuously striving towards achieving better results by efficient organisation of its operations and cost cutting measures.





## 1) OPERATIONS :

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

Division		1998-99		1997-98		% Increase / (Decrease)	
		Quantity	Value Rupees in crores	Quantity	Value Rupees in crores	Qty.	Value
Pipes	(MT)	50669	118.40	50493	119.34	-	(1%)
Chemicals	(MT)	2590	47.86	2963	65.77	(13%)	(27%)
Tools	(000 pieces)	6543	28.31	7234	29.42	(10%)	(4%)
Textiles	(MT)	1185	10.61	2580	29.23	(54%)	(64%)
Paper	-	-	-	-	(0.18)	-	-
International Divn. (Turnover)	-	-	0.19	-	34.57	-	-

### Pipes Division

Production at Pipes Division is marginally higher at 50669 tonnes in this year in comparison to 50493 tonnes in the previous year. However, in value terms it is lower by approximately 1% i.e. from Rs 119.34 crores to Rs 118.40 crores this year. The Division has been able to reduce its losses to a large extent by reduction in costs and better value realisation from diversified markets. With improvements in sight, the Division is likely to make reasonable contribution towards profit of the Company for the year 1999-2000.

### Chemicals Division

Due to overall recessionary trend, the production of Chemicals Division has been severely hit both in terms of quantity (13%) and value (27%). The production for the year was 2590 tonnes valued at Rs 47.86 crores against the last year's production of 2963 tonnes valued at Rs. 65.77 crores.

### Tools Division

As reported last year, Engineering Industry has been facing recession for the last two years. The production in terms of value of the Division are Rs 28.31 crores as against Rs. 29.42 crores in 1997-98. The Division, however, is able to retain and improve the market share by aggressive and concerted efforts.

### Textiles Division

The year 1998-99 was again a year of acute recession and volatility in fibre prices continued successively for the third consecutive year. Because of labour problem, the plant continues to be under lockout w.e.f. 23.10.1998 and therefore, could produce only 1185

tonnes of yarns as against 2580 tonnes in the previous year.

## 2) EXPORTS :

The value of exports has come down from Rs 84.23 crores in the previous year to Rs. 69.36 crores during the year under review. In terms of physical performance, 1933 tonnes of Dye Intermediates were exported as against 2709 tonnes in the previous year and 19447 tonnes of pipes were exported as against 16971 tonnes in the previous year. The Company has been giving continuous thrust to boost exports, both of Dye Intermediates and Pipes. During the year, the Company has also taken steps towards promoting exports of its products of both Tools and Textiles Divisions. The value of exports of Tools Division is Rs. 0.25 crore and of Textiles Division Rs. 0.17 crore.

## 3) INDUSTRIAL RELATIONS :

Industrial Relations at all the Divisions of the Company have remained satisfactory throughout the year except in the Textiles Division, where lockout is continuing. We hope to solve the problem in the very near future.

## 4) REHABILITATION SCHEME :

The Company has converted 15.5 % Cumulative Convertible Preferences Shares into Equity Shares as per Rehabilitation Scheme sanctioned by BIFR on 8.1.1996. The Scheme has been successfully completed with all payments to Financial Institutions, Debenture-holders and Banks.

## 5) SUBSIDIARY COMPANY :

The Accounts for the wholly owned Subsidiary, M/s. Zenith (USA) Inc. for the year ended 31st December,


**Zenth Limited**

1998 have been received by the Company and Statement pursuant to Section 212 of the Companies Act, 1956, is enclosed.

Although for the present the net worth of Subsidiary Company is fully eroded, with improvement in business at USA., the Company is confident of turning around.

#### 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, Shri S.N. Baheti and Shri A.L. Kapur have resigned from the Board of the Company.

The Board records with deep regret the sad demise of Prof. M P Gandhi who had rendered invaluable services to the Company for over two decades as a Director of the Company.

ICICI Ltd. has withdrawn its Nominee Director, Dr V.P. Shah with effect from 16.2.1999.

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

In accordance with Article 149 of the Articles of Association of the Company, Dr. D.V. Kapur retires by rotation and being eligible, offers himself for re-appointment.

#### 8) FIXED DEPOSITS :

The Company has paid to all the Fixed Deposit Holders who have forwarded to the Company their duly discharged Fixed Deposit Receipts. During the year, the amount paid to Fixed Deposit Holders was Rs. 0.57 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) Y2K (YEAR 2000) :

To manage Y2K (Year 2000) problem effectively, the Company has taken all necessary steps to see that all the computer hardware, software, application systems as well as non-IT equipment and instrumentation systems, which use embedded electronic chips and processors are of Y2K compliance. We expect total compliance by September, 1999.

The Company has created an Internal Cell of personnel for performing check on Y2K exercise carried out and efforts are in the right direction. The cost of compliance of Y2K problem is not very significant. Contingency plans are being finalised to deal with any emergency situation with respect to sales, accounting and other matters.

#### 13) APPRECIATION :

The Board wishes to place on record its gratitude for the co-operation and support received from the Shareholders, 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, 7th May 1999.

**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, 1999.

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	
1	Agarwal R.G.	*	58	Dy. W/H Officer	205892	202932	B.A., LL.B. (First Part)	29	01.09.69	Birla Gwalior PLtd.
2	Ashtaputre A.B.	*	61	Supervisor (Civil)	240504	212212	S.S.C	27	04.02.71	S.S. Kanikar & Sons,Poona
3	Gopy M.K.	*	61	Welder	125996	124386	VII	30	18.05.68	—
4	Joshi J.V.	*	56	Dy. G.M.(Prod.)	467997	395342	B.E.(Mech.)	28	02.05.70	Motor & Machinery Mfg.Ltd. Calcutta
5	Malpani Sudarshan	*	23	Executive Manager (D.S.D)	629362	451348 (Part-I)	B.Com.,M.Com	3	03.11.97	Birla Leasing & Investment Co.Ltd.
6	Navlakha A.K.	*	61	Asst.Officer (Liason)	130780	129606	B.Com.	39	06.01.79	Hindustan Aluminium Corp.Ltd.
7	Patil B.G.	*	62	Dy.Manager (D/O)	338950	309857	D M E	33	27.07.65	Purchase & Administrative Assistant Patel Mayji Kangi & Bros Gujarat
8	Sethia U.S.	+	63	Managing Director	852859	357522	M.Com,Dipl. Business Mngmnt.	41	10-06-94	Birla Jute & Industries Ltd. President-Satna Cement Works
9	Sharma M.M.		70	Senior President	634388	383356	M.A.(Eco),M.A. (Hindi), DSW, CM, IIPM	45	11-06-94	NRC Limited Executive President
10	Singh Bagar	*	60	Watch Man	112121	108937	III	24	21.05.74	Indian Army 1957-1972

\* 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.

**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, 1999.)

**A. CONSERVATION OF ENERGY :****(a) Energy Conservation Measures Taken:**

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

- Separated utility cooling tower from plant cooling tower.
- Installation of two nos. higher efficiency cooling towers with FRP packing and blades.
- Reduction in batch time cycle at plant no. 1 with balancing in streams.
- Additional capacitors have been provided to increase the power factor.

**(b) Additional Investment and Proposals, If any, being Implemented for reduction of consumption of energy:**

- Use of plant steam condenser in boiler feed water.
- Energy conservation measures suggested in the Electrical Energy Audit have been planned to be implemented.

**(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 saving and subsequent decrease in the cost of production.

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

As per Form 'A' annexed.





Zenth Limited

## FORM 'A'

A. Power & Fuel Consumption		Units	Current Year 1998-99	Previous Year 1997-98
1	Electricity :			
	Purchased			
	For Textile Division			
	Quantity	Lacs (KWH)	26.32	79.48
	Total Value	Rs. in Lacs	117.05	268.44
	Rate per Unit	Rs. per Unit	4.45	3.38
2.	Coal (Steam Coal):			
	For Textile Division			
	Quantity	MT	150.76	851.06
	Total Value	Rs. in Lacs	2.59	15.63
	Rate per Unit	Rs. per MT	1717.96	1836.53

## B. Consumption Per Unit

	Prod. Unit	Electricity (KWH)	
		Current Year	Previous Year
Textile	100 KG	255.64	308.07

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

## B. TECHNOLOGY ABSORPTION :

## EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER FORM B.

## FORM 'B'

## Research and Development (R &amp; D)

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

- Development of new process for European K-Acid at lower cost.
- Development of new process of H-Acid with change in raw material and reduction in raw material norms.
- Development of new forward integrating products like N Acetal H-Acid, N Benzoyl H-Acid, Phenyl H-Acid, N-Acetal EK Acid, N Benzol EK Acid, Phenyl Gamma Acid, Phenyl J Acid, Di-J Acid, and Sulpho J Acid.
- Development of new process of Bronner Acid.
- Development of process for European K Acid from H-Acid mother liquor.

## 2. Future Plan of Action :

- To develop technical grade dyes from waste mother liquor of the product.

(b) To develop reactive dyes based on H-Acid, K-Acid and Gamma Acid.

(c) To develop 2 Naphthol Amine-8 Sulphonic acid.

## 3. Expenditure on R &amp; 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 1998-99	Previous Year 1997-98
Total Foreign Exchange earned	6936.42	8423.23
Total Foreign Exchange used	3643.17	6237.86



## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Zenith Limited as at 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date, in which are incorporated the accounts of the Tools and Textile Divisions of the Company audited by another firm of Auditors and report as under:

1. As required by the Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto statement (which also takes into account the statements made by the auditors of Tools & Textile Divisions of the Company) on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :

As regards the amount due from a Company Rs. 89.62 lacs including interest Rs. 19.62 lacs accrued upto 31st March, 1991, the Management has explained to us, as in the previous year, that the said amount and the accrued interest, relate to the Company currently involved under Rehabilitation and Revival by BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985. The recovery, therefore, stands delayed. The Company has, however, not taken into account accrued interest due on the aforesaid amount, amounting to Rs. 109.20 lacs from 1.4.1991 to 31.3.1999 (includes Rs. 13.65 lacs for the accounting year ended 31.3.99). Under the circumstances, we are unable to express our opinion on the ultimate recovery of the said amount and the interest thereon;

- Note 8 relating to accounting of reliefs and concession laid down by the BIFR in respect of waiver of interest etc. (amount not ascertained) as detailed in the Note;
- Note 9 relating to transfer of Development Rights to a nominee according to the consent terms filed by the Company as detailed in the Note;
- Note 14(b) relating to non-provision of Leave Encashment as detailed in the Note which has resulted into Profit for the year being higher by an equivalent amount and accumulated Losses at the close of the year carried forward in the Balance Sheet as at 31st March, 1999 being lower by an equivalent amount;

Note 19 relating to non-accruing of interest due on intercorporate deposits as detailed in the Note;

Subject to the above:

- (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 have been kept by the Company so far as appears from our examination of the Books of the Company;
- (c) In our opinion, the attached Balance Sheet of the Company as at March 31, 1999 and the Profit & Loss Account for the year ended on that date, comply with the Accounting Standards referred in Sub-section 3 (c) of Section 211 of the Companies Act, 1956;
- (d) The Balance Sheet and Profit & Loss Account referred to in are in agreement with the books of account of the Company;
- (e) The reports on the accounts of the Tools and Textile Division referred to above, audited by other Auditors, have been forwarded to us and the same have been considered by us in our report;
- (f) In our opinion and to the best of our information and according to the explanations given to us, and read together with Note no. 13 relating to pending reconciliation of accounts of various Lenders, etc. and Note no. 18 relating to material lost in transit amounting to Rs. 75.17 lacs and its adjustments, if any, on settlement of Insurance Claim, which may effect revenue, as detailed in Note and other relevant notes thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view:
  - i] in the case of the Balance Sheet of the state of the affairs of the Company as at 31st March, 1999 and
  - ii] in the case of the Profit and Loss Account, of the Profit for the year ended on the date.

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants

**SHISHIR DALAL**  
Partner

Mumbai : 7th May, 1999.