BOARD OF DIRECTORS

Sarvashree

A.K. RUNGTA	*Chairman*
AMITABHA GHOSH	*Director*
C.I. GANDHI	*Director (upto 13/07/2011)*
SANJEEV RUNGTA	*Director*
RAJEEV RUNGTA	*Director*
ABHISHAKE RUNGTA	*Director*
MUKUND BERIWALA	*Director*
Dr. S.R. VENGSARKER	*Advisor*
BANKIM PUROHIT	*Company Secretary*

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AUDITORS

M/s. JAIN & HINDOCHA

BANKERS

HDFC BANK LTD.

REGD. OFFICE

205, Marol Bhavan, 2nd Floor,
Marol Co-op. Industrial Estate Ltd.,
M.V. Road, J.B. Nagar Post
Andheri East, Mumbai - 400 059.

WORKS

Block 460/P,
Village Post Tundav,
Taluka Savli,
Dist. Vadodara - 391 775.

NOTICE FOR TWENTY SECOND ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Second Annual General Meeting of the members of Zenith Fibres Limited will be held at 3.30 p.m. on Thursday, 29th September, 2011 at Hotel Atithi, 77 A/B Nehru Road, Ville Parle (East), Mumbai - 400099, to transact the following business :

ORDINARY BUSINESS :

1) To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 2011 together with Directors' Report and Auditors' Report thereon.

2) To declare dividend.

3) To appoint a Director in place of Mr. Amitabha Ghosh, who retires by rotation, but being eligible offers himself for reappointment.

4) To appoint a Director in place of Mr. Munkund Beriwala, who retires by rotation, but being eligible offers himself for reappointment.

5) To appoint Auditors and fix their remuneration.

By Order of the Board of Directors
SANJEEV RUNGTA
CHAIRMAN

Place : Mumbai
Date : 30th July, 2011

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY OR PROX (IES) SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Share Transfer Register and Register of Members will be kept closed from 24th September, 2011 to 29th September, 2011 (both days inclusive).

3. As required under Clause 49 of the Listing Agreement, profile of Directors being re-appointed is mentioned in Corporate Governance Report.

4. The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid :

   (i) In respect of shares held in physical form to those shareholders, whose names stand on the Register of Members of the Company as on the last date of book closure i.e. 29.09.2011.

   (ii) in respect of shares held in the dematerialized form to those members, whose name appear in the statements as furnished by the depositories for this purpose as at the end of the business hours on 24.09.2011.

5. Members desiring any information as regards accounts or operations of the Company are requested to send their queries in writing at least seven days in advance of the date of the meeting so as to enable the management to keep the information ready.

6. Members are hereby informed that the dividends which remain unclaimed/unpaid over a period of seven years, have to be transferred by the Company to the Investors' Education & Protection Fund constituted by the Central Government under Section 205(A) and 205(C) of the Companies Act, 1956.

The following are the details of dividend paid by the Company and their respective due dates of transfer to such fund of the Central Government, which remain unpaid :

Date of declaration of Dividend	Dividend for the year	Due date of transfer to the Govt.
28.09.2004	2003-04	27.10.2011
27.09.2005	2004-05	26.10.2012
27.09.2006	2005-06	26.10.2013
22.09.2007	2006-07	21.10.2014
29.09.2008	2007-08	28.10.2015
23.09.2009	2008-09	22.10.2016
28.09.2010	2009-10	27.10.2017

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund of Central Government under the provisions of Section 205(B) of the Companies Act, 1956.

In view of above, the shareholders are advised to send all the unpaid dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

By Order of the Board of Directors
SANJEEV RUNGTA
CHAIRMAN

Place : Mumbai
Date : 30th July, 2011

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Second Annual Report on the working of the Company along with the audited statement of accounts for the financial year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

(Rupees in Lacs)

	Current Year	Previous Year
TURNOVER	4177.55	3581.49
OPERATING PROFIT	481.87	501.30
CASH PROFIT	467.33	485.50
PROFIT BEFORE TAX	372.55	390.34
PROFIT AFTER TAX	247.81	286.37

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Structure and Development : With gradual recovery from global economic turbulence in major sectors of the economy, Man-made Fibre Industry maintained consumption pattern and Polypropylene Fibre, industry in our country followed the same trend. However, there continued to remain a wide gap in per capita consumption of PP Fibre as compared to developed countries. The major areas of consumption of PP Fibre in the world market viz. 'Geo-Textiles' and for hygiene applications are showing signs of necessary and once the consumption picks up it can lead to phenomenal growth and development of PP Fibre Industry.

(b) Segment-wise operational performance : Your Company operates into only one business segment - Manufacturing of Man Made Fibres.

Turnover for the year ended 31st March, 2011 amounted to Rs. 4177.55 lacs as against Rs. 3581.49 lacs last year. Operating profit stood at Rs. 481.87 lacs as against Rs. 501.30 lacs in the previous year. Cash profit was at Rs. 467.33 lacs as against Rs. 485.50 lacs in the earlier year. Profit before tax stood at Rs. 372.55 lacs as against Rs. 390.34 lacs in the earlier year and Profit after tax was at Rs. 247.81 lacs as against Rs. 286.37 lacs in the previous year.

Production during the year was higher at 3830 tons than in the previous year at 3398 tons. Sales of fibre including self consumption for conversion was 3809 tons as compared to 3471 tons last year. Sales of yarn was lower at 636 tons as compared to 798 tons last year.

(c) Outlook : The general outlook for the industry is fairly steady. The domestic market continued to maintain steady consumption. With special emphasis on 'Infrastructure' sector it can further augur well for the Company. Use of geo-textile in construction of new roads, rails, which is a standard norm in developed countries can lead to a phenomenal rise in demand of your Company's products.

(d) Threats and concerns : Your Company continues to maintain constant guard from possible imports and to ward off this threat the pricing of the finished goods is done accordingly so as to match the international prices. The none utilization of geo-textiles as a standard in large projects by the Government is of concern to the Company, whereby the requirement of PP Fibre should be highest as per international standards. The Company continues to maintain close vigil on supplies in the domestic market from the new players and is constantly taking necessary measures to ward off any un-warranted threat from the new players.

(e) Internal control systems and their adequacy : Adequate internal control systems are in place to maintain quality of product, proper accounting as per norms laid, asset maintenance and its proper use. All assets are adequately covered by comprehensive insurance. Independent Internal Auditor reviews accounts periodically and 'Audit Committee' of the Board overviews the same and ensures compliance.

(f) Human Resources and Industrial Relations : The Company has adequate and qualified human resources and enjoys cordial relations with all its employees at all levels. Number of employees are 97 as on 31st March 2011. The Board of Directors wish to place on record its highest appreciation for the contribution made by all the employees during the year.

DIVIDEND

Your Directors recommend for your approval a dividend of 15% for the financial year 2010-11. There will be no tax deduction at source on dividend payment and your Company will pay dividend distribution tax on this dividend along with surcharge thereon and education cess. The dividend received at shareholders end will be free of tax. The total outgo to the Company on this score shall be about Rs. 78 lacs.

DIRECTORS

To comply with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Shri Amitabha Ghosh and Shri Mukund Beriwala, retire from the Board by rotation and being eligible offer themselves for re- appointment.

As required under Clause 49 of the Listing Agreement, the details concerning the Directors seeking appointment/ re-appointment are included in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations provided to them, your Directors make the following statement, pursuant to Section 217(2AA) of the Companies Act, 1956 that :

1. in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
2. appropriate accounting policies have been selected and applied consistently, and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on March 31, 2011.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts are prepared on a going concern basis.

AUDITORS' QUALIFICATION

With regard to Qualification in the auditors' report for non-provision of doubtful advances of Rs. 247745/- your directors wish to state that efforts are underway to recover this outstanding and the company is hopeful towards recovering the same.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to 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 is annexed hereto and forms part of this report.

AUDITORS

Members are requested to appoint Auditors for the period from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

EMPLOYEES

Since none of the employee was in receipt of a remuneration exceeding Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum during the year under review, provisions of Section 217(2A) along with relevant rules do not apply to the Company.

ACKNOWLEDGEMENT

Your Directors are thankful to all who contributed and assisted to achieve these results. They wish to place on record their appreciation for the support extended by the bankers, valuable customers, suppliers and the 'Share holders'.

For and on behalf of Board of Directors

Place : Mumbai
Date : 30th July, 2011

SANJEEV RUNGTA
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 :

A) Conservation of Energy :

1. By maintaining very good power factor of 0.99 almost throughout the year, the company manages to receive applicable rebate in the monthly power bill from the electricity supplying utility firm.
2. The overall increase in the power cost by the electricity supplying utility firm is of concern to the Company and the increase in fuel cost increased per unit of production on captive power to an extent.
3. There is continued endeavour to maintain capacity utilization at optimum levels to ensure that overall cost per unit of production does not go up.

B) Technology Absorption :

With continued modifications and possible technology upgrades, we continue to produce better quality product in all the grades. We continue to receive very satisfactory feedback from almost all the customers, both domestic and foreign.

C) Foreign Exchange Earnings and Outgo : (Rupees)

		Current Year	Previous Year
1.	Total Foreign Exchange used (including CIF value of raw-materials, stores, spare parts, plant & machinery, fees for technical services, commission and traveling)	**36,02,424**	1,58,90,125
2.	Total Foreign Exchange earned (FOB value of exports)	**13,81,92,497**	9,84,79,387

FORM - A

(See Rule – 2)

Form for disclosure of particulars with respect to Conservation of Energy

		CURRENT YEAR 2010-2011	PREVIOUS YEAR 2009-2010
A)	**POWER & FUEL CONSUMPTION :**		
1.	Electricity		
	a) Purchased Units	**3261690**	2898606
	Total Amount (Rs.)	**17286972**	15786278
	Rate/Unit (Rs.)	**5.30**	5.45
	b) Own Generation		
	(i) Through Diesel Generator Units	**29916**	33205
	Total Amount (Rs.)	**517729**	512466
	Cost per unit (Rs.)	**17.31**	15.43
	(ii) Through Steam Turbine/Generator	**N.A.**	N.A.
2.	Coal (for steam generation)	**N.A.**	N.A.
3.	LSHS Oil	**N.A.**	N.A.
4.	Others (LDO / Furnace Oil)	**N.A.**	N.A.
B)	**CONSUMPTION PER UNIT OF PRODUCTION :**		
	Polypropylene Staple Fibre (MT)	**3830**	3398
	Electricity Rs./kg.	**4.51**	4.65
	Diesel & Oil Rs./kg.	**0.14**	0.15

FORM-B

Form for disclosure of particulars with respect to Technology Absorption.

A) RESEARCH & DEVELOPMENT :

1. The specific areas in which Research & Development is carried out by the Company : NIL
2. Benefits derived as a result of the above Research & Development Work : NIL
3. Future Plan of Action : The Company is making strenuous efforts to add new Fibre grade in its range, reduce the cost of production and develop export market.
4. Expenditure on Research & Development :
   - (a) Capital Expenditure : NIL
   - (b) Recurring Expenditure : NIL
   - (c) Percentage of Expenditure of turn-over : NIL

B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

1. Efforts made towards technology absorption, adoption and innovation : NIL
2. Benefits derived as a result of above efforts : NIL
3. Information relating to the technology imported during the last 5 years
   - (a) Technology Imported : NIL
   - (b) Year of Import : N.A.
   - (c) Has technology been fully absorbed : N.A.
4. If not fully absorbed area where this has not taken place, reasons thereof and future plan of action : N.A.

For and on Behalf of the Board

Place : Mumbai
Date : 30th July, 2011

SANJEEV RUNGTA
CHAIRMAN

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below :

A MANDATORY REQUIREMENTS

1 Company's philosophy on Code of Governance

The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance shareholders' value. In this pursuit, the Company is committed to conducting business in accordance with the highest legal and ethical standards, superior product quality and services to its customers. The Company has adhered to such superior product policies to fulfill its corporate responsibilities and achieve its financial objectives.

2 Board of Directors

Composition, Status, Attendance at the Board Meetings & the last AGM :

Name of Director	Status i.e. Executive/ Non-Executive/Independent	No. of Board Meetings Attendend	Attendance at the last AGM
Mr. A. K. Rungta (Promoter)	Non-Executive	1	No
Mr. A. Ghosh	Independent	2	No
Mr. C. I. Gandhi	Independent	4	Yes
Mr. Sanjeev Rungta (Promoter)	Non-Executive	4	Yes
Mr. Rajeev Rungta (Promoter)	Non-Executive	3	Yes
Mr. A. Rungta	Independent	0	Yes
Mr. M. Beriwala	Independent	4	Yes

Number of Companies or Committees in which the Director is a Director/Chairman

Name of Director	No. of other Companies in which Director/Chairman (other than Private Limited Companies)	No. of Committees of other Companies in which member / Chairman
Mr. A. K. Rungta	2	0
Mr. A. Ghosh	13	Member - 9 Chairman - 5
Mr. C. I. Gandhi	1	0
Mr. Sanjeev Rungta	1	0
Mr. Rajeev Rungta	4	0
Mr. A. Rungta	4	0
Mr. M. Beriwala	1	0

Apart from reimbursement of expenses incurred in the discharge of their duties and receipt of sitting fees for attending Board/Committee Meetings as Non-Executive Directors none of the Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management or its subsidiaries and associates, which in judgment would affect their independence. Mr. A. K. Rungta is the father of Mr. Sanjeev Rungta and Mr. Rajeev Rungta and are related to each other. Except this, none of the Directors of the Company are inter-se-related to each other.

Four Board Meetings were held during the year on 23/4/10, 26/7/10, 21/10/10 & 29/1/11.

3 Audit Committee

The Audit Committee comprises of Mr. C. I. Gandhi, Chairman of the Committee and Mr. M. Beriwala, both being Independent Directors and Mr. S. Rungta, Non-Executive Director. The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement and the provisions of Section 292A of the Companies Act, 1956. The meetings of the Committee were held on 23/4/10, 26/7/10, 21/10/10 & 29/1/11. All the members attended all the meetings,

4 Remuneration Committee

Since none of the Directors of the Company is drawing any salary or commission the Board of Directors has decided not to constitute the said Committee. The Directors only received Sitting Fees for attending Board and Audit Committee Meetings as detailed below :

Name of Director	Sitting Fees Paid (Rupees)
Mr. A.K. Rungta	1,000.00
Mr. A. Ghosh	2,000.00
Mr. C. I. Gandhi	8,000.00
Mr. Sanjeev Rungta	8,000.00
Mr. Rajeev Rungta	3,000.00
Mr. Mukund Beriwala	8,000.00

During the year the Company did not advance any loans to any of the Directors. No stock options have been issued to any of the Directors. No relative of any of the Directors is employed by the Company or to any place of profit.

5 Investors/Shareholders' Grievance Committee

The Committee functions under the Chairmanship of Mr. C. I. Gandhi, an Independent Director, along with Mr. M. Beriwala, Independent Director and Mr. S. Rungta, Non-Executive Director.

The Compliance Officer is Mr. C. Unnikrishnan, Secretarial officer. There were 4 complaints received from the shareholders during the year and all have been duly addressed.

All valid share transfers received during the year have been acted upon and there were no shares pending for transfer as on 31st March, 2011.

6 General Body Meetings

The location and time of the Annual General Meetings held during the last three years are as below. No Extra-Ordinary General Meeting was held during the period.

Date	Venue	Time	No. of Special Resolutions passed
28/09/2010	Sangathan Hall, Hotel Atithi, Ville Parle Mumbai 400 099	11.00 a.m.	Nil
23/09/2009	- do -	04.00 p.m.	One
29/09/2008	- do -	11.30 a.m.	Nil

7 Notes on Directors seeking appointment / re-appointment

Mr. Amitabha Ghosh

Mr. Amitabha Ghosh, aged 81 years is a highly renowned banking professional of our country and has very wide experience in Finance, Banking and Management. He is the Ex-Chairman of Allahbad Bank and retired as Deputy Governor of Reserve Bank of India. He is F.C.A. and a Fellow Member of the Indian Institute of Bankers.

He is a Director of the Board of following Public Limited Companies :

Name of Company	Designation	Chairman/Membership of Audit Committee / Shareholders'/Investors'Grievance Committee Remuneration Committee of the Board
Kesoram Industries Ltd.	Director	Audit Committee - Member
Peninsula Land Ltd.	Director	Audit Committee - Chairman
		Remuneration Committee - Member
Sahara India Life Insurance Co. Ltd.	Director	Audit Committee - Member
		Investment Committee - Member
		Risk & Asset Liability Management committee - Member
Orient Paper & Industries Ltd.	Director	Audit Committee - Chairman
Shreyas Shipping and Logistics Ltd.	Director	Audit Committee - Chairman
Heidelberg Cement India Ltd.	Director	Audit Committee - Chairman Share Transfer and Shareholders/ Investors Grievances Committee - Member
Sahara Infrastructure & Housing Ltd.	Director	Audit Committee - Member
Xpro India Ltd.	Director	Remuneration Committee - Member
Sahara Prime City Ltd.	Director	Audit Committee - Chairman
Sahara Hospitality Ltd.	Director	Audit Committee - Member
Centenary Leasing Company P. Ltd.	Director	--
Joonktolle Tea & Industries Ltd.	Director	--
Palit Consultancy Pvt. Ltd.	Director	--
Shreyas Relay System Ltd.	Director	--
Shree Cement Ltd.	Director	--