BOARD OF DIRECTORS

**Sarvashree**

| | |
|---|---|
| **A.K. RUNGTA** | Chairman |
| **AMITABHA GHOSH** | Director |
| **SANJEEV RUNGTA** | Director |
| **RAJEEV RUNGTA** | Director |
| **ABHISHAKE RUNGTA** | Director |
| **MUKUND BERIWALA** | Director |
| **Dr. S.R. VENGSARKER** | Director |
| **S.S. IYER** | President |

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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,
Andhri East, Mumbai – 400 059
Tel. No. : 022-28599428
E-mail : mumbai@zenithfibres.com

**WORKS**

Block 458
Village Post Tundav,
Taluka Savli,
Dist. Vadodara – 391 775

# NOTICE FOR 24th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of Zenith Fibres Limited will be held at 11.00 a.m. on Monday, the 29th July, 2013 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 as at 31st March, 2013 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.

2) To declare dividend.

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

4) To appoint a Director in place of Mr. Abhishake Rungta, 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 : 25th May, 2013

**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 PROXY(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 22nd July, 2013 to 29th July, 2013 (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. 29.07.2013.

   (ii) In respect of shares held in the dematerialized form to those members, whose names appear in the statements as furnished by the depositories for this purpose as at the end of the business hours on 22.07.2013.

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. |
|---|---|---|
| 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 |
| 29.09.2011 | 2010-11 | 28.10.2018 |
| 28.07.2012 | 2011-12 | 27.08.2019 |

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 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 : 25th May. 2013

# DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Fourth Annual Report on the working of the Company along with the audited statements of accounts for the financial year ended 31st March, 2013.

**FINANCIAL HIGHLIGHTS**

| | (₹ in Lacs) Current Year | (₹ in Lacs) Previous Year |
|---|---|---|
| TURNOVER | 5825.62 | 5349.94 |
| OPERATING PROFIT | 621.17 | 541.72 |
| CASH PROFIT | 726.96 | 635.98 |
| PROFIT BEFORE TAX | 621.17 | 541.72 |
| PROFIT AFTER TAX | 444.84 | 354.12 |

**MANAGEMENT DISCUSSION AND ANALYSIS**

(a) **Industry Structure and Development :** Man-made fibre industry is well poised for reasonable growth despite slow down in European and certain other markets. Polypropylene fibre industry was not growing at the same rate as Polyester fibre because many sectors where PP should be used is replaced by Polyester because of lower prices. Certain novel uses have been found in some sectors where use of PP fibre cannot be replaced and this augurs well for PP fibre industry and it should also show similar growth as other fibres.

(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, 2013 amounted to ₹ 5825.62 lacs as against ₹ 5349.94 lacs last year. Operating profit stood at ₹ 621.17 lacs as against ₹ 541.72 lacs in the previous year. Cash profit was at ₹ 726.96 lacs as against ₹ 635.98 lacs in the earlier year. Profit before tax stood at ₹ 621.17 lacs as against ₹ 541.72 lacs in the earlier year and Profit after tax was at ₹ 444.84 lacs as against ₹ 354.12 lacs in the previous year.

Production during the year was higher at 4401 tons as against 4172 tons in the previous year. Sales of fibre including self consumption for conversion was 4328 tons as compared to 4224 tons last year. Sales of yarn was at 887 tons as compared to 1078 tons last year.

The year under review saw highest revenues, production and sales during a year since inception of the Company.

(c) **Outlook :** The general outlook for the industry is bright. Several sectors have been identified where use of PP fibre will be essential. Besides traditional need in various "infrastructure sector" its use has started in fabrics used for soil erosion and collection of ashes from power plants. To take advantage of expected increase in demand the company has augmented its capacity and commercial production was commenced during the year.

(d) **Threats and concerns :** With considerable depreciation of Indian currency and European market being in bad shape there is not much of a threat from imports. However, in view of expected surge in demand competitors may also enlarge their capacity and market may need some time to stabilize and achieve correct balance between demand and supply. However, as an abundant precaution, based upon the size of operations of the Company the management is maintaining fairly decent amount of readily available liquidity to meet any unforeseen exigencies that may arise and in this spirit has also made certain nominal investment during the year under review, in the real estate sector in another state whereby yields are expected to be fairly good. Based upon the outcome of this investment, decision will be made in future whether to continue along this line or not.

(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 2013. The Board of Directors wishes 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 20% for the financial year 2012-13. 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₹ 1.03 Crores.

**DIRECTORS**

To comply with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Shri Sanjeev Rungta and Shri Abhishake Rungta, 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, 2013 and of the profit of the Company for the year ended on March 31, 2013.
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.

**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 ₹ 5,00,000/- per month or ₹ 60,00,000/- per annum during the year under review, provisions of Section 217(2A) along with relevant rules do not apply to the Company.

**SECRETARIAL COMPLIANCE CERTIFICATE**

The Compliance Certificate issued by a Practicing Company Secretary is attached.

**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

**SANJEEV RUNGTA**

CHAIRMAN

Place : Mumbai

Date : 25th May, 2013

# 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 :**

(Amount in ₹)

| | | **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 travelling ) | **90,80,858** | 1,25,21,841 |
| 2. | Total Foreign Exchange earned (FOB value of exports) | **18,21,61,724** | 17,17,56,150 |

# FORM - A

(See Rule – 2)

Form for disclosure of particulars with respect to Conservation of Energy

| | CURRENT YEAR 2012-2013 | PREVIOUS YEAR 2011-2012 |
|---|---|---|
| **A) POWER & FUEL CONSUMPTION :** | | |
| 1. Electricity | | |
| a) Purchased Units | | |
| Total Amount (₹) | 3601146 | 3502674 |
| Rate/Unit (₹) | 24584628 | 20153846 |
| | 6.83 | 5.75 |
| b) Own Generation | | |
| (i) Through Diesel Generator Units | | |
| Total Amount (₹) | 25280 | 21088 |
| Cost per unit (₹) | 457366 | 375856 |
| | 18.09 | 17.82 |
| (ii) Through Steam Turbine /Generator | | |
| 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. |
| | N.A. | N.A. |
| **B) CONSUMPTION PER UNIT OF PRODUCTION :** | | |
| Polypropylene Staple Fibre (MT) | | |
| Electricity ₹ / kg | 4401 | 4172 |
| Diesel & Oil ₹ /kg | 5.89 | 4.83 |
| | 0.11 | 0.09 |

# 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 | NIL |
| (c) Has technology been fully absorbed | NIL |
| 4. If not fully absorbed area where this has not taken place, reasons thereof and future plan of action. | NIL |

For and on Behalf of the Board
**SANJEEV RUNGTA**
CHAIRMAN

Place : Mumbai
Date : 25th May, 2013

# COMPLIANCE CERTIFICATE

To:
The Members
Zenith Fibres Limited

I have examined the registers, records, books and papers of Zenith Fibres Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanation furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1 The Company has kept and maintained all registers as stated in Annexure A to this certificate,as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

2 The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Maharashtra, within the time prescribed under the Act and the rules made thereunder. The Company has not filed any form/return with the Regional Director, Central Government, Company Law Board or other authorities.

3 The Company being a Public Limited company, comments on invitation to public to subscribe for shares/debentures or acceptance of deposits as applicable to a Private Limited Company are not required.

4 The Board of Directors duly met four times on 28/05/2012, 28/07/2012, 10/11/2012 and 09/02/2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. No circular resolutions was passed during the financial year.

5 The Company had closed its Register of Members from 23rd July,2012 to 28th July, 2012 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.

6 The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 29th July, 2012 after giving due notices to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.

7 No Extra-Ordinary General Meeting was held during the financial year.

8 The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act.

9 The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.

10 The Company has made necessary entries in the register maintained under Section 301 of the Act.

11 As there was no appointment/instance falling within the purview of Section 314 of the Act, the Company was not required to obtain approval from the Board of Directors, members or Central Government.

12 The Company has not issued any duplicate share certificate during the financial year.

13. (i) The Company has delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act, The Company has not allotted any security during the year.

(ii) The Company has deposited the amount of dividend declared in a separate Bank Account on 01/08/2012, which is within five days from the date of declaration of such dividend.

(iii) The Company paid/posted dividend warrants for dividends to all the members within a period of 30 (thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank Ltd. on 04/08/2012.

(iv) The Company transferred the amounts lying in unpaid dividend account, which had remained unclaimed or unpaid for a period of seven years, to Investors Education and Protection Fund. There was no amount such as application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years;

(v) The Company has complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the appointments of Directors and Additional Director have been duly made. There was no appointment of Alternate Director and Director to fill casual vacancy during the financial year.

15. The Company has not appointed Managing Director/Whole-time Director or Manager.

16. The Company has not appointed any sole selling agent during the financial year.

17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed in the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares/debentures/other securities during the financial year.

20. The Company has not bought back any shares during the financial year ending 31st March, 2013.

21. The Company has not redeemed any preference shares/debentures during the financial year.

22. The Company was not required to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposit including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.

24. The amount borrowed by the Company from Banks and others during the financial year ended 31st March, 2013 are within the borrowing limits of the Company.

25. The Company has given loans to and made investments in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the prupose. The Company has not given any guarantee or provided security to other body corporate.

26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's Registered Office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notice received by the Company or any other punishment imposed on the Company during the financial year, for offenses under the Act.

32. The Company has not received any money as security from its employees during the year under certification.

33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

**(UPENDRA C. SHUKLA)**
COMPANY SECRETARY
FCS: 2727/CP No: 1654

Place: MUMBAI
Date : 25 th May, 2013