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8TH
ANNUAL
REPORT
1996-97

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ZENITH FIBRES LIMITED



BOARD OF DIRECTORS

A. K. RUNGTA	<i>Chairman</i>
S. N. HARLALKA	<i>Director</i>
C. I. GANDHI	<i>Director</i>
SANJEEV RUNGTA	<i>Director</i>
MRS. NEELA JAVERI	<i>Director (Nominee of ICICI)</i>

AUDITORS**M/S. JAIN & HINDOCHA**

Chartered Accountants
201, 'SUSHIL',
38, Gautam Nagar,
Race Course,
Baroda - 390 005.

BANKERS

Canara Bank
Tamarind Lane Branch,
Mumbai - 400 023.

CONTENTS

	Page No.
Notice	2
Directors' Report	3
Auditors' Report	7
Balance Sheet	9
Profit & Loss Account	10
Schedules	11
Cash Flow Statement	20

REGD. OFFICE

232/234, Kalbadevi Road,
3rd Floor, Mumbai - 400 003.

WORKS

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



ZENITH FIBRES LIMITED

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the members of Zenith Fibres Limited will be held at 11.00 A.M. on Monday, the 29th day of September, 1997 at AIMO B.D.Somani Hall, C/o All India Manufacturers' Organization, Jeevan Sahakar, 4th Floor, Sir P.M. Road, Mumbai : 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date alongwith Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. C.I. Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Sanjeev Rungta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board of Directors

(A.K. RUNGTA)

CHAIRMAN

Place : Mumbai

Dated : August 14, 1997.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROX(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES 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 26/09/97 to 29/09/97 (both days inclusive).
3. 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.

8TH ANNUAL REPORT**DIRECTORS' REPORT**

To :

The Members.

Your Directors have pleasure in submitting their Eighth Annual Report together with the Audited Statements of Accounts for the year ended March 31, 1997.

FINANCIAL HIGHLIGHTS

	(Rs in Lakhs) Year ended 31.03.1997	(Rs in Lakhs) Year ended 31.03.1996
Operating Profit before Interest, Depreciation & Taxation	224.59	216.55
Less : Interest & Financial Expenses	162.76	108.48
Gross Profit before Depreciation & Taxation	61.83	108.07
Less : Depreciation	55.18	35.58
Profit before Taxation	6.65	72.49
Less : Provision for Taxation	—	—
Profit after Tax	6.65	72.49
Less : Misc. Expenditure written off	4.89	03.37
Net Profit	1.76	69.12

DIVIDEND

Due to inadequate profit, your Directors have not recommended any dividend for the year.

OPERATIONS

During the year under review, expansion of PPSF Capacity to 2,500 tons from 1,000 tons was completed. After initial trial runs, the commercial production commenced in August, 1996. The Company recorded higher production and sales for the year. During the year, 1543 tons of PPSF was produced, whereas the sale was 1457 tons, which shows a growth of 63.97% and 37.32% respectively. The total income also stood higher at Rs.1321.51 lakhs, a growth of about 12%.

The sale price of PPSF remained depressed throughout the year, resulting in lower sales realisation. The steep increase in manufacturing cost, higher financial charges and higher depreciation due to completion of expansion, severely eroded the profit margin. This resulted in a meagre profit.

PROJECTIONS V/S PERFORMANCE

Following are the details of performance against the projections made in the Letter of Offer dated 20.11.1995 :

	PERFORMANCE	(Rs. in Lakhs) PROJECTIONS
Sales	1309.56	2003.00
Profit before Interest & Depreciation	224.59	552.00
Net Profit	6.65	246.00

Projections were based on full year working of expanded capacity, while actuals on expanded capacity was only for about half year.

FUTURE PROSPECTS

The production out of expanded capacity is stabilised and in the current year capacity utilisation is expected to improve with upward trend in prices of PPSF witnessed in current year, your Directors hope better sales realisation, thereby improving profit margin. Barring unforeseen circumstances, your Directors hope the performance of the Company in the current year would be much better than previous one.



ZENITH FIBRES LIMITED

EMPLOYEES

Relations with employees at all levels were cordial throughout the year. Since none of the employees was in receipt of a remuneration exceeding Rs. 3,00,000/- per annum or Rs. 25,000/- per month, particulars as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not given.

CONSERVATION OF ENERGY ETC.

Information with respect to conservation of energy, technology absorption, foreign exchange earning and outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956, is set out in Annexure "A" to the Report.

AUDITORS REPORT

Regarding comment No. 2 (d) (III) in the Auditors' Report, Directors are of the firm opinion that the loan of Rs. 14 lacs is fully recoverable and will be recovered in the current year. The other comments in the report have been adequately explained in the notes to the accounts and require no further explanations.

AUDITORS

Jain & Hindocha, Chartered Accountants, Auditors of your Company, shall retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Members are requested to appoint auditors and fix their remuneration.

ACKNOWLEDGEMENT

Your Directors wish to sincerely thank the ICICI, IDBI and its Bankers, Canara Bank for their valued co-operation and support at all times. Directors also place on record their deep appreciation for the unstinted support received from the employees at all levels.

For and On Behalf of the Board.

(A. K. RUNGTA)
CHAIRMAN

Place : Mumbai

Dated : August 14, 1997.

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8TH ANNUAL REPORT

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 the Board of Directors') Rules, 1988.

A) Conservation of Energy :

01. In Barmag plant, Kelviplast system meant for quenching is stopped thereby saving running of 29 kw motor. This means power saving;
02. System for hot water supply to Crimper in PFE Plant is stopped and entire system bypassed & chilled water supply is given in Crimper thereby saving the power;
03. Installation of 4 Nos. new capacitors to maintain a very high power factor and control of maximum demand value. We are maintaining power Factor in range at 0.96 to 0.99;
04. In all Marlotherm heating Godets where three heaters were provided, two have been disconnected in all Godets of Barmag Line. This has again resulted in Power savings;
05. In PFE Plant where Maxolite-32 heating for Spinning Beam. Godets and Ovens is provided no. of heaters are reduced for power savings and for reduction of loads;
06. In order to avoid Voltage fluctuations we have installed 550 KVA Auto Stabilizer of Input range 360-440 Volts thereby saving electronic equipments from damages and providing constant power supplies;
07. Installation of one more 250 KVA D.G. Set takes care of severe GEB powercuts and avoiding loss of production;
08. Installation of contactors in Thyristor Extruder heating to avoid fluctuations of ampere loads when D.G. is running to make load steady and uniform;
09. Usage of Plant and Office lighting is restricted to maximum extent possible for power saving purpose;
10. Running of plant is planned as per available production programme such wise that stopping the lines and all heaters etc. to save power consumption;
11. Equipments like Fluidised Bed, Preheating ovens and Compounding machine are run in a phase manner to avoid peak loads;
12. Timely maintenance and preventive work is carried out regularly for all working equipments so as to attain optimum working performance.

B) Technology Absorption :

01. In November 1992, plant from M/s. Barmag, Germany was imported for producing Polypropylene Staple Fibre. The same was installed and commissioned and after certain modifications plant is running successfully till date; Initially plant production in fine denier was 1500 Kg. per day only. With modifications and changes it has been increased to 2700 Kg/day.
02. In August 1996 another plant of higher capacity from M/s. PFE Ltd., U.K. was imported which is installed, commissioned and is running satisfactorily. On PFE Line we are able to manufacture 5 M.T. per day of 15 denier Fibre and about 3.0 to 3.5 M.T./day of 2.5 Denier grade. With some more changes and modification we will be able to increase production rate up to 4.5 te. per day in course of time. Both the plant technologies have been fully absorbed.
03. In India we are the only manufacturer of P.P. Staple Fibre with denier range from 2.5 to 60.D.

C) Foreign Exchange Earning and Outgo :

	Rupees
Total foreign exchange used (including CIF value of raw-materials, stores, spare parts, plant and machinery, fees for technical services and travelling)	4,19,32,458 (91,53,308)
Total foreign exchange earned (FOB value of exports)	1,11,10,599 (26,84,436)

NOTE : Figures in Brackets are for Previous Year.