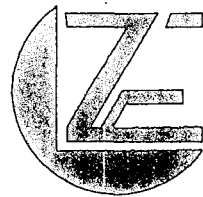


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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



# ZENITH FIBRES LIMITED



*Certified True Copy*  
FOR ZENITH FIBRES LTD.

*[Signature]*  
DIRECTOR

9TH  
ANNUAL REPORT  
1997 - 98



**BOARD OF DIRECTORS**

<b>A. K. RUNGTA</b>	<i>Chairman</i>
<b>S. N. HARLALKA</b>	<i>Director</i>
<b>C. I. GANDHI</b>	<i>Director</i>
<b>SANJEEV RUNGTA</b>	<i>Director</i>
<b>MRS. NEELA JAVERI</b>	<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.

**REGD. OFFICE**

232/234, Kalbadevi Road,

3rd Floor, Mumbai - 400 002.

**WORKS**

Block 460/P,

Village Post Tundav,

Taluka Savli,

Dist. Baroda - 391 775

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## ZENITH FIBRES LIMITED

### NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of Zenith Fibres Limited will be held at 11.00 A.M. on Friday, the 25th day of September, 1998 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, 1998 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. A. K. Rungta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S. N. Harlalka, 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 : June 18, 1998.

#### 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 23/09/98 to 25/09/98 (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.

# 9TH ANNUAL REPORT

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in submitting their Ninth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 1998.

### FINANCIAL HIGHLIGHTS

	(Rs. in Lakhs)	(Rs. in Lakhs)
	Year ended	Year ended
	31.03.1998	31.03.1997
Operating Profit before Interest,		
Depreciation & Taxation .....	379.13	224.59
Less : Interest & Financial Expenses.. ..	224.71	162.76
Gross Profit before Depreciation & Taxation.....	154.42	61.83
Less : Depreciation .....	66.69	55.18
Profit before Taxation. ....	87.73	6.65
Less : Provision for Taxation. ....	8.00	—
Profit after Tax. ....	79.73	6.65
Less : Misc. Expenditure written off .....	4.90	4.89
Net Profit. ....	74.83	1.76

### DIVIDEND

To consolidate the financial position of the Company, your Directors have not recommended any dividend.

### OPERATIONS

The Company achieved a higher sales and production both volume and value wise despite economic slow down and dumping of PPSF by South East Asian Countries.

The Company achieved a record production of 2001 tons of PPSF and sold 2128 tons during the year, which shows an increase of about 30% and 46% respectively. Though the sale price of PPSF remained depressed through-out the year, increased volume of Sales helped the Company in increasing profitability. The Company earned a pre-tax profit of Rs.87.73 lakhs on a total income of Rs.1832.76 lakhs, as against Rs.6.65 lakhs on Rs.1321.51 lakhs last year.

Your Directors are glad to report that during the year, the Company made a maiden export of PPSF to Australia. The total exports during the year was Rs.158.87 lakhs.

### PROJECTIONS V/S PERFORMANCE

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

	(Rs. in Lakhs)	(Rs. in Lakhs)
	<u>PERFORMANCE</u>	<u>PROJECTIONS</u>
Sales	1821.68	2292.00
Profit before Interest & Depreciation	379.13	637.00
Net Profit	74.83	344.00

As per projections, the quantity envisaged for sale was 1875 tons at the then prevailing price of Rs.122/- per K.G. and while the actual sales was 2128 tons, the average sales realisation was only Rs.85/- per K.G. due to depressed market conditions, consequent to which the corresponding values of sales and profit are lower.

### FUTURE PROSPECTS

Efforts are being made to increase sales both domestic and export. With recent devaluation of Indian currency, your Directors hope that the export prices will become competitive which in turn would boost exports. The additional customs duty on import announced in the recent budget, would also help in increasing domestic sales. Barring unforeseen circumstances, your Directors hope to turn-out better results in the current year.

**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**

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.

**ACKNOWLEDGMENT**

Your Directors wish to thank the ICICI, IDBI and its Bankers, Canara Bank, for their unstinted support. Your Directors also place on record their deep appreciation for the dedicated services of all the employees of the Company.

For and On Behalf of the Board.

(A. K. RUNGTA)  
CHAIRMAN

Place : Mumbai  
Dated : June 18, 1998.



## 9TH ANNUAL REPORT

### ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earning 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 Marlothem 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 number of heaters are reduced for power saving 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 phased 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 Kgs. per day only. With modifications and changes it has been increased to 2700 Kgs. per 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 4.0 M.T./day of 2.5 Denier grade. With some more changes and modification we will be able to increase production rate up to 5.0 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	40,69,627
CIF value of raw-materials, stores, spare parts, plant and machinery	(4,19,32,458)
fees for technical services and travelling)	
 Total foreign exchange earned	 1,59,14,529
(FOB value of exports)	(1,11,10,599)

NOTE : Figures in Brackets are for Previous Year.