

10TH
ANNUAL REPORT
1998-99

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ZENITH FIBRES LIMITED

**ZENITH FIBRES LIMITED****10TH ANNUAL REPORT****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.

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 Tenth Annual General Meeting of the members of Zenith Fibres Limited will be held at 11.00 A.M. on Monday, the 27th day of September, 1999 at AIMO B. D. Somani Hall, C/o All India Manufacturers' Organization, Jeevan Sahakar, 4th Floor, Mumbai : 400 001, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date, alongwith Directors' Report and Auditor's 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 : JULY 27, 1999

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 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 24/09/99 to 27/09/99 (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.

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DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in submitting their Tenth Annual Report on the working of the Company together with the Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. In Lakhs) Year ended 31.03.1999	(Rs. In Lakhs) Year ended 31.03.1998
Operating Profit before Interest,		
Depreciation & Taxation	320.19	379.13
Less : Interest & Financial Expenses	204.42	224.71
Gross Profit before Depreciation & Taxation	115.77	154.42
Less : Depreciation	68.55	66.69
Less : Miscellaneous Expenses written off	4.89	4.90
Profit before Taxation	42.33	82.83
Less : Provision for Taxation	6.27	8.00
Profit after Tax.....	36.06	74.83

DIVIDEND

Your Directors have not recommended any dividend.

OPERATIONS

General economic slow down on one hand and stiff competition from Polyester Fibre industry on the other, severely effected the profitability of the Company. Though volume wise the sale was marginally higher at 2143 tons as against 2128 tons in the previous year, the total turnover dropped by 4% since the Company had to offer higher discount to maintain sales. Higher wage bill and steep increase in power and fuel charges too eroded the profit margin.

The Company recorded a turnover of Rs. 1747.37 lakhs and pre-tax profit of Rs. 42.33 lakhs for the year under review as against Rs. 1821.67 lakhs and Rs. 82.83 lakhs respectively in the previous year. The other income was also lower at Rs. 9.56 lakhs as against Rs. 11.08 lakhs in the previous year.

Your Directors are glad to state that in such worst scenario, the Company was able to maintain its exports. The Company's exports of PPSF stood higher at Rs. 175.58 lakhs as against Rs. 158.87 lakhs in the previous year.

Strict inventory control and financial monitoring with optimum utilisation of available resources helped the Company to sustain the operations.

FUTURE PROSPECTS

The Current Year has begun with a little upward trend in prices of all man made fibres and this upward trend is expected to continue in the rest of the year.

Y2K COMPLIANCE

Necessary steps are being taken to make all the office and production systems Y2K compliant by end of September, 1999. The cost of Compliance being insignificant, is not quantified.

LISTING OF SHARES

The Equity Capital of our Company is listed on Mumbai and Ahmedabad Stock Exchanges. The Company has already paid annual listing fees for the year 1999-2000.



ZENITH FIBRES LIMITED

DIRECTORS

To comply with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Sanjeev Rungta and Mr. C.I. Gandhi, Directors, shall retire by rotation in the ensuing Tenth Annual General Meeting. However, being eligible they offer themselves for reappointment.

EMPLOYEES

Relations with employees at all levels were cordial through-out the year. Since none of the employees was in receipt of a remuneration exceeding Rs. 50,000/- per month or Rs. 6,00,000/- per annum during the year under review, provision of Section 217(2A) read with the relevant rules is not applicable.

CONSERVATION OF ENERGY ETC

Information with respect 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 Information in the Report of the Board of Directors) Rules, 1988, is set out in Annexure - A, which forms part of this Report.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors are grateful to ICICI, IDBI, Canara Bank, Shareholders, Promoters, Vendors and valued customers for their continued assistance and co-operation. The Directors also wish to place on record their appreciation of the dedicated and excellent contribution made by the employees in realising the objectives of the Company.

For and on behalf of the Board

(A. K. RUNGTA)
CHAIRMAN

Place : Mumbai
Dated : July 27, 1999

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ANNEXURE TO THE DIRECTOR'S 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 :

01. In Barmag plant, Kelviplast system meant for quenching is stopped thereby saving running of 29kw 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 Mariotherm heating Godets where three heaters were provided, two have been disconnected in all Godets of Barmag Line. This has again resulted in Power saving;
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 equipment 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 upto 5.0 M.T. 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	1,50,96,733
CIF Value of raw-materials, stores, spare parts,	(40,69,627)
Plant and machinery, fees for technical services and travelling.)	
 Total foreign exchange earned	 1,75,58,014
(FOB value of exports)	(1,58,86,941)

NOTE : Figures in Brackets are for Previous Year.