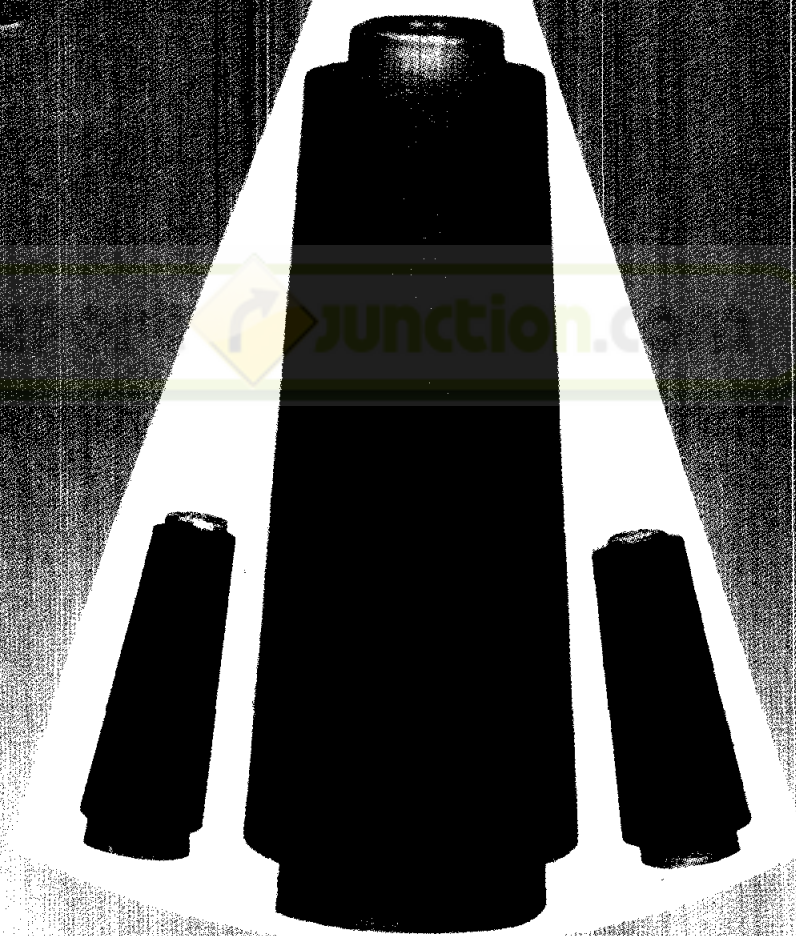


12th

Annual Report

2000-2001**



ZENITH FIBRES LIMITED



ZENITH FIBRES LIMITED

12TH ANNUAL REPORT

BOARD OF DIRECTORS

A. K. RUNGTA	<i>Chairman</i>
AMITABHA GHOSH	<i>Director</i>
C. I. GANDHI	<i>Director</i>
SANJEEV RUNGTA	<i>Director</i>
NIMESH SHAH	<i>Director (Nominee of ICICI)</i>

Dr S. R. VENGSARKER *Chief Executive Officer*

DEEPAK ASHAR *Company Secretary*

AUDITORS**M/s. JAIN & HINDOCHA***Chartered Accountants*

201, 'Sushil'

38, Gautam Nagar,

Race Course,

Baroda - 390 005

BANKERS**Canara Bank**

Alkapuri Branch,

Baroda - 390 005.

REGD. OFFICE

A/2, Jitendra Estate,

3rd Floor, Andheri Kurla Road,

Andheri (E), Mumbai - 400 093.

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 Twelfth Annual General Meeting of the members of Zenith Fibres Limited will be held at 11.00 A.M. on Tuesday, the 25th day of September, 2001 at Sanghthan Hall, Hotel Atithi, 77-A/B, Nehru Road, Vileparle (E), Mumbai – 400 099 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2001 and Profit and 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 Auditors and fix their remuneration.

By Order of the Board of Directors

(A. K. RUNGTA)
CHAIRMAN

PLACE : MUMBAI

DATED : 20TH JULY, 2001

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 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 23.09.2001 to 25.09.2001 (both days inclusive)
3. Members desiring any information as regards accounts or operation 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.

12TH ANNUAL REPORT**DIRECTORS' REPORT**

To,
The Members,

Your Directors have pleasure in presenting the Twelfth Annual report of the Company together with the audited statement of accounts for the year ended 31st March, 2001:

FINANCIAL RESULTS

	(Rs. In Lakhs) Year ended 31.03.2001	(Rs. In Lakhs) Year ended 31.03.2000
Total Income	2132.07	1923.47
Operating Profit	319.03	293.55
Less: Interest & Financial Expenses	150.96	174.25
Cash Profit	168.07	119.30
Less: Depreciation	72.06	70.44
Less: Misc. Expenses written off	4.90	4.90
Profit before Taxation	91.11	43.96
Less: Provision for Taxation	5.77	5.59
Profit after Tax	85.34	38.37

DIVIDEND

Your Directors have not recommended any Dividend for the year under review to consolidate the financial position of the Company.

OPERATIONS

The Company achieved higher production and sales, both in terms of volume and value despite severe competition from other fibres throughout the year as well the competition from certain new international players. Thanks to aggressive and strategic marketing, the Company has been able to achieve such higher sales and production. Your Directors are pleased to report that the various economic measures undertaken by the management of your Company in the previous year coupled with continuous thrust on better value addition, has resulted in encouraging performance.

The Company achieved a turnover of Rs. 2137.36 lacs and a pre-tax profit of Rs. 91.11 lacs for the year under review as compared to Rs. 1933.26 lacs and Rs. 43.96 lacs during the previous year respectively, thereby achieving a gain of over 100 % in pre-tax profit over previous year.

Remarkable achievement was made on the export front. The exports for the year stood at Rs. 447 lacs as compared to Rs. 226 lacs during the previous year, thereby showing a tremendous growth of almost 100%. The Export obligation of the Company under the EPCG Scheme was almost fulfilled during the year. Institutional dues as at the end of the year have been paid up to date.

FUTURE PROSPECTS

The Company is exploring the possibility of either becoming a dual fibre Company or increase its capacity during the current year.

LISTING OF SHARES

The Equity Capital of the Company continued to be listed on the Ahmedabad and Mumbai Stock Exchanges and the necessary listing fees has been paid up to the year 2000-2001. As per directives issued by the Securities and Exchange Board of India, the equity shares of the Company are traded in the Demat form. The Company has made necessary arrangements with NSDL and CDSL for required connectivity.



ZENITH FIBRES LIMITED

DIRECTORS

To comply with the requirement of the Companies Act, 1956 and Articles of Association Mr. C. I. Gandhi retires from the Board by rotation and being eligible offers himself for reappointment.

EMPLOYEES

Relations with employees were cordial throughout the year. Since none of the employees was in receipt of a remuneration exceeding Rs.1,00,000/- per month or Rs.12,00,000/- per annum during the year under review, provisions of Section 217(2A) read with relevant rules are not applicable to the Company.

ENERGY TECHNOLOGY & FOREIGN EXCHANGE

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and out go pursuant to section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Information in the Report of Board of Directors) Rules 1988, is set out in Annexure "A", which forms part of this report.

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

- a) In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors are grateful to the Financial Institutions, Bankers, Shareholders, Vendors and valuable customers for their continued assistance and co-operation. The Directors also place on record their appreciation to all its employees for their continued dedicated services.

For and on behalf of the Board

Place : Mumbai
Dated : 20th July, 2001

(A. K. RUNGTA)
CHAIRMAN

12TH 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 Board of Directors) Rules, 1988.

A) Conservation of Energy :

01. The existing two fibre production lines are being operated either simultaneously or the bigger production line of PFE is being operated to minimize and optimize power cost per unit of operation.
02. Whenever the fibre lines are restarted, care is taken to ensure that all heating loads are not raised to maximum simultaneously to ensure maximum peak demand is not reached at any time.

B) Technology Absorption :

01. On PFE line crimper was changed from 50 mm to 70 mm width with the result higher Tow Denier could be fed to the crimper and the production rate was increased. Also, the fibre quality improved.
02. The production rate on PFE line was improved for Fine Denier Fibre from 3.8 mt per day to 4.5 mt per day by installing imported spinnerette with 38400 holes and 0.55 mm dia.
03. A Cutter was purchased locally thereby enabling the plant to produce short cut length fibres used in construction industry and in Asbestos Sheets and Pipes.
04. Indigenously, machines were procured for opening of fibres and for cutting Tow waste which enabled more disposable products for the market.

C) Foreign Exchange Earning and Outgo :**(Rupees)**

Total Foreign Exchange used (including
CIF value of raw-materials, stores, spare parts
plant & machinery, fees for technical services and traveling).

1,38,10,760
(70,36,176)

Total Foreign Exchange earned
(FOB Value of exports)

4,46,76,876
(2,25,79,894)

NOTE : Figures in Brackets are for Previous Year.