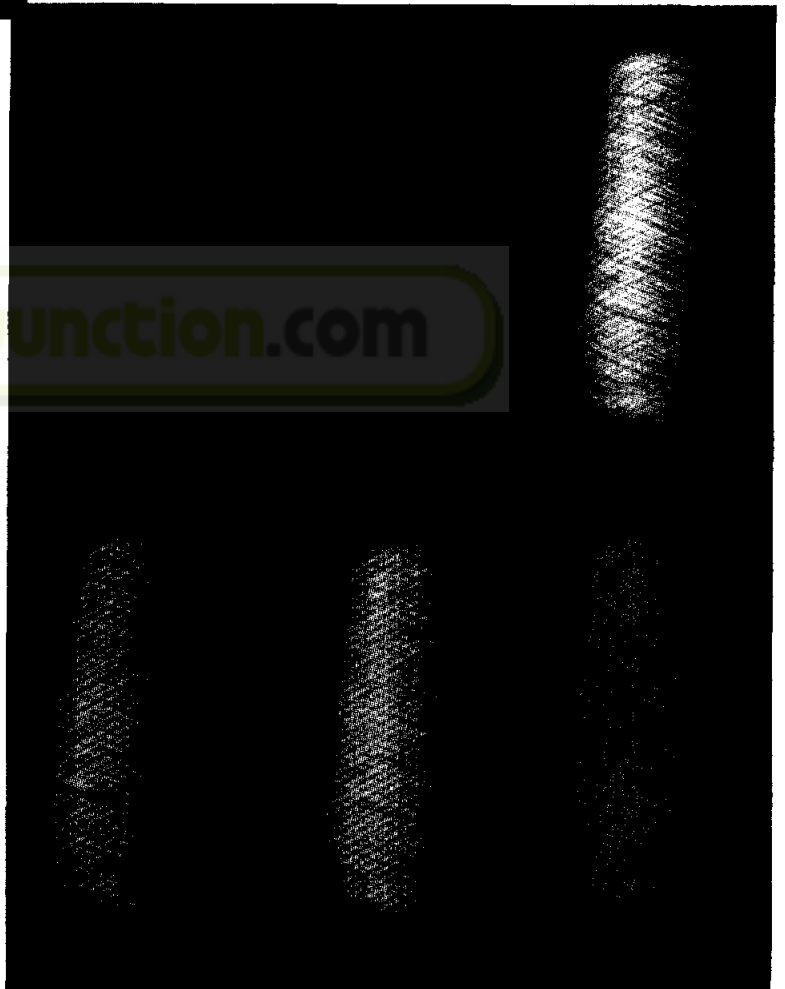


**ZENITH
FIBRES
LIMITED**

**13TH
ANNUAL
REPORT
2001-2002**



BOARD OF DIRECTORS**A.K. RUNGTA** *Chairman***AMITABHA GHOSH** *Director***C.I. GANDHI** *Director***MUKUND BERIWALA** *Director***SANJEEV RUNGTA** *Director***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. Vadodara-391 775.**CONTENTS**

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NOTICE FOR THIRTEENTH ANNUAL GENERAL MEETING.

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of Zenith Fibres Limited will be held at 11.30 a.m. on Friday the 27th day of September, 2002 at Sangathan Hall, Hotel Atithi, 77 A/B Nehru Road, Vile Parle (E), Mumbai - 400099 to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2002 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. Sanjeev Rungta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Mukund Beriwalla, who has been appointed as Additional Director of the Company on 15.4.2002, who in terms of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Beriwalla as a candidate for the office of Director, be and is hereby appointed a Director of the Company, whose office shall be liable to retirement by rotation."

By order of the Board of Directors

Place : Mumbai
Date : 13th July 2002.

SANJEEV RUNGTA
CHAIRMAN

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 24th to 27th September 2002 (both days inclusive).
3. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item No. 4 is annexed and forms part of this Notice.
4. As required under Clause 49 of the Listing Agreement, profile of Directors being appointed/reappointed is annexed.
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.

13TH ANNUAL REPORT

**EXPLANATORY STATEMENT PURSUANT TO
SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

Mr. Mukund Beriwal, was appointed as an Additional Director by the Board of Directors in its meeting held on 15th April 2002. Under Section 260 of the Companies Act, 1956, Mr. Beriwal holds office upto the date of the 13th Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Beriwal for his appointment as Director.

Mr. Mukund Beriwal is a young man of 26 and Bachelor in Economics. He has also gone through an advance course in Finance from New York University, U.S.A. Mr. Mukund Beriwal has worked with D.P. Jindal Group and is presently associated with Rs. 800 Crores Dilip Piramal Group as CEO of DGP Securities. No Director, except Mr. Mukund Beriwal, is interested or concerned in the said Resolution.

By order of the Board of Directors

Place : Mumbai
Date : 13th July 2002.

SANJEEV RUNGTA
CHAIRMAN

PROFILE OF DIRECTORS BEING APPOINTED/REAPPOINTED

As required by Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed/reappointed at the 13th Annual General Meeting are given below :

1. Name : Mr. Sanjeev Rungta
- Age : 42 years.
- Qualification : B.S.(Mechanical)
- Experience : 19 years experience in Chemical, Steel & Textile Industries.

Other Directorship held by Mr. Sanjeev Rungta :

- 1) M/s. Pearl Industries Ltd
- 2) M/s. Zenith Ropes Pvt. Ltd
- 3) M/s Essare Engineering Pvt. Ltd.

2. Name : Mr. Mukund Beriwal
- Age : 26 years.
- Qualification : B.A. (Economics)
Advance Course of Finance from the New York University.
- Experience : 6 years experience in Stock analysis and dealings in securities.

Other Directorship held by Mr. Mukund Beriwal :

- 1) M/s. Smart Media Manager Pvt. Ltd.
- 2) M/s. Chandravidya Investment & Finance Pvt. Ltd.



DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Thirteenth Annual report of the Company together with audited statement of accounts for the year ended 31st March 2002.

FINANCIAL HIGHLIGHTS

	(Rs. In lacs)	Previous Year (Rs. In lacs)
Operating Profit	333.14	319.03
Less: Interest & Financial Expenses	93.46	150.96
Cash Profit	239.68	168.07
Less: Depreciation.....	73.35	72.06
Less: Misc. Expenses Written Off.....	4.89	4.90
Profit before Taxation	161.44	91.11
Less: Provision for current Taxation (MAT).....	8.93	5.77
Profit after current Taxation (MAT).....	152.51	85.34

DIVIDEND

Your Directors are keen to declare a maiden Dividend at the earliest but financial prudence demands retention of cash generation for the year under review for on going expansion and envisaged diversification project for better results next year.

OPERATIONS

The Company achieved near cent percent capacity utilization. This has resulted in marginal increase in total income and operating income but cash profit is up by 43% and net profit by almost 80%. This is in continuation of increase in cash profit by 40% and net profit by 122% last year. This shows the sustained efforts of the Company towards maximizing profits in fiercely competitive market by high value addition to its products and stern economic measures.

Performance on the export front has also been sustained despite severe slow down in the world market. Export sales were up from about Rs. 447 lacs during last year to Rs. 487 lacs during the year under review. The Export obligation of the Company under the EPCG Scheme has been fulfilled and the guarantees given to Government of India in this regard duly discharged. All dues to Financial Institutions have been paid up to date.

FUTURE PROSPECTS

Having obtained optimum capacity utilization the Company has decided to augment its capacity by 25% within this year. The Company also proposes to install a facility to spin its fibre into Yarn as now nearly 20% of its production can be sold in the form of yarn with substantial value addition.

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 2002-2003. 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 continues to maintain necessary arrangements with NSDL and CDSL for required connectivity.

13TH ANNUAL REPORT**DIRECTORS**

ICICI Limited withdrew its Nominee Director, Shri Nimesh Shah from the Board of Directors of your Company vide their letter dated 24/01/2002.

The Board of Directors in its meeting held on 15/04/2002 had appointed Mr. Mukund Beriwal as Additional Director. Mr. Beriwal is a young professional and a Finance Graduate. His association will be in the interest of the Company. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Mukund Beriwal will be vacating office at the ensuing Annual General Meeting. The Company has received notices from some of its members pursuant to Section 257 of the Companies Act, 1956 signifying their intention to propose the appointment of Mr. Mukund Beriwal as Director.

To comply with the requirement of the Companies Act, 1956 and Articles of Association Mr. Sanjeev Rungta 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 employee 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 and hence provisions of Section 217(2A) along with relevant rules is 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 Thirteenth 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 the 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 ICICI Limited, IDBI, Canara Bank, 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.

On behalf of the Board of Directors

Place : Mumbai
Date : 13th July 2002.

SANJEEV RUNGTA
CHAIRMAN