

**BOARD OF DIRECTORS****Sarvashree****A.K. RUNGTA** Chairman**AMITABHA GOSH** Director**SANJEEV RUNGTA** Director**RAJEEV RUNGTA** Director**ABHISHAKE RUNGTA** Director**MUKUND BERIWALA** Director**Dr. S.R. VENGSARKER** Director**S.S. IYER** President**CONTENTS**

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**AUDITORS****M/s. JAIN & HINDOCHA****BANKERS****HDFC BANK LTD.****REGD. OFFICE**

205, Marol Bhavan, 2<sup>nd</sup> Floor,  
Marol Co-op. Industrial Estate Ltd.,  
M.V. Road, J.B. Nagar Post,  
Andhri East, Mumbai – 400 059  
Tel. No. : 022-28599428  
E-mail : mumbai@zenithfibres.com

**WORKS**

Block 458  
Village Post Tundav,  
Taluka Savli,  
Dist. Vadodara – 391 775

## 25th ANNUAL REPORT

### NOTICE FOR 25th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of Zenith Fibres Limited will be held at 11.00 a.m. on Wednesday the 30th July, 2014 at Hotel Atithi, 77 A/B Nehru Road, Ville Parle (East), Mumbai - 400099, to transact the following business :

#### ORDINARY BUSINESS :

- 1) To receive, consider and adopt the audited Balance Sheet as on 31st March, 2014 and statement of Profit & Loss for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
- 2) To declare dividend.
- 3) To appoint a Director in place of Mr. Ajay Kumar Rungta, who retires by rotation, but being eligible offers himself for reappointment.
- 4) To appoint Auditors and fix their remuneration.

#### SPECIAL BUSINESS:

- 5) To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

“RESOLVED THAT Mr. Amitabha Ghosh be and is hereby appointed as an Independent Director for a period of five years from the date of this meeting i.e. 29<sup>th</sup> May, 2014 on such terms and remuneration as stipulated in the draft letter of appointment and placed before the meeting duly initialed by the Chairman for identification.”

- 6) To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

“RESOLVED THAT Mr. Mukund Beriwal be and is hereby appointed as an Independent Director for a period of five years from the date of this meeting i.e. 29<sup>th</sup> May, 2014 on such terms and remuneration as stipulated in the draft letter of appointment and placed before the meeting duly initialed by the Chairman for identification.”

By Order of the Board of Directors

Place : Mumbai  
Date : 29th May, 2014

**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 PROXY(IES) 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 23rd July, 2014 to 30th July, 2014 (both days inclusive).

3. As required under Clause 49 of the Listing Agreement, profile of Directors being re-appointed is mentioned in Corporate Governance Report.
4. The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those shareholders, whose names stand on the Register of Members of the Company on 30/07/2014 in case of physical shares and to those members as per the beneficiary position given by NSDL and CDSL. Members are requested to notify promptly any change in their registered address.
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.
6. Members are hereby informed that the dividends which remain unclaimed/unpaid over a period of seven years, have to be transferred by the Company to the Investors' Education & Protection Fund constituted by the Central Government under Section 205(A) and 205(C) of the Companies Act, 1956.

The following are the details of dividend paid by the Company and their respective due dates of transfer to such fund of the Central Government, which remain unpaid :

<b>Date of declaration of Dividend</b>	<b>Dividend for the year</b>	<b>Due date of transfer to the Govt.</b>
22.09.2007	2006-07	21.10.2014
29.09.2008	2007-08	28.10.2015
23.09.2009	2008-09	22.10.2016
28.09.2010	2009-10	27.10.2017
29.09.2011	2010-11	28.10.2018
28.07.2012	2011-12	27.08.2019
29.07.2013	2012-13	28.08.2020

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund under the provisions of Section 205(B) of the Companies Act, 1956.

In view of above, the shareholders are advised to send all the unpaid dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

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### Explanatory Statement as required under Section 173 of the Companies Act, 1956

#### ITEM NO: 5

Mr. Amitabha Ghosh, aged 84 years, is a highly renowned banking professional of our country and has very wide experience in Finance, Banking and Management. He is the Ex-Chairman of Allahabad Bank and retired as Deputy Governor of Reserve Bank of India. By qualification, he is a Fellow Member of the Institute of Chartered Accountants of India (F.C.A.) and a Fellow Member of the Indian Institute of Bankers. He is on Board of various renowned companies. Details as to qualification and other Directorship of Mr. Amitabha Ghosh are provided in the Corporate Governance Report and hence, the same is not separately provided.

Mr. Amitabha Ghosh is associated with the Company as Director since 18<sup>th</sup> October, 1999. The Board do receives his expert guidance and his association with the Company is indispensable. The Board of Directors of your Company, hence, recommends his re-appointment.

Mr. Amitabha Ghosh is liable to retire by rotation at the ensuing Annual General Meeting. Since under the new Companies Act, 2013 an Independent Director can be appointed for a term of five years and shall not be liable to retire by rotation, it is proposed to seek appointment of Mr. Amitabh Ghosh as an Independent Director for a term of five years.

A draft letter of appointment proposed to be issued to Mr. Amitabh Ghosh is kept open for inspection by the members during the normal business hours of the Company except on Saturday, Sundays and public holidays.

Mr. Amitabha Ghosh may be deemed to be interested in his appointment. None of the other Directors, key managerial personnel or their relatives are interested or concerned in the proposed resolution.

#### ITEM NO.6

Mr. Mukund Beriwal, aged 39 years, is a B.A. in Economics and has done an advanced course in Finance from the New York University. He is the Member of the Audit Committee and Investors' Grievance Committee. Details as to qualification and other Directorship of Mr. Beriwal are provided in the Corporate Governance Report. Hence, the same is not separately provided.

Mr. Mukund Beriwal is associated with the Company as Director since 15<sup>th</sup> April, 2002. He provides valuable guidance to the Board and his association with the Company is indispensable. The Board of Directors of your Company, hence, recommends his re-appointment.

Mr. Mukund Beriwal is liable to retire by rotation at the ensuing Annual General Meeting. Since under the new Companies Act, 2013 an Independent Director can be appointed for a term of five years and shall not be liable to retire by rotation, it is proposed to seek appointment of Mr. Beriwal as an Independent Director for a term of five years.

A draft letter of appointment proposed to be issued to Mr. Mukund Beriwal is kept open for inspection by the members during the normal business hours of the Company except on Saturday, Sundays and public holidays.

Mr. Mukund Beriwal may be deemed to be interested in his appointment as Director. None of the other Directors, key managerial personnel or their relatives are interested or concerned in the proposed resolution.

By Order of the Board of Directors

**SANJEEV RUNGTA**  
CHAIRMAN

Place : Mumbai  
Date : 29th May, 2014

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty fifth Annual Report on the working of the Company along with the audited statements of accounts for the financial year ended 31st March, 2014.

### FINANCIAL HIGHLIGHTS

	(` in Lacs) Current Year	(` in Lacs) Previous Year
TURNOVER .....	<b>5956.75</b>	5825.62
OPERATING PROFIT .....	<b>516.42</b>	621.17
CASH PROFIT .....	<b>627.69</b>	726.96
PROFIT BEFORE TAX .....	<b>516.42</b>	621.17
PROFIT AFTER TAX .....	<b>339.17</b>	444.84

### MANAGEMENT DISCUSSION AND ANALYSIS

**(a) Industry Structure and Development :** Man-made fibre industry is well poised for reasonable growth despite slow down in European and certain other markets. Polypropylene fibre industry was not growing at the same rate as Polyester fibre because many sectors where PP should be used is replaced by Polyester because of lower prices. Certain novel uses have been found in some sectors where use of PP fibre cannot be replaced and this augurs well for PP fibre industry and it should also show similar growth as other fibres.

**(b) Segment-wise operational performance :** Your Company operates into only one business segment - Manufacturing of Man Made Fibres.

Turnover for the year ended 31st March, 2014 amounted to ` 5956.75 lacs as against ` 5825.62 lacs last year. Operating profit stood at ` 516.42 lacs as against ` 621.17 lacs in the previous year. Cash profit was at ` 627.69 lacs as against ` 726.96 lacs in the earlier year. Profit before tax stood at ` 516.42 lacs as against ` 621.17 lacs in the earlier year and Profit after tax was at ` 339.17 lacs as against ` 444.84 lacs in the previous year.

Production during the year was lower at 3884 tons as against 4401 tons in the previous year. Sales of fibre including self consumption for conversion was 3921 tons as compared to 4328 tons last year. Sales of yarn was at 871 tons as compared to 887 tons last year.

For sometime during the year there were complete upheavals in the market because of sharp depreciation of Indian currency vis-à-vis dollars. Both the buyers in the domestic as well as export market suspended purchase for sometime due to wide fluctuations in prices which amounted to as much as 20%. This is evident from the fact that even with nearly 10% drop in production, the turnover is marginally higher because of such increase in prices of all the materials. Things are, however, now stabilized.

**(c) Outlook :** The general outlook for the industry is bright. Several sectors have been identified where use of PP fibre will be essential. Besides traditional need in various "infrastructure sector" its use has started in fabrics used for soil erosion and collection of ashes from power plants.

**(d) Threats and concerns :** With considerable depreciation of Indian currency and European market being in bad shape there is not much of a threat from imports. However, in view of expected surge in demand competitors may also enlarge their capacity and market may need some time to stabilize and achieve correct balance between demand and supply. However, as an abundant precaution, based upon the size of operations of the Company the management is maintaining fairly decent amount of readily available liquidity to meet any unforeseen exigencies that may arise.

**(e) Internal control systems and their adequacy :** Adequate internal control systems are in place to maintain quality of product, proper accounting as per norms laid, asset maintenance and its proper use. All assets are adequately covered by comprehensive insurance. Independent Internal Auditor reviews accounts periodically and 'Audit Committee' of the Board overviews the same and ensures compliance.

**(f) Human Resources and Industrial Relations :** The Company has adequate and qualified human resources and enjoys cordial relations with all its employees. Number of employees are 99 as on 31st March 2014. The Board of Directors wishes to place on record appreciation for the contribution made by all the employees during the year.

## **DIVIDEND**

Your Directors recommend for your approval a dividend of 15% for the financial year 2013-14. There will be no tax deduction at source on dividend payment and your Company will pay dividend distribution tax on this dividend along with surcharge thereon and education cess. The dividend received at shareholders end will be free of tax. The total outgo to the Company on this score shall be about ` 77.61 lacs.

## **DIRECTORS**

To comply with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Shri Ajay Kumar Rungta, retire from the Board by rotation and being eligible offer himself for re-appointment.

As required under Clause 49 of the Listing Agreement, the details concerning the Directors seeking appointment/re-appointment are included in the Corporate Governance Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations provided to them, your Directors make the following statement, pursuant to Section 217(2AA) of the Companies Act, 1956 that :

1. in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
2. appropriate accounting policies have been selected and applied consistently, and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on March 31, 2014.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts are prepared on a going concern basis.

## **CORPORATE GOVERNANCE**

As per clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

## **ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

Information pertaining 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 particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

## **AUDITORS**

Members are requested to appoint Auditors for the period from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

## **EMPLOYEES**

Since none of the employee was in receipt of a remuneration exceeding ` 5,00,000/- per month or ` 60,00,000/- per annum during the year under review, provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 do not apply to the Company.

## **SECRETARIAL COMPLIANCE CERTIFICATE**

The Compliance Certificate issued by a Practicing Company Secretary is attached.

## **ACKNOWLEDGEMENT**

Your Directors are thankful to all who contributed and assisted to achieve these results. They wish to place on record their appreciation for the support extended by the bankers, valuable customers, suppliers and the 'Share holders'.

For and on behalf of Board of Directors

**SANJEEV RUNGTA**  
CHAIRMAN

Place : Mumbai

Date : 29th May, 2014

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**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 :**

1. By maintaining very good power factor of 0.99 almost throughout the year, the company manages to receive applicable rebate in the monthly power bill from the electricity supplying utility firm.
2. The overall increase in the power cost by the electricity supplying utility firm is of concern to the Company and the increase in fuel cost increased per unit of production on captive power to an extent.
3. There is continued endeavour to maintain capacity utilization at optimum levels to ensure that overall cost per unit of production does not go up.

**B) Technology Absorption :**

With continued modifications and possible technology upgrades, we continue to produce better quality product in all the grades. We continue to receive very satisfactory feedback from almost all the customers, both domestic and foreign.

**C) Foreign Exchange Earnings and Outgo :**

(Amount in ` )

	<u>Current Year</u>	<u>Previous Year</u>
1. Total Foreign Exchange used (including CIF value of raw-materials, stores, spare parts, plant & machinery, fees for technical services, commission and traveling)	<b>71,52,485</b>	90,80,858
2. Total Foreign Exchange earned (FOB value of exports)	<b>17,86,44,128</b>	18,21,61,724

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### FORM - A

(See Rule – 2)

Form for disclosure of particulars with respect to Conservation of Energy

	<b>CURRENT YEAR 2013-2014</b>	PREVIOUS YEAR 2012-2013
<b>A) <u>POWER &amp; FUEL CONSUMPTION :</u></b>		
1. Electricity		
a) Purchased Units	<b>3201265</b>	3601146
Total Amount ( ` )	<b>24083775</b>	24584628
Rate/Unit ( ` )	<b>7.52</b>	6.83
b) Own Generation		
(i) Through Diesel Generator Units	<b>27821</b>	25280
Total Amount ( ` )	<b>617974</b>	457366
Cost per unit ( ` )	<b>22.21</b>	18.09
(ii) Through Steam Turbine/Generator	<b>N.A.</b>	N.A.
2. Coal (for steam generation)	<b>N.A.</b>	N.A.
3. LSHS Oil	<b>N.A.</b>	N.A.
4. Others (LDO / Furnace Oil)	<b>N.A.</b>	N.A.
<b>B) <u>CONSUMPTION PER UNIT OF PRODUCTION :</u></b>		
Polypropylene Staple Fibre (MT)	<b>3884</b>	4401
Electricity ` /kg.	<b>6.20</b>	5.89
Diesel & Oil ` /kg.	<b>0.16</b>	0.11

### FORM-B

Form for disclosure of particulars with respect to Technology Absorption.

#### A) **RESEARCH & DEVELOPMENT :**

1. The specific areas in which Research & Development is carried out by the Company : NIL
2. Benefits derived as a result of the above Research & Development Work : NIL
3. Future Plan of Action : The Company is making strenuous efforts to add new Fibre grade in its range, reduce the cost of production and develop export market.
4. Expenditure on Research & Development :
  - (a) Capital Expenditure : NIL
  - (b) Recurring Expenditure : NIL
  - (c) Percentage of Expenditure of turn-over : NIL

#### B) **TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :**

1. Efforts made towards technology absorption, adoption and innovation : NIL
2. Benefits derived as a result of above efforts : NIL
3. Information relating to the technology imported during the last 5 years
  - (a) Technology Imported : NIL
  - (b) Year of Import : N.A.
  - (c) Has technology been fully absorbed : N.A.
4. If not fully absorbed area where this has not taken place, reasons thereof and future plan of action : N.A.

For and on Behalf of the Board

Place : Mumbai  
Date : 29th May, 2014

**SANJEEV RUNGTA**  
CHAIRMAN



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**COMPLIANCE CERTIFICATE**

To:  
The Members  
Zenith Fibres Limited

I have examined the registers, records, books and papers of Zenith Fibres Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and explanation furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure A to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Maharashtra, within the time prescribed under the Act and the rules made thereunder. The Company has not filed any form/return with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited company, comments on invitation to public to subscribe for shares/debentures or acceptance of deposits as applicable to a Private Limited Company are not required.
4. The Board of Directors duly met four times on 25/05/2013, 29/07/2013, 11/10/2013 and 11/02/2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. No circular resolutions was passed during the financial year.
5. The Company had closed its Register of Members from 22<sup>nd</sup> July, 2013 to 29<sup>th</sup> July, 2013 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 29<sup>th</sup> July, 2013 after giving due notices to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there was no appointment/instance falling within the purview of Section 314 of the Act, the Company was not required to obtain approval from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.

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13. (i) The Company has delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act. The Company has not allotted any security during the year.
- (ii) The Company has deposited the amount of dividend declared in a separate Bank Account on 01/08/2013 which is within five days from the date of declaration of such dividend.
- (iii) The Company paid/posted dividend warrants for dividends to all the members within a period of 30 (thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank Ltd. on 30/08/2013.
- (iv) The Company transferred the amounts lying in unpaid dividend account, which had remained unclaimed or unpaid for a period of seven years, to Investors Education and Protection Fund. There was no amount such as application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years;
- (v) The Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of Directors and Additional Director have been duly made. There was no appointment of Alternate Director and Director to fill casual vacancy during the financial year.
15. The Company has not appointed Managing Director/Whole-time Director or Manager.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed in the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year ending 31st March, 2014.
21. The Company has not redeemed any preference shares/debentures during the financial year.
22. The Company was not required to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposit including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The amount borrowed by the Company from Banks and others during the financial year ended 31<sup>st</sup> March, 2014 are within the borrowing limits of the Company.
25. The Company has given loans to and made investments in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose. The Company has not given any guarantee or provided security to other body corporate.