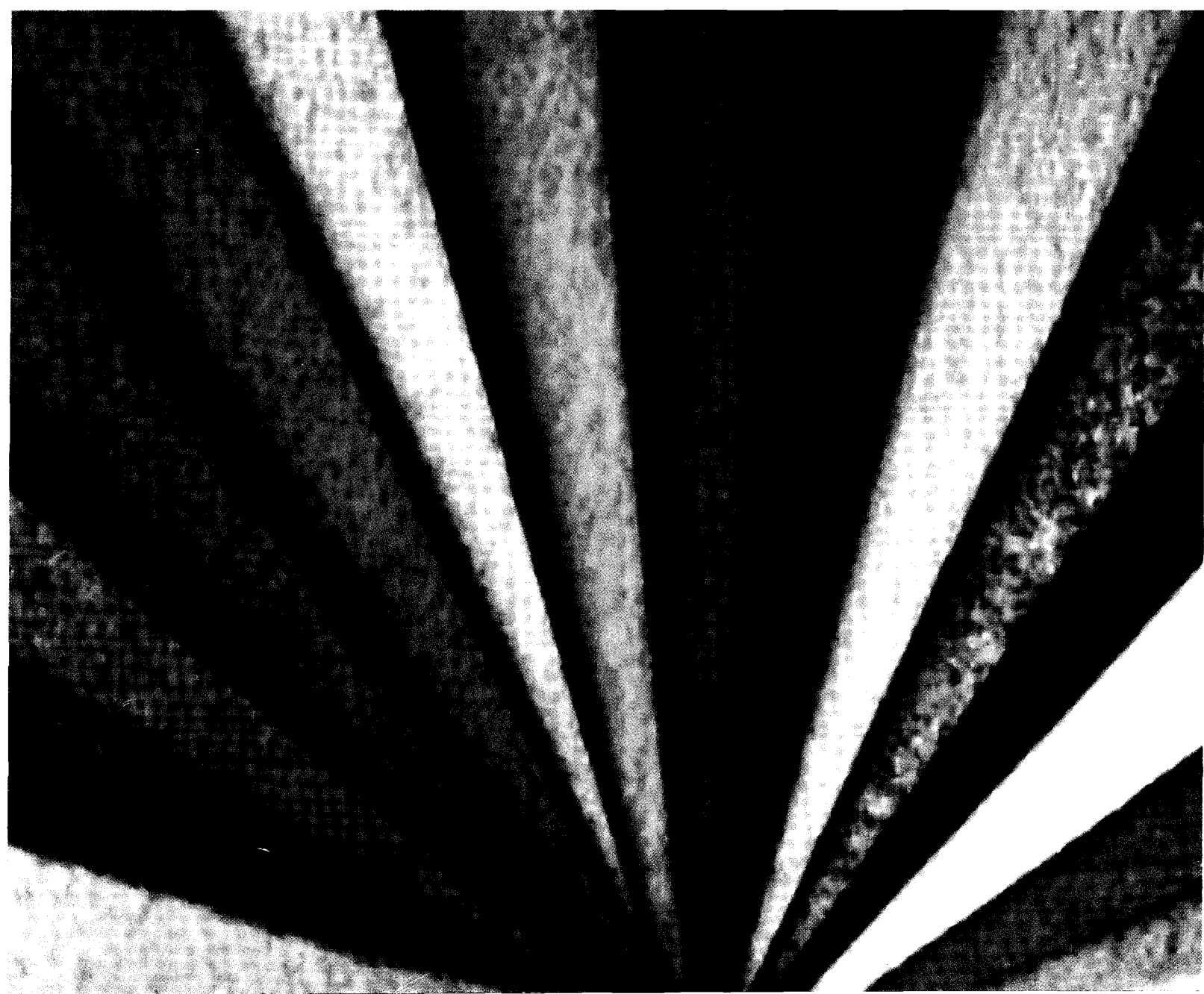




Zenith Fibres Limited

20th Annual Report 2008-2009





BOARD OF DIRECTORS

Sarvashree

A.K. RUNGTA	<i>Chairman</i>
AMITABHA GHOSH	<i>Director</i>
C.I. GANDHI	<i>Director</i>
SANJEEV RUNGTA	<i>Director</i>
RAJEEV RUNGTA	<i>Director</i> <i>w.e.f. 10.10.2008</i>
ABHISHAKE RUNGTA	<i>Director</i>
MUKUND BERIWALA	<i>Director</i>

Dr. S.R. VENGSARKER *Advisor*

BANKIM PUROHIT *Company Secretary*

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AUDITORS

M/s. JAIN & HINDOCHA

BANKERS

HDFC BANK LTD.

REGD. OFFICE

205, Marol Bhavan, 2nd Floor,
Marol Co-op. Industrial Estate Ltd.,
M.V. Road, J.B. Nagar Post
Andheri East, Mumbai - 400 059

WORKS

Block 460/P,
Village Post Tundav,
Taluka Savli,
Dist. Vadodara-391 775.

20TH ANNUAL REPORT

NOTICE FOR TWENTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of Zenith Fibres Limited will be held at 4.00 p.m. on Wednesday, 23rd September, 2009 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 and Profit & Loss Account for the year ended on 31st March, 2009 together with Directors' Report and Auditors' Report thereon.
- 2) To declare dividend.
- 3) To appoint a Director in place of Mr. A. K. Rungta, who retires by rotation, but being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. C. I. Gandhi, who retires by rotation, but being eligible offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

- 6) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Rajeev Rungta be and is hereby appointed as Director of the Company, whose office shall be liable to retirement by rotation."

By Order of the Board of Directors

Place : Mumbai
Date : 23rd July, 2009

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 PROX(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 17th September, 2009 to 23rd September, 2009 (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. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed.
4. The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid :
 - (i) In respect of shares held in physical form to those shareholders, whose names stand on the Register of Members of the Company as on the last date of book closure i.e. 23/9/2009.
 - (ii) in respect of shares held in the dematerialized form to those members, whose name appear in the statements as furnished by the depositories for this purpose as at the end of the business hours on 16/9/2009.
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 :

Date of declaration of Dividend	Dividend for the year	Due date of transfer to the Govt.
26.09.2003	2002-03	25.10.2010
28.09.2004	2003-04	27.10.2011
27.09.2005	2004-05	26.10.2012
27.09.2006	2005-06	26.10.2013
22.09.2007	2006-07	21.10.2014
29.09.2008	2007-08	28.10.2015

It may be noted that no claim of the shareholders will be entitled for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund of Central Government 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.

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

The Board of Directors in its meeting held on 10.10.2008 had appointed Mr. Rajeev Rungta as an Additional Director. In pursuance to the provisions of Section 260 of the Companies Act, 1956, the office of Mr. Rajeev Rungta as Director shall stand terminated on the date of ensuing Annual General Meeting. The Company has received a notice form one of its member under Section 257 of the Companies Act, 1956 alongwith refundable deposit signifying intention of proposing the appointment of Mr. Rajeev Rungta as Director.

Mr. Rajeev Rungta is B.Com. (Hons.) and Diploma holder in Post Graduate Business Management. He has experience of almost 25 years in business and administration. Detailed profile of Mr. Rungta is given in Corporate Governance Report under Clause 49 of the Listing Agreement. Your Directors are of the opinion that the co-option of Mr. Rungta on the Board as Director is in the best interest of the Company and hence, recommend his appointment.

Mr. Rajeev Rungta, Mr. A.K. Rungta and Mr. Sanjeev Rungta being relatives, be deemed to be interested in this resolution. None of the other Directors are in any way interested or concerned in the proposed resolution.

By Order of the Board of Directors

Place : Mumbai
Date : 23rd July, 2009

SANJEEV RUNGTA
CHAIRMAN

20TH ANNUAL REPORT

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twentieth Annual Report on the working of the Company along with the audited statement of accounts for the financial year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

	(Rupees in Lacs)	
	Current Year	Previous Year
TURNOVER	3689.30	3537.36
OPERATING PROFIT	534.11	377.62
CASH PROFIT	519.26	366.25
PROFIT BEFORE TAX	428.28	278.53
PROFIT AFTER TAX.....	269.75	177.67

MANAGEMENT DISCUSSION AND ANALYSIS

(a) **Industry Structure and Development** : Virtually like in all major sectors of the national economy, Man-made Fibre Industry also maintained steady consumption pattern & Polypropylene Fibre, the youngest and smallest part of this industry in the country followed the same trend. However, consumption of PP Fibre in India is yet to come close with the world trends and there is a wide gap in per capita consumption as compared to developed countries. The major areas of consumption of PP Fibre in the world market viz 'Geo-Textiles' and for hygiene applications is yet to show substantial opening. Currently in India the application in both these sectors is bare minimal but once the consumption picks up it can lead to phenomenal growth and development of PP Fibre Industry and the Company.

(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, 2009 amounted to Rs. 3689.30 lacs as against Rs. 3537.36 lacs last year. Operating profit stood at Rs. 534.11 lacs as against Rs. 377.62 lacs in the previous year. Cash profit was at Rs. 519.26 lacs as against Rs. 366.25 lacs in the earlier year. Profit before tax was substantially higher at Rs. 428.28 lacs as against Rs. 278.53 lacs in the earlier year and Profit after tax was also higher at Rs. 269.75 lacs as against Rs. 177.67 lacs in the previous year.

Production during the year was at 3502 tons being almost the same as during the previous year at 3518 tons. Sales of fibre including self consumption for conversion was 3406 tons as compared to 3536 tons last year. Sales of yarn was at 731 tons as compared to 806 tons last year. From the resources available after taxes Rs. 25 lacs has been transferred to General Reserve.

(c) **Outlook** : The general outlook for the industry was fairly steady. The domestic market continued to maintain steady consumption. With special emphasis on 'Infrastructure' sector it can further augur well for the Company. Use of geo-textile in construction of new roads, rails, which is a standard norm in developed countries can lead to a phenomenal rise in demand of your Company's products.

(d) **Threats and concerns** : Your Company continues to maintain constant guard from possible imports and to ward off this threat the pricing of the finished goods is done accordingly so as to match the international prices. The non utilization of geo-textiles as a standard in large projects by the Government is of concern to the Company, whereby the requirement of PP Fibre should be highest as per international standards. The Company continues to maintain close vigil on supplies in the domestic market from the new players and is constantly taking necessary measures to ward off any un-warranted threat from the recent entrants. The extreme volatility in crude oil prices and the overall global economic slowdown is of concern to the management.

(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. Internal Auditor reviews accounts periodically and 'Audit Committee' of the Board overviews 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 at all levels. Number of employees are 99 as on 31st March 2009. The Board of Directors wish to place on record its highest 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 2008-09. 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 Rs. 78 lacs.

DIRECTORS

The Board of Directors in its meeting held on 10th October, 2008 had appointed Mr. Rajeev Rungta as Additional Director. In pursuance to Section 260 of the Companies Act, 1956 Mr. Rajeev Rungta will cease to be the Director at the ensuing Annual General Meeting. The Company has received a notice from one of its members along with refundable deposit under Section 257 of the Companies Act, 1956 signifying his intention of proposing the appointment of Mr. Rungta as Director.

Mr. Rajeev Rungta is B.Com. (Hons.) and Diploma holder in Post Graduate Business Management. He has experience of almost 25 years in business and administration. Detailed profile of Mr. Rungta is given in Corporate Governance Report under Clause 49 of the Listing Agreement. Your Directors are of the opinion that the co-option of Mr. Rungta on the Board as Director is in the best interest of the Company.

To comply with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Shri A. K. Rungta and Shri C. I. Gandhi, retire from the Board by rotation and being eligible offer themselves 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 judgements 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, 2009 and of the profit of the Company for the year ended on March 31, 2009.
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 having been 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

Dr. S. R. Vengsarker, CEO of the Company retired during December, 2008. He has been associated with the Company almost since its inception and his dedicated services enabled the Company reach great heights. The Board of Directors appointed him as Advisor to the Company to continue to receive his invaluable advice from his vast experience in the sector to enable the Company continue perform satisfactorily.

Since none of the employee was in receipt of a remuneration exceeding Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum during the year under review, provisions of Section 217(2A) along with relevant rules do not apply to the Company.

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'.

By Order of the Board of Directors

SANJEEV RUNGTA
CHAIRMAN

Place : Mumbai
Date : 23rd July, 2009

20TH 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 :

1. With the implementation of the recommendations received from the energy audit of the entire plant and machinery has resulted in reduced Power Cost. This has resulted in reasonable savings in energy costs. However the overall increase in the power cost by the State Electricity Board has impacted the consumption per unit of production.
2. By maintaining power factor of 0.99 almost throughout the year, the company is receiving applicable rebate in the monthly power bill from the State Electricity Board.
3. It has been the endeavour to maintain capacity utilization at optimum levels to ensure that overall costs per unit of production does not go up.

B) Technology Absorption :

With various modifications and latest technology upgrades, we have been able to produce better product in quality especially short-cut fibers. The product is being exported to the Middle East and various other countries with very satisfactory feedback.

C) Foreign Exchange Earnings and Outgo :

	Current	(Rupees)
	<u>Year</u>	<u>Previous</u>
		<u>Year</u>
1. Total Foreign Exchange used (including CIF value of raw-materials, stores, spare parts, plant & machinery, fees for technical services and traveling)	1,47,94,623	1,26,50,915
2. Total Foreign Exchange earned (FOB value of exports)	12,58,68,161	10,31,47,241

FORM - A
(See Rule - 2)

Form for disclosure of particulars with respect to Conservation of Energy

	CURRENT YEAR 2008-2009	PREVIOUS YEAR 2007-2008
A) POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units	3098694	3123564
Total Amount (Rs.)	16642623	14420680
Rate/Unit (Rs.)	5.37	4.62
b) Own Generation		
(i) Through Diesel Generator		
Units	50380	15940
Total Amount (Rs.)	715150	251432
Cost per unit (Rs.)	20.42	15.77
(ii) Through Steam Turbine/Generator	N.A.	N.A.
2. Coal (for steam generation)	N.A.	N.A.
3. LSHS Oil	N.A.	N.A.
4. Others (LDO / Furnace Oil)	N.A.	N.A.
B) CONSUMPTION PER UNIT OF PRODUCTION:		
Polypropylene Staple Fibre (MT)	3502	3518
Electricity Rs.per kg.	4.95	4.10
Diesel & Oil Rs. per kg.	0.20	0.07

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 : 23rd July, 2009

SANJEEV RUNGTA
CHAIRMAN

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below :

A MANDATORY REQUIREMENTS

1 Company's philosophy on Code of Governance

The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance shareholders' value. In this pursuit, the Company is committed to conducting business in accordance with the highest legal and ethical standards, superior product quality and services to its customers. The Company has adhered to such superior product policies to fulfill its corporate responsibilities and achieve its financial objectives.

2 Board of Directors

Composition, Status, Attendance at the Board Meetings & the last AGM :

Name of Director	Status i.e. Executive/ Non-Executive/Independent	No. of Board Meetings Attend	Attendance at the last AGM
Mr. A. K. Rungta	Non-Executive	2	No
Mr. A. Ghosh	Independent	4	No
Mr. C. I. Gandhi	Independent	4	Yes
Mr. Sanjeev Rungta	Non-Executive	2	Yes
Mr. Rajeev Rungta*	Non-Executive	1*	N. A.
Mr. A. Rungta	Independent	2	No
Mr. M. Beriwala	Independent	4	Yes

* Shri Rajeev Rungta was appointed as Additional Director of the Company on 10/10/2008

Number of Companies or Committees in which the Director is a Director/Chairman

Name of Director	No. of other Companies in which Director (other than Private Limited Companies)	No. of Committees of other Companies in which member / Chairman
Mr. A. K. Rungta	3	0
Mr. A. Ghosh	15	Member – 10 Chairman – 5
Mr. C. I. Gandhi	1	0
Mr. Sanjeev Rungta	1	0
Mr. Rajeev Rungta	4	Chairman - 1
Mr. A. Rungta	3	0
Mr. M. Beriwala	0	0

Apart from reimbursement of expenses incurred in the discharge of their duties and receipt of sitting fees for attending Board/Committee Meetings as Non-Executive Directors none of the Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management or its subsidiaries and associates, which in judgement would affect their independence. Except for Mr. A. K. Rungta, Mr. Sanjeev Rungta and Mr. Rajeev Rungta who are related to each other, none of the Directors of the Company are inter-related to each other.

Four Board Meetings were held during the year on 28/4/08, 21/7/08, 10/10/08 & 16/1/09.

3 Audit Committee

The Audit Committee comprises of Mr. C. I. Gandhi, Chairman of the Committee and Mr. M. Beriwala, both being Independent Directors and Mr. S. Rungta, Non-Executive Director. The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement and the provisions of Section 292A of the Companies Act, 1956. The meetings of the Committee were held on 28/4/08, 21/7/08, 10/10/08 & 16/1/09. While Mr. Gandhi and Mr. Beriwala attended all the meetings, Mr. Rungta was present during three of them.

4 Remuneration Committee

Since none of the Directors of the Company is drawing any salary or commission the Board of Directors has decided not to constitute the said Committee. The Directors only received Sitting Fees for attending Board and Audit Committee Meetings as detailed below :

Name of Director	Sitting Fees Paid (Rupees)
Mr. A.K. Rungta	2,000.00
Mr. A. Ghosh	4,000.00
Mr. C. I. Gandhi	8,000.00
Mr. Sanjeev Rungta	6,000.00
Mr. Rajeew Rungta	1,000.00
Mr. Abhishake Rungta	2,000.00
Mr. Mukund Beriwala	8,000.00

During the year the Company did not advance any loans to any of the Directors. No stock options have been issued to any of the Directors. No relative of any of the Directors is employed by the Company or to any place of profit.

5 Investors/Shareholders' Grievance Committee

The Committee functions under the Chairmanship of Mr. C. I. Gandhi, an Independent Director, along with Mr. M. Beriwala, Independent Director and Mr. S. Rungta, Non-Executive Director.

The Compliance Officer is Mr. C. Unnikrishnan.

There were 6 complaints received from the shareholders during the year and all have been duly addressed.

All valid share transfers received during the year have been acted upon and there were no shares pending for transfer as on 31st March, 2009.

6 General Body Meetings

The location and time of the Annual General Meetings held during the last three years are as below. There were no Extra-Ordinary General Meetings held.

Date	Venue	Time	No. of Special Resolutions passed
29/9/2008	Sangathan Hall, Hotel Atithi, Ville Parle Mumbai 400 099	11.30 a.m.	Nil
22/9/2007	- do -	11.30 a.m.	Nil
27/9/2006	- do -	4.00 p.m.	Nil

7 Notes on Directors seeking appointment/re-appointment
Mr. A. K. Rungta

Mr. Ajay Kumar Rungta, aged 70 years having following degrees – M. Com., L.L.B. and A.B.T.I. (London) is a very well known industrialist. He is the Chairperson of "Rungta Enterprises" having business interests in mining, steel, Engineering, Synthetic Fibres, etc. He has been very closely associated with several leading Chambers of Commerce and social organizations and is the former President of FICCI, ICC-I, etc. He is also the Honorary Consul General of South Africa in West Bengal. He has also been a Director of Industrial Investment Bank of India Limited.

He is a Director of the Board of following Public Limited Companies :

Name of Company	Designation	Chairman/Membership of Audit Committee / Shareholders'/Investors' Grievance Committee Remuneration Committee of the Board
Aaekay Investment Centre Ltd.	Director	—
West Bengal Time Ltd.	Director	—
Rungta Mines Ltd.	Director	—

Mr. C. I. Gandhi

Mr. C. I. Gandhi aged 73 years is a Bachelor of Arts and has been associated primarily with the pharmaceutical industry for the past over four decades. He is closely associated with several leading Chambers of Commerce. Besides being the Chairperson of the Audit Committee and Investors' Grievance Committee, he provides invaluable guidance to the Board in all matters.

He is a Director of the Board of following Public Limited Companies :

20TH ANNUAL REPORT

Name of Company	Designation	Chairman/Membership of Audit Committee / Shareholders'/Investors' Grievance Committee Remuneration Committee of the Board
Gentech Laboratories Ltd.	Director	—

Mr. Rajeev Rungta

Mr. Rajeev Rungta, aged 48 years is a Bachelor of Commerce and has a Post Graduate Diploma in Business Management. He has been associated with the steel and finance industry for past almost 25 years and has vast industrial experience.

He is a Director of the Board of following Public Limited Companies :

Name of Company	Designation	Chairman/Membership of Audit Committee / Shareholders'/Investors' Grievance Committee Remuneration Committee of the Board
Aaekay Investment Centre Ltd.	Director	—
Vinita Investment Ltd.	Director	—
Purvi Iron Ltd.	Director	—
Naga Dhunseri Group Ltd.	Director	Chairman – Audit Committee

8 Disclosures

Transaction with related parties are disclosed under clause no.12 of schedule 'P' forming part of the Accounts. Details of related parties transactions are placed before the Audit Committee for its review. The register of contracts containing the transactions in which Directors are interested is placed before the Board for its approval.

Details of shareholding held by Directors are as below:

Name of Director	No. of shares held as on 31/3/2009
Mr. A.K. Rungta	4,500
Mr. A. Ghosh	Nil
Mr. C. I. Gandhi	Nil
Mr. Sanjeev Rungta	Nil
Mr. Rajeev Rungta	5,000
Mr. Abhishake Rungta	10,530
Mr. Mukund Beriwala	Nil

Subsidiary Companies : The Company has no subsidiary company.

During the last three years, there were no strictures or penalties imposed by either the Securities Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.

9 Means of Communication

Newspapers in which Quarterly results are normally published	Financial Express - Mumbai edition Dainik Sagar - Mumbai edition
Any website where displayed	Yes, at the site www.zenithfibres.com
Presentation made to institutional investors or to Analyst	No
Whether Management Discussion and Analysis Report is a part of Annual Report or not	Yes

10 General Shareholder Information

AGM - Date	23rd September, 2009
Time	04.00 p.m.
Venue	Hotel Atithi, Ville Parle (E), Mumbai
Financial Calendar	April 2009 to March 2010
(a) First Quarter results	third week July, 2009
(b) Second Quarter results	third week October, 2009
(c) Third Quarter results	last week January, 2010
(d) Results for year ending March 2010	before end of July 2010
Date of Book closure	17/09/09 to 23/09/09 (both days inclusive)
Dividend payment date	On or after 28th September, 2009

Listing on Stock Exchange

The Stock Exchange – Mumbai

Listing Fees for 2009-2010 has been paid to the Stock Exchange.

Stock Code : The Stock Exchange - Mumbai

514266

Demat ISIN No. for NSDL and CDSL

INE 106C01013

Monthly Highs and Lows of Market Price of the Company's shares traded for the period April 2008 to March 2009 on The Stock Exchange – Mumbai

(High / Low in Rupees)

Month	High	Low	Month	High	Low
April, 2008	27.65	21.50	October, 2008	19.60	15.00
May, 2008	26.50	22.20	November, 2008	17.85	15.00
June, 2008	23.80	19.15	December, 2008	17.90	15.00
July, 2008	24.50	17.95	January, 2009	17.80	14.70
August, 2008	23.95	21.00	February, 2009	16.85	14.50
September, 2008	24.00	17.00	March, 2009	16.45	13.85

Registrars and share transfer agents

M/s. Mondkar Computers Pvt. Limited
21 Shakil Niwas, Opp Sai Baba Temple
Mahakali Caves Road, Andheri (E), Mumbai – 400093

Share Transfer system

Transfers of shares are processed by the Share Transfer Agent and approved by the Share Transfer Committee called as 'Investors / Shareholders Grievance Committee', which meets at frequent intervals. Share transfers are registered and returned generally within 15 days from the date of receipt if the relevant documents are complete in all respects.

Distribution and Shareholding Pattern as on 31st March, 2009

No. of Equity Shares	No. of Folios	%	No. of Shares	%
01-500	4533	88.674	702012	15.874
501-1000	303	5.927	263240	5.952
1001-2000	117	2.289	187061	4.230
2001-3000	39	0.763	100766	2.279
3001-4000	24	0.469	85300	1.929
4001-5000	23	0.450	108279	2.448
5001-10000	37	0.724	275010	6.219
10001 and above	36	0.704	2700678	61.069
TOTAL	5112	100.00	4422346	100.00
In Physical Mode			2581415	58.37
In Electronic Mode			1840931	41.63

Shareholding Pattern as on 31st March, 2009

Category	No. of Shares	%
Promoters	2221106	50.225
Mutual Funds & UTI	41010	0.927
Financial Institutions	500	0.011
Domestic Companies	203518	4.602
FII's and NRI's	29970	0.678
Resident Individuals / others	1926242	43.557
TOTAL	4422346	100.00

Promoters have not pledge or created any encumbrance on any of the shares held by them.

Dematerialisation of shares and liquidity :

1840931 (41.63%) shares of the paid-up capital has been dematerialized as on 31/3/2009. However, out of the promoters' capital of 2221106 (50.22 %) shares, only 4600 shares (0.10%) has been dematerialised.

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Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on equity.

Not issued

Plant Location

Tundav, Savli, Vadodara, Gujarat

Address for Shareholders correspondence :

M/s. Zenith Fibres Limited., 2nd Floor, 205 Marol Bhavan, Marol Co-op. Indl. Estate Ltd., M.V. Road, J.B. Nagar Post, Andheri (E), Mumbai 400 059.

Shareholders holding shares in Electronic Mode should address all their correspondence to their respective depository participant.

11. CODE OF CONDUCT

In Compliance with SEBI regulation of prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for prevention of insider trading for designated employees in Senior Management including Members of Board of Directors. The code lays down guidelines, which advises them a process to be followed and disclosure to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. A copy of the Code of Conduct is available on the web site of the Company. All the Board Members, Senior Management Executives and designated employees of the Company have affirmed compliance with the Code of Conduct. A declaration to this effect, signed by Mr. Sanjeev Rungta, Director is annexed to this report.

12. RISK MANAGEMENT

Risk assessment and minimisation procedures are in existence and reviewed periodically. All the assets of the Company are adequately insured.

13. CEO & CFO CERTIFICATE

A certificate duly signed by Mr. Sanjeev Rungta, Director and Mr. K. D. Sharma, Sr. General Manager (Commercial), certifying financial statements and the cash flow statement, as required under Clause 49 of the Listing Agreement, was placed before the Board and the same is annexed herewith.

B NON-MANDATORY REQUIREMENTS

1 Shareholders rights

As the Company's quarterly/half-yearly results are published in English and Marathi newspapers having wide circulation the same is not being sent to the shareholders household.

2 Postal Ballot

No resolution has been passed through postal ballot during the year.

**CEO/CFO Certification : Issued pursuant to the provisions of
clause 49 of the Listing Agreement**

To
The Board of Directors of
Zenith Fibres Limited

Dear Sirs,

Sub: CEO/CFO Certificate

We have reviewed the financial statements read with the cash flow statement of Zenith Fibres Limited for the year ended 31st March 2009 and that to the best of our knowledge and belief we state that –

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for the financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) Significant changes in internal control over financial reporting during the year;
- (ii) Significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and

Instances of significant frauds of which we have become aware and involvement therein if any, of the management or employee having significant role in the Company's internal control system over financial reporting.

Yours Sincerely,

K. D. Sharma
Sr. GM (Commercial)

Sanjeev Rungta
DIRECTOR

Date : 23rd July, 2009

Code of Conduct compliance certificate

I hereby declare that all members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2009.

Date : 23rd July, 2009

Sanjeev Rungta
DIRECTOR

AUDITORS' REPORT

To
The Members of Zenith Fibres Limited

1. We have audited the attached Balance sheet of Zenith Fibres Limited as at 31st March,2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies(Auditor's Report) order,2004('the order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act,1956 we enclose in the Annexure a statement on the matters specified in the Paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act,1956.
 - e) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March,2009 from being appointed as a director, in terms of clause (g) of sub section (1) of Section 274 of the Companies Act,1956.
 - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with the Significant Accounting Policies and other notes there on, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Jain & Hindocha
Chartered Accountants

(Jaswant Jain)
Partner
Membership No.35126

Place: Vadodara
Date : 23rd July, 2009

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF ZENITH FIBRES LIMITED. FOR THE YEAR ENDED 31ST MARCH, 2009

(Referred to in Paragraph 3 of our report of even date)

- i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets;
 - (b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
 - (c) The Company has not disposed off substantial part of fixed assets during the year.
- ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business;
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) As per the information given to us, the company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of this sub clause (b), (c) (d), (f) and (g) are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There are no sale of services. Further, on the basis of our examination of books and records of the company and according to information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- v) According to the information and explanations given to us,
 - (a) we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered in the Register maintained under that section have been so entered;
 - (b) there are no transactions made in pursuance of such contracts or arrangements that exceed the value of rupees five lacs in aggregate with any party during the year.
- vi) The Company has not accepted deposits from the public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the Companies(Acceptance of Deposits) Rules, 1975 would apply. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained;
- ix) According to the information and explanations given to us and according to the books and records as produced;
 - a) the Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it and no undisputed amounts payable in respect thereof were in arrears, as on the last day of the financial year, for a period of more than six months from the date they became payable.
 - b) Provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company;
 - c) According to Information and Explanation given to us, following dues in respect of Income-tax have not been deposited with the Income tax Department on account of dispute:

Amount(Rs.)	Forum where dispute is pending	Assessment Year
114136	Income Tax Appellate Tribunal	2004-05

Other than above there are no dues of sales-tax/income-tax/custom tax/wealth tax/excise duty/cess which have not been deposited on account of any dispute.

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- x) The Company does not have any accumulated losses as at the end of the financial year. Also, the company has not incurred cash losses during the financial year and in the immediately preceding financial year;
- xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution, bank. The company has not issued any debentures.
- xii) According to the information and explanation given to us, The Company has not granted any loans or advances on the basis of any security by way of pledge of shares, debentures and other securities;
- xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the said Order are not applicable to the company;
- xiv) In our opinion and according to information and explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said Order are not applicable to the company;
- xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) According to information and explanation given to us and on the basis of records examined by us, the term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on the basis of an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long term investment by the company.
- xviii) The Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under section 301 of the Act, during the year.
- xix) The Company had not issued any debentures during the year. Accordingly, question of creating any security or charge for debentures does not arise.
- xx) The Company has not raised any money by public issue during the year.
- xxi) To the best of knowledge and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Jain & Hindocha
Chartered Accountants

(Jaswant Jain)
Partner

Membership No.35126

Place: Vadodara

Date : 23rd July, 2009

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
ZENITH FIBRES LIMITED

We have examined the compliance of conditions of corporate governance by Zenith Fibres Limited for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no grievances were pending for a period exceeding one month against the Company as certified by the Registrar and Share Transfer Agents of the Company and as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Jain & Hindocha
Chartered Accountants

(Jaswant Jain)
Partner

Membership No. 35126

Place: Vadodara

Date : 23rd July, 2008

BALANCE SHEET AS AT 31st MARCH, 2009

	SCHEDULE	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
1 SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
(a) Capital	'A'	50884365	50884365
(b) Reserves and Surplus	'B'	115264893	96050354
LOAN FUNDS			
Secured Loans	'C'	5373451	1757121
DEFERRED TAX LIABILITY		14363915	15586956
TOTAL		<u>185886624</u>	<u>164278796</u>
2 APPLICATION OF FUNDS			
FIXED ASSETS	'D'		
(a) Gross Block		176114821	169820340
(b) Less: Depreciation		(105819609)	(97976569)
(c) Net Block		<u>70295212</u>	<u>71843771</u>
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	'E'	36028006	26126877
(b) Sundry Debtors	'F'	16853551	28028064
(c) Cash and Bank Balances	'G'	57897116	33935907
(d) Loans and Advances	'H'	27437308	26455185
		<u>138215981</u>	<u>114546033</u>
Less : Current Liabilities and Provisions	'I'	22624569	22111008
Net Current Assets :-		<u>115591412</u>	<u>92435025</u>
TOTAL		<u>185886624</u>	<u>164278796</u>
Notes on Accounts	'P'		

AS PER OUR ATTACHED REPORT OF EVEN DATE

For JAIN & HINDOCHA
Chartered Accountants

JASWANT JAIN
(PARTNER)

Place : Mumbai
Date : 23rd July, 2009

SANJEEV RUNGTA
C.I. GANDHI
MUKUND BERIWALA

- Chairman
- Director
- Director

BANKIM PUROHIT

- Co. Secretary

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

		Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
INCOME			
Sales		367817591	353379505
Less : Excise Duty		(16682066)	(19065320)
Add : Sales of Raw Materials		1112381	356572
Net Sales		<u>352247906</u>	<u>334670757</u>
Other Income	'J'	8111268	6228296
Decrease/Increase in Stocks of Finished Goods and Work in Process	'K'	8498546	(2475302)
TOTAL		<u>368857720</u>	<u>338423751</u>
EXPENDITURE			
Cost of Materials	'L'	237941267	222550664
Remuneration and Other Payments to Employees	'M'	15162336	15046199
Manufacturing and Other Expenses	'N'	62342960	63064516
TOTAL		<u>315446563</u>	<u>300661379</u>
OPERATING PROFIT		53411157	37762372
Interest & Financial Expenses	'O'	1485167	1137320
		<u>51925990</u>	<u>36625052</u>
Depreciation		9098367	8771798
PROFIT FOR THE YEAR		42827623	27853254
Fringe Benefit Tax		(322220)	(226166)
Wealth Tax		(35660)	(6975)
Provision for taxation		(16252762)	(11701764)
Provision for Deferred Tax Asset/(Liability)		1223040	1848514
PROFIT AFTER TAX		<u>27440021</u>	<u>17766863</u>
Add/(Less): Prior Year Adjustment (Net)/Extra Ordinary Items.		(464596)	(223401)
		<u>26975425</u>	<u>17543462</u>
Add : Balance Brought Forward		<u>75833266</u>	<u>68550690</u>
Amount Available for Appropriations		102808691	86094152
Appropriations			
(a) Proposed Dividend		6633519	6633519
(b) Tax on Dividend		1127367	1127367
(c) Transfer to General Reserve		<u>2500000</u>	<u>2500000</u>
BALANCE CARRIED TO BALANCE SHEET		<u>92547805</u>	<u>75833266</u>
EARNING PER SHARE (BASIC AND DILUTED) Rs.		6.10	3.97
Notes on Accounts	'P'		

AS PER OUR ATTACHED REPORT OF EVEN DATE

For JAIN & HINDOCHA
Chartered Accountants

JASWANT JAIN
(PARTNER)

Place : Mumbai
Date : 23rd July, 2009

SANJEEV RUNGTA - Chairman
C.I. GANDHI - Director
MUKUND BERIWALA - Director

BANKIM PUROHIT - Co. Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2009

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS.	42827623	27853254
ADJUSTMENT FOR :		
DEPRECIATION	9098367	8771798
LOSS ON FIXED ASSETS DISCARDED	161601	86602
INTEREST (NET)	(4724579)	(3922315)
MISCELLANEOUS EXPENSES WRITTEN OFF	0	0
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>47363012</u>	<u>32789339</u>
ADJUSTMENT FOR :		
TRADE RECEIVABLES	11174513	1644528
INVENTORIES	(9901129)	(1948808)
TRADE PAYABLES	(568670)	(888122)
LOANS AND ADVANCES	810095	(3127600)
CASH IN-FLOW FROM OPERATIONS	48877821	28469337
TAXATION	(15743770)	(11027459)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	33134051	17441878
EXTRA ORDINARY ITEMS	(464596)	(223401)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u><u>32669455</u></u>	<u><u>17218477</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
INTEREST RECEIVED	3507562	4394459
PURCHASE OF FIXED ASSETS	(8058409)	(6996671)
DISPOSAL OF FIXED ASSETS	347000	5000
NET CASH USED IN INVESTING ACTIVITIES	<u>(4203847)</u>	<u>(2597212)</u>
C. CASH FLOW FROM FINANCE ACTIVITIES :		
REPAYMENT OF TERM LOANS	(607800)	(475920)
INTEREST PAYMENT	(575201)	(441439)
DIVIDEND & DIVIDEND TAX	(7545528)	(7564636)
BANK BORROWINGS FOR WORKING CAPITAL	4224130	900000
NET CASH IN-FLOW FROM FINANCING ACTIVITIES	<u>(4504399)</u>	<u>(7581995)</u>
NET INCREASE/ (DECREASE)		
IN CASH AND CASH EQUIVALENTS(A+C-B)	23961209	7039270
CASH AND CASH EQUIVALENTS	0	0
AS AT BEGINNING OF THE YEAR	33935907	26896637
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	57897116	33935907
Notes on Accounts	'P'	

AS PER OUR ATTACHED REPORT OF EVEN DATE

For JAIN & HINDOCHA
Chartered Accountants

JASWANT JAIN
(PARTNER)

Place : Mumbai
Date : 23rd July, 2009

SANJEEV RUNGTA - Chairman
C.I. GANDHI - Director
MUKUND BERIWALA - Director

BANKIM PUROHIT - Co. Secretary

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
SCHEDULE 'A' -		
SHARE CAPITAL		
AUTHORISED		
6000000 Equity Shares of Rs. 10 each.....	60000000	60000000
ISSUED		
5754527 Equity Shares of Rs. 10 each..... (Previous Year 5754527)	57545270	57545270
SUBSCRIBED AND PAID UP		
4422346 Equity Shares of Rs. 10 each..... (Previous Year 4422346)	44223460	44223460
Add : Forfeited Shares	6660905	6660905
	50884365	50884365
SCHEDULE 'B' -		
RESERVES AND SURPLUS		
SHARE PREMIUM	9183588	9183588
GENERAL RESERVE		
Opening Balance	8500000	6000000
Transfer from Profit & Loss A/c.	2500000	2500000
	11000000	8500000
Capital Reserve - Subsidy	2500000	2500000
Capital Reserve (on re-issue of forfeited shares)	33500	33500
Profit and Loss Account	92547805	75833266
	115264893	96050354
SCHEDULE 'C' -		
SECURED LOANS		
WORKING CAPITAL LOANS		
From a Scheduled Bank	-	-
OTHER LOANS		
- From a Scheduled Bank	5373451	1757121
	5373451	1757121

NOTES

- 1 Other loans secured by hypothecation of cars.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009 (Contd..)

SCHEDULE 'D'
FIXED ASSETS

(FIGURES IN RUPEES)

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 01.04.08	Addition (Deduction)	Total As At 31.3.09	As At 01.04.08	for the Year	Deduction	Total As At 31.3.09	As At 31.03.09	As At 31.03.08
LAND	1086398	0	1086398	0	0	0	0	1086398	1086398
BUILDINGS	13189601	0	13189601	5390650	440533	0	5831183	7358418	7798951
PLANT & MACHINERY	143167982	1809068 (317324)	144659726	87482960	7558931	(231091)	94810800	49848926	55685022
FURNITURE & FIXTURES	2800414	108439	2908853	1215980	174071	0	1390051	1518802	1584434
OFFICE EQUIPMENT	1331870	79185	1411055	489046	71989	0	561035	850020	842824
Electric Fittings	122050	0	122050	12744	11817	0	24561	97489	109306
VEHICLES	5937355	5989017 (1429954)	10496418	1909471	597902	(1019316)	1488057	9008361	4027884
COMPUTERS	1991390	72700 (16650)	2047440	1437784	213739	(4920)	1646603	400837	553606
Intangible Asset (Computer Software)	193280	0	193280	37934	29385	0	67319	125961	155346
TOTAL	169820340	6294481	176114821	97976569	9098367	(1255327)	105819609	70295212	71843771
Previous year	163123611	6696729	169820340	89413111	8771798	(208340)	97976569	71843771	73710500

AS AT	AS AT
31.03.2009	31.03.2008
Rs.	Rs.

SCHEDULE 'E' -
INVENTORIES

(Taken, Valued and Certified by the Management)

Packing Material, Stores and Diesel	1979469	2269287
Raw Materials	20079547	18387146
Work in Process	475589	460411
Finished Goods	<u>13493401</u>	<u>5010033</u>
	<u>36028006</u>	<u>26126877</u>

SCHEDULE 'F' -
SUNDRY DEBTORS

(Unsecured, Considered Good)

- Outstanding for a period exceeding six months	1148	5837
- Others	<u>16852403</u>	<u>28022227</u>
	<u>16853551</u>	<u>28028064</u>

SCHEDULE 'G' -
CASH AND BANK BALANCES

Cash and Cheques in hand	280757	111169
Balances with Scheduled Banks		
- In Current Accounts	5764359	2972738
- In Deposit Accounts (Margin Rs.750000)	51852000	30852000
(Previous year Rs.750000)		
	<u>57897116</u>	<u>33935907</u>

SCHEDULE 'H' -
LOANS AND ADVANCES

(Unsecured, Considered Good)

Advances recoverable in cash or kind or for value to be received	15598903	11695824
Deposits	2434494	1464494
Balance with Excise Authority	<u>9403911</u>	<u>13294867</u>
	<u>27437308</u>	<u>26455185</u>

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009 (Contd..)

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
SCHEDULE 'I' -		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES :		
Sundry Creditors & Other Liabilities	9668505	9942576
Unpaid Dividend	1208191	992833
	<u>10876696</u>	<u>10935409</u>
B. PROVISIONS:		
FOR TAXATION (Net of Payments)	2952602	2171927
FOR FRINGE BEEFIT TAX	57513	0
FOR WEALTH TAX	35660	6975
FOR PROPOSED DIVIDEND	6633519	6633519
FOR TAX ON DIVIDEND	1127367	1127367
FOR LEAVE ENCASHMENT-PL	887287	1174894
FOR PROVIDENT FUND	53925	60917
	<u>11747873</u>	<u>11175599</u>
	<u>22624569</u>	<u>22111008</u>

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT AS AT 31st MARCH, 2009

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
SCHEDULE 'J' -		
OTHER INCOME		
Cash discount received	1286538	1132900
Interest (Tax deducted at source Rs.997398) (Previous Year Rs.778073)	5299780	4363754
Miscellaneous Income	140397	309136
Sales Tax Refund	225820	422506
Notice Pay Received	10571	0
Sundry Dr./Cr. Balance w/off	17549	0
Foreign Exchange Rate Diff.	1130613	0
	<u>8111268</u>	<u>6228296</u>
SCHEDULE 'K' -		
DECREASE / INCREASE IN STOCKS OF FINISHED GOODS AND WORK IN PROCESS		
Closing Stocks		
Finished Goods	13493401	5010033
Work in Process	475589	460411
	<u>13968990</u>	<u>5470444</u>
Less: Opening Stock		
Finished Goods	5010033	7596443
Work in Process	460411	349303
	<u>5470444</u>	<u>7945746</u>
(Decrease) / increase in Stocks	<u>8498546</u>	<u>(2475302)</u>
SCHEDULE 'L' -		
COST OF MATERIALS		
Opening Stock	18387146	14112430
Purchases	260363564	250489936
	<u>278750710</u>	<u>264602366</u>
Less: Closing Stock	20079547	18387146
Cenvat	20729896	23664556
	<u>237941267</u>	<u>222550664</u>

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009 (Contd..)

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
SCHEDULE 'M' -		
REMUNERATION AND OTHER BENEFITS TO EMPLOYEES:		
Salaries and Wages	13870830	13825214
Contribution to Provident fund and other funds	1078548	1032822
Welfare Expenses	212958	188163
	<u>15162336</u>	<u>15046199</u>
SCHEDULE 'N' -		
MANUFACTURING AND OTHER EXPENSES		
Power and Fuel	17373563	14672112
Stores Consumed	3516475	3915936
Packing Consumed	3175669	3078909
Processing Charges	18740977	21298914
Repairs and Maintenance		
Plant and Machinery	571556	549653
Building	383800	98646
Others	208230	135684
Rates and Taxes	52378	49183
Rent and Service Charges	1505633	1229409
Postage, Telegram and Telephone	674446	698768
Insurance	390138	424640
Travelling and Conveyance	2540785	3489029
Auditors' Remuneration	165000	160000
Loss on Fixed Assets Discarded	161601	86602
Commission and Discount	3172012	3334490
Freight and Forwarding Charges (Export)	3590947	3363262
Miscellaneous Expenses	6119750	6479279
	<u>62342960</u>	<u>63064516</u>
SCHEDULE 'O' -		
INTEREST AND FINANCIAL EXPENSES		
Interest on Term Loans	189800	161625
Interest and Discounting Charges (Others)	385401	279814
Bank Charges	909966	695881
	<u>1485167</u>	<u>1137320</u>

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SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009 (Contd..)

SCHEDULE 'P' NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

- a. Fixed Assets
 - i. Fixed Assets are stated at cost, less accumulated depreciation and impairment loss (if any)
 - ii. Cost of Fixed Assets includes all incidental costs until the assets are ready for their intended use.
 - iii. Depreciation is calculated by Straight Line Method at rates prescribed under the Schedule XIV of the Companies Act, 1956. In respect of additions during the year, it is calculated on pro-rata basis from the month of addition.
 - iv. Impairment of Assets – The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognised to the extent of carrying amount is greater than the recoverable amount of the asset. Recoverable amount is the higher of net selling price and value in use.
- b. Intangible assets are valued at cost, less accumulated amortisation and impairment loss (if any.) Computer software is amortised over the useful life of 6 years (as estimated by the Management.)
- c. Inventory
 - i. Stock of finished goods is valued at lower of cost and net realisable value. Cost includes raw material cost, excise duty, other manufacturing expenses and depreciation.
 - ii. All other stocks are valued at cost or net realisable value, whichever is lower. The cost includes expenses incurred in bringing them to present location and condition excluding excise duty. The cost formula used is weighted average.
- d. Sales
 - i. Sales are inclusive of excise duty and exclusive of discounts and returns.
 - ii. Sales revenue is recognised at the time of despatch of materials.
- e. Value of Import Entitlements is accounted for by reduction from cost of raw materials in the year of export.
- f. Employee Benefits

Contribution to Provident Fund is charged to accounts on accrual basis. Provision for leave encashment has been made on the basis of actuarial valuation. Provision for gratuity liability is made on the basis of actuarial valuation in respect of the group gratuity policy with an insurance company.
- g. Foreign Currency Transactions
 - i. Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Gain or loss arising out of subsequent fluctuations is accounted for on actual payment or realization.
 - ii. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at exchange rates prevailing on that date.
 - iii. Exchange differences relating to fixed assets are adjusted in the cost of assets. Any other exchange differences are dealt with in the profit & loss account.
- h. Custom duty on goods stored in bonded warehouse is accounted for at the time of clearance.
- i. Taxation
 - i. The provision for current tax is ascertained on the basis of assessable profit computed in accordance with provisions of the Income Tax Act, 1961.
 - ii. The provision for fringe benefit tax is made on the basis of fringe benefits provided/deemed to have been provided during the year at the rates and values applicable to the relevant assessment year.
 - iii. Deferred tax is recognised (subject to the consideration of prudence) on timing differences (being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.)
- j. Operating leases – Lease charges paid for operating leases are charged to profit and loss account on straight line basis over the lease term.

2. CONTINGENT LIABILITIES:

Capital Commitments are Rs.50000/- (Previous year Rs. Nil)

3 Figures for the previous year are regrouped wherever considered necessary.

4 In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business and provision for all known liabilities is adequate.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009 (Contd..)
5 Sundry creditors include :-

	Current Year Rs.	Previous Year Rs.
- Amount Due to Micro and Small Enterprises	27820	4272
- Amount Due to Other than Micro and Small Enterprises	8414816	10273556
	<u>8442636</u>	<u>10277828</u>

No interest is payable on account of amount outstanding to Micro and small scale Enterprises. The identification of vendor as a "Supplier" under the Micro, Small and Medium Enterprises Development Act., 2005 has been done on the basis of information available with the company. This has been relied upon by the Auditors.

6 Managerial Remuneration : Sitting Fees to Directors Rs.31,000/- (Rs.27,000/-).
7 Company's operations comprise of only one segment i.e. "manufacturing of man made fibres" in terms of the guidelines stated in AS-17 issued by the Institute of Chartered Accountants of India.
8 Other Income includes Gain of Foreign Exchange Rate Difference Rs.11,30,613/- (previous year loss Rs.574056/- included in Misc. Expenses)
9 Taxation

- i) Provision for Fringe Benefit Tax includes Rs.42654/- paid for earlier year.(Rs.3860/-)
- ii) Provision for Taxation includes of Rs. 302762/-paid for earlier year(Rs.251764/-)
- iii) There is pending demand of Rs.114136/- (Rs.114136/-) against income tax liabilities for the A.Y.2004-05. No Provision for this is made as the company expects the same to be deleted.
- iv) Income Tax Appellate Tribunal has decided certain debatable issues in favour of the company for the A.Y. 2002-03 and A.Y. 2003-04. As a result of this company is entitled to get refund of about Rs.60 lacs.However, this is subject to further litigation and final orders by the Income tax department.

Hence the effect of the same will be given in the accounts as and when the final order is received from the Income Tax Department.

10 The amount of lease payment in respect of operating (cancellable) leases recognized in the profit and loss account was Rs.15,05,633/- (Rs.12,29,409/-) and future minimum lease payments.

Not later than one year.	Rs.15,66,306/-
Later than one year but not latter than five years.	Rs.83,59,295/-
Later than five years and above	Rs.15,432/-

11 AUDITORS' REMUNERATION:

	Current Year Rs.	Previous Year Rs.
a) Audit fees	55000	55000
b) Tax matters	55000	50000
c) Other services	55000	55000
	<u>165000</u>	<u>160000</u>

12 Disclosures in respect of related parties as defined in Accounting standard 18, with whom transactions have taken place during the year are given below. :

i) Associate Bodies Corporate :	I Navigator Pvt. Ltd.	
	Current Year Rs. in lacs	Previous Year Rs. in lacs
ii) Nature of Transactions		
Charges for Hosting of Website	0.06	0.06
iii) Balance outstanding	Nil	Nil

13 Employee Benefits AS 15 (Revised)
i) Defined Contribution Plan – Provident Fund :

During the year, the company has recognized the Employees Contribution to Employees Provident Fund amounting to Rs 694673/- (Previous Year Rs 688406/-) as part of Remuneration and other benefits to the employees.

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ii) Defined Benefit Plan (Contd..)

The benefit of gratuity is Funded Defined Benefit Plan. For this purpose the company has obtained qualifying insurance policy from Life Insurance Corporation of India.

The company provides benefits to its employees under the leave encashment pay plan which is a non contributory defined benefit plan.

	Gratuity (Fund) Rs.	Leave Encashment (Unfunded) Rs.
1) Changes in benefit obligation		
Opening benefit obligation	3165827.00	1174894.00
Service cost for the year	293296.00	177980.00
Interest cost for the year	253266.00	93992.00
Actuarial losses / (gains) on curtailments	35990.00	452.00
Benefits Paid	(617664.00)	(560031.00)
Closing defined benefit obligation on 31/03/2009	3130715.00	887287.00
2) Fair Value of Plan Assets at the beginning of the year		
Opening fair value of plan assets	2722939.00	-
Expected Return on Plan Assets	229514.00	-
Contribution by employer	468472.00	-
Benefits paid	(617664.00)	-
Actuarial (Loss) / Gain on plan assets	NIL	-
Closing balance of fair value of plan assets	2803261.00	-
3) Fair Value of Plan Assets		
Fair value of plan assets at beginning of year	2722939.00	-
Actual return on plan assets	229514.00	-
Contributions	468472.00	-
Benefits Paid	(617664.00)	-
Fair value of plan assets at the end of year	2803261.00	-
Funded status	2803261.00	-
Excess of Actual over estimated return on plan assets	(327454.00)	-
(Actual rate of return = Estimated rate of return as ARD falls on 31 st March)	NIL	-
4) Actuarial Gain/Loss recognized		
Actuarial (gain)/loss on obligations	(35990.00)	-
Actuarial (gain)/loss for the year – plan assets	NIL	-
Actuarial (gain)/loss on obligations	35990.00	-
Actuarial (gain)/loss recognized in the year	35990.00	-
5) Amount to be recognised in the Balance sheet		
Present value of obligations as at the end of year	3130715.00	-
Fair value of plan assets as at the end of the year	2803261.00	-
Funded status	(327454.00)	-
Net asset/(liability) recognized in balance sheet	(327454.00)	(887287.00)
6) Expenses recognized in statement of profit and loss		
Current service cost	293296.00	177980.00
Interest cost	253266.00	93992.00
Expected return on plan assets	(229514.00)	NIL
Net Actuarial (gain)/loss recognized in the year	35990.00	452.00
Expenses recognized in statement of profit and loss	353038.00	272424.00
7) Actuarial Assumptions		
Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Valuation Method	Projected unit credit method	Projected unit credit method
Discount Rate Current	8.00%	8.00%
Salary Escalation	7.00%	6.00%

Note : This being first year of implementation, previous year's figures have not been given

14 Earnings per share	Current Year	Previous Year
Profit after taxation (Rs. In lacs)	269.75	175.43
Weighted average number of shares (Nos.)	4422346	4422346
Earning per share (Basic and Diluted) (Rs.)	6.10	3.97
Face value per share (Rs.)	10	10

15 Deferred Tax Liability Components of Deferred Tax Nature of Timing Difference	Deferred Tax Asset (Liability) as at 31.03.2008	Credit (change) for the year	Deferred Tax Asset (Liability) as at 31.03.2009
a) Deferred tax Liability			
Depreciation	(15873960)	1289314	(14584646)
b) Deferred tax Asset			
Gratuity	-	111302	111302
Provision for compensated absences.	71586	(169344)	(97758)
Bonus Provision	215418	(8231)	207187
Net Amount	<u>(15586956)</u>	<u>1223041</u>	<u>(14363915)</u>

16 Additional information pursuant to paragraph 3, 4c and 4d of part II of schedule VI to the Companies Act. 1956:

a) CAPACITY			
CLASS OF GOODS	Licenced Capacity	Installed Capacity Tons	Actual Production Tons
POLYPROPYLENE STAPLE FIBRE	S.I.A. Registration obtained for 3,000 Tons Per Annum.	3900 (3900)	3502 (3518)

b) TURNOVER AND STOCKS						
CLASS OF GOODS	SALES		OPENING STOCK		CLOSING STOCK	
	Qty. Tons	Rs.	Qty. Tons	Rs.	Qty. Tons	Rs.
POLYPROPYLENE STAPLE FIBRE	2648 (2714)	259069205 (238124580)	47 (65)	3592725 (5515762)	143 (47)	11075777 (3592725)
SELF CONSUMPTION	758 * (822)	-	-	-	-	-
P.P. YARN	731 (806)	108748386 (115254925)	11 (16)	1417308 (2080681)	19 (11)	2417624 (1417308)
		<u>367817591</u> <u>(353379505)</u>		<u>5010033</u> <u>(7596443)</u>		<u>13493401</u> <u>(5010033)</u>

There is also sale of Raw Material (PP Resin) of 16 tons (5 tons)

* PP Yarn Production through Job Work 739 MT.(801)

Note - Previous Year figures are in brackets

c) COST OF MATERIALS		Quantity Tons	Rs.
RAW MATERIALS :-			
i) POLYPROPYLENE RESIN / MASTER BATCH / OTHERS		3587 (3527)	237941267 (222550664)
TOTAL COST OF MATERIALS		<u>3587</u> <u>(3527)</u>	<u>237941267</u> <u>(222550664)</u>
d) VALUE OF RAW MATERIAL CONSUMPTION		Amount Rs.	%
Imported(Including Custom duty)		5379254 (14967373)	2.26 (6.73)
Indigenous		232562013 (207583291)	97.74 (93.27)
TOTAL		<u>237941267</u> <u>(222550664)</u>	<u>100</u> <u>(100)</u>

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SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009 (Contd..)

e) EXPENDITURE IN FOREIGN CURRENCY(INCLUDING CAPITAL EXPENDITURE) :-	Current Year RS.	Previous Year RS.
i) C.I.F. Value of Imports :		
Raw Materials	14442395	11974838
Spares	352228	183457
Plant and Machinery (WIP)	0	0
ii) Travelling	39679	492620
f) EARNINGS IN FOREIGN EXCHANGE		
F.O.B. Value of exports	125868161	103147241
17 Additional information as required under part IV of Schedule VI of The Companies Act,1956		
Balance Sheet Abstract and General Business Profile :		
I. Registration Details		
Registration No.	: 54580	
State Code	: 11	
Balance Sheet Date	: 31.03.2009	
II. Capital Raised during the year (Amount Rs. In '000)		
Public Issue	: Nil	
Rights Issue	: Nil	
Bonus Issue	: Nil	
Private Placement	: Nil	
III. Position of Mobilisation and Deployment of funds (Amount Rs. In '000)		
Total Liabilities	: 185887	
Total Assets	: 185887	
Sources of Funds		
Paid-up Capital	: 50884	
Reserves and Surplus	: 115265	
Secured Loans	: 5373	
Unsecured Loans	: -	
Deferred Tax Liability	: 14364	
Application of Funds		
Net Fixed Assets	: 70295	
Investments	: -	
Net Current Assets	: 115591	
Misc. Expenditure	: -	
Accumulated Losses	: -	
IV. Performance of Company (Amount Rs. In '000)		
Turnover	: 352247	
Total Expenditure	: 309884	
Profit / (Loss) Before Tax	: 42363	
Profit / (Loss) After Tax	: 26975	
Earning per Share in Rs.	: 6.10	
Dividend Rate %	: 15	
V. Generic Name of Principal Products/Services of Company		
(as per monetary terms)		
Item code No.(ITC Code)	: 550340	
Product Description	: Polypropylene Staple Fibre	

AS PER OUR ATTACHED REPORT OF EVEN DATE

For JAIN & HINDOCHA
Chartered Accountants

JASWANT JAIN
(PARTNER)

Place : Mumbai
Date : 23rd July, 2009

SANJEEV RUNGTA - Chairman
C.I. GANDHI - Director
MUKUND BERIWALA - Director

BANKIM PUROHIT - Co. Secretary

ZENITH FIBRES LIMITED

Registered Office : 205, Marol Bhavan, 2nd Floor, Marol co-op. Industrial Estate Ltd.,
M.V. Road, J.B. Nagar Post, Andheri East, Mumbai - 400 059

Twentieth Annual General Meeting, 23rd September, 2009

PROXY FORM

Ledger Folio No.(s) _____ /DPID No.* _____ & Client ID No.* _____

No. of shares held _____

I/We, the undersigned _____ of _____

_____ being the member/s of Zenith Fibres Limited hereby appoint

of _____

or failing him/her _____

of _____

as my / our Proxy to vote for me / us on my / our behalf at the Twentieth Annual General Meeting of the Company to be held at Hotel Atithi, 77 A/B Nehru Road, Ville Parle (E), Mumbai 400 099 on Wednesday the 23rd September, 2009 at 4.00 pm and at any adjournment thereof.

Signed this _____ day of _____ 2009.

* Applicable for members holding shares in electronic form.

Notes :

1. Proxies in order to be effective, must be received at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member

Affix a
Rs. 1/-
Revenue
Stamp

(Signature of Member)

(TEAR HERE)

ZENITH FIBRES LIMITED

Registered Office : 205, Marol Bhavan, 2nd Floor, Marol co-op. Industrial Estate Ltd.,
M.V. Road, J.B. Nagar Post, Andheri East, Mumbai - 400 059

Twentieth Annual General Meeting, 23rd September, 2009

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the meeting place

Ledger Folio No.(s) _____ /DPID No.* _____ & Client ID No.* _____

No. of shares held _____

Full name of the Shareholder / proxy attending Meeting.

(First Name)

(Second Name)

(Surname)

FIRST HOLDER / JOINT HOLDER / PROXY

(Strike out whichever is not applicable)

Full Name of First Holder

(First Name)

(Second Name)

(Surname)

(If joint holder / Proxy attending

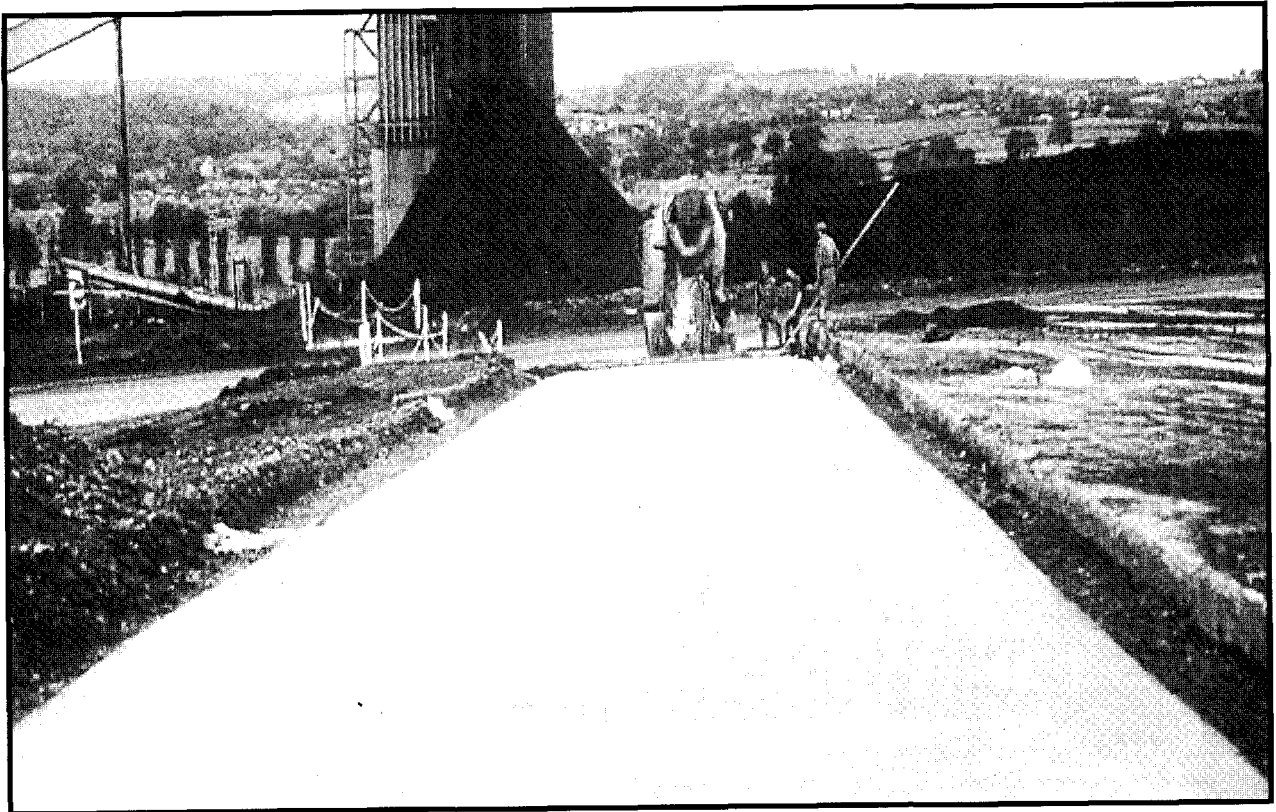
* Applicable for members holding shares in electronic form.

Signature of Shareholder / Proxy

(TEAR HERE)

TO,

Polypropylene is widely recognized as the material of choice for use as a concrete reinforcing fibre. Short cut fibres in 6mm, 12mm and 20mm are commonly used for this application.



Roadway under construction

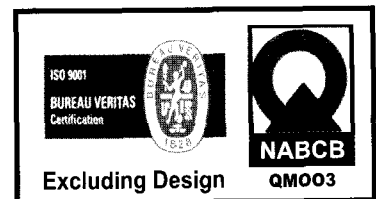


If undelivered please return to :

ZENITH FIBRES LIMITED

Registered Office:

205, Marol Bhavan, 2nd Floor
Marol Co-op. Industrial Estate Ltd.
M.V. Road, J.B. Nagar Post
Andheri East, Mumbai - 400 059.



An ISO 9001:2000 Certified Company