



THE YASH BIRLA GROUP

ZENITH BIRLA (INDIA) LIMITED



Annual Report 2010 - 2011

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CORPORATE INFORMATION

- **Board of Directors**
Shri Yashovardhan Birla (Chairman)
Shri M.S. Arora (Managing Director)
Shri P.V.R. Murthy (Non Executive & Non-Independent Director)
Shri D.V. Kapur (Independent Director)
Shri Augustine P. Kurias (Independent Director)
Shri Aniruddha Barwe (Independent Director) (till 5th October 2010)
Shri Anoj Menon (Independent Director) (from 13th November 2010)
- **Company Secretary & Compliance Officer**
Mrs. Harsha Kedia
- **Auditor**
M/s Thakur, Vaidyanath Aiyer & Co., Chartered Accountants
- **Bankers**
State Bank of India
Punjab National Bank
Bank of Baroda
Oriental Bank of Commerce
Bank of India
Axis Bank
Shamrao Vittal Co-operative Bank
- **Works**

Khopoli Unit Tal. Khopoli Dist Raigad Maharashtra 410203	Murbad Unit Survey (Gut) No. 440/441 Village Nhave, Taluka Murbad, Dist. Thane, Maharashtra	Tarapur Unit G-38/39, Tarapur Industrial Area, Village Saravali Taluka Palgar Dist. Thane, Maharashtra
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- **Registered Office**
Dalamal House,
1st Floor, 206, J.B. Marg,
Nariman Point, Mumbai 400 021
Tel: 022-66168400, Fax: 022-22047835
Email: share@zenithsteelpipes.com
- **Corporate Office**
Vedant Commercial Complex,
Building No. S-2, 2nd floor, Vartak Nagar,
Pokhran Road No. 1, Thane (W)-400 606,
Tel: 022-67933000, Fax: 022-67933111
- **Registrars and Share Transfer Agents**
Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai 400 072
Tel: 022-28470652/ 40430200
Fax: 022-28475207
Email: investor@bigshareonline.com

Members are requested to note that only tea/coffee will be served during the 49th Annual General Meeting to be held on Tuesday, 20th September 2011 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.



NOTICE

Notice is hereby given that the Forty Ninth Annual General Meeting of the members of **ZENITH BIRLA (INDIA) LIMITED** will be held on Tuesday, 20th day of September 2011 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri P.V.R. Murthy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** M/s. Thakur Vaidyanath Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 000038N) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

4. APPOINTMENT OF SHRI ANOJ MENON AS A DIRECTOR

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

“**RESOLVED THAT** Shri Anoj Menon, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. RAISING OF FUNDS THROUGH FURTHER ISSUE OF SECURITIES

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

“**RESOLVED THAT** pursuant to and in accordance with the provisions of Section 81 (1), 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to any required approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India and the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and / or any other competent authorities and pursuant to the Securities and Exchange Board of India guidelines, the Reserve Bank of India Guidelines, the relevant provisions of the Memorandum and Articles of Association of the Company and the provisions of the Listing Agreement(s) with Stock Exchange on which the shares of the Company are listed (including any amendment thereto or re-enactment of all or any of the aforesaid) and subject to all such approvals, permissions, sanctions and consents, if any, as may be required under applicable laws and regulations and of concerned authorities, bodies and agencies and subject to such conditions and modifications as may be prescribed by any of the above said authorities, bodies and agencies, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof which the Board may have or may hereafter constitute, to which all or any of the powers hereby conferred on the Board by this Resolution, have been or may hereafter at any time be delegated), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot (with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), from time to time in one or more tranches, whether rupee denominated or denominated in foreign currency, in consultation with the Lead Manager(s) and/or Underwriter(s) and/or other advisor(s), (i) Foreign Currency Convertible Bonds and/or other Securities including debentures convertible, at the option of the Company and/or entitling the holder



thereof to apply and convert at his option into equity shares, and/or (ii) other securities convertible into or exchangeable with or linked to equity shares, and/or (iii) securities with or without detachable Warrants with a right exercisable by the warrant holder to subscribe for equity shares, and/or (iv) Warrants with a right or option exercisable by the warrant holder to convert or subscribe to equity shares, and/or (v) equity shares, preference shares or other convertible/non convertible securities of the Company, through public issue, right issue, Global Depository Receipts, American Depository Receipts, Qualified Institutions Placement, private offerings or through depository receipt mechanism, participatory notes or otherwise (all hereinafter collectively referred to as the "Securities") and/or any combination of securities in domestic and/or one or more international markets to any person including promoters, existing shareholder(s), employee(s), Indian Public, Qualified Institutional Buyer(s), domestic institution(s), institutional investor(s), bank(s), mutual fund(s), companies, bodies corporate or other entities, individuals or other persons (collectively referred to as the "Investors"), whether residents and/or non-residents and/or strategic investors and/or corporate bodies and whether or not such investors are members of the Company, as may be permitted under applicable laws and regulations, of an aggregate amount not exceeding Rs. 150 Crore or equivalent thereof in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities, by offering the Securities through public offer and/or offer letter and/or placement document and/or circular and/or information memorandum and/or such other documents writings, and/or on private placement basis and/or a combination thereof in such manner, on such terms and conditions and at such time or times as may be determined by the Board in its absolute discretion, with power to settle details as to the form and terms of issue of the Securities and all other terms, conditions and matters connected therewith including to accept any modifications thereto or therein as may be required by concerned authorities and/or persons involved with any such issue of Securities subject, however, to all applicable laws and regulations.

RESOLVED FURTHER THAT in the event of issue of Securities by way of Global Depository Receipts and/or American Depository Receipts and/or Foreign Currency Convertible Bonds, the relevant date on the basis of which floor price for the underlying shares shall be determined, shall be the date as specified under the applicable law or regulation.

RESOLVED FURTHER THAT the relevant date for determination of the floor price of the equity shares that may be issued by way of Qualified Institutions Placement pursuant to Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, is as follows:

- (i) in case of allotment of equity shares, the date of the meeting in which the Board decides to open the proposed issue;
- (ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

RESOLVED FURTHER THAT the pricing of the securities and the pricing of any equity shares issued upon the conversion of the securities shall be made subject to and in compliance with the applicable laws and regulations.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares, with or without conversion rights, with or without voting rights or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT without prejudice to the generality of the foregoing, the Board be and is hereby authorized to prescribe with respect to the aforesaid issue of the Securities, all or any of the terms or any combination of terms thereof in accordance with local and/or international practice including but not limited to conditions in relation to offer, issue and allotment of the Securities, payment of interest, dividend, premium and redemption or early redemption of Securities, debt service payments and any other payments whatsoever, voting rights and all such terms as are provided in domestic and/or international offerings of this nature including terms for such issue, or variation of the price or period of conversion of any Securities into equity shares or issue of equity shares during the duration of the Securities or terms pertaining to early redemption of Securities and/or conversion into equity shares.



RESOLVED FURTHER THAT in the event any of the Securities are issued in international / foreign capital market, the issue of such Securities shall be deemed to have been made abroad in the market and/or at the place of issue of such Security in the international market and shall be governed by the applicable domestic/foreign laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares pursuant hereto and/or as may be required to be issued and allotted upon conversion of any of the Securities referred to above or as may be necessary in accordance with the terms of offering thereof and all Equity Shares so issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing Shares of the Company unless otherwise specified in the relevant terms.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and any offer, issue and allotment of Securities, the Board be and is hereby authorized to take all such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith including without limitation, appointment of such Consultants, Lead Managers, Underwriters, Guarantor(s), Depositories, Custodian(s), Registrar(s), Agent(s), Authorised Representatives, Trustee(s), banker(s), Lawyer(s), Merchant Banker(s) and any other Advisor(s), Professional(s) and intermediaries as may be required and to pay them such fees, commission and other expenses as it deems fit and enter into or execute all such agreement(s)/arrangement(s), MOU(s)/placement agreement(s)/underwriting agreement(s)/deposit agreement(s)/trust deeds/subscription agreement/payment and conversion agency agreement/ or any other agreement(s) or document(s) with any such agencies, list the securities in domestic and/or international stock exchange(s), authorizing any director(s) or any officer(s) of the Company, to sign for and on behalf of the Company offer document(s), agreement(s), arrangement(s), applications, authority letter or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certificate(s), declaration(s) as he/she may in his/her absolute discretion deem fit including without limitation the authority to amend or modify such document(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any Director or Committee of Directors/Company Secretary / other persons authorized by the Board to give effect to the aforesaid resolutions.”

6. INCREASE IN BORROWING POWERS

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

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, (including any statutory modification or re-enactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of all resolutions passed in this regard, to borrow any sum or sums of money from time to time from any one or more of the Company’s bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise including External Commercial Borrowings/ Foreign Currency Convertible Bonds and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets and properties whether movable or stock-in-trade (including raw materials, stock in process, finished goods, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the limit of Rs.600 Crores (Rupees Six Hundred Crores only), exclusive of interest and the Board may execute such deed of hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution”.



7. CREATION OF CHARGE / MORTGAGE

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

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) under Section 293(1)(a) of the Companies Act, 1956 and all other applicable provisions of the companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) to mortgage and/or charge the whole or substantially the whole of the undertaking including the immovable or movable properties of the Company wherever situate, both present and future in such form and in such manner as the Board may think fit, for securing any borrowings of the Company made in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) in the form of loans and/or advances already obtained or that may be obtained from any financial institutions/banks/insurance companies or person or persons, and/or any debenture/ bonds issued or that may be issued and all interests, compound/additional interest, commitment charges, costs, charges, expenses and all other monies payable to the concerned lenders.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

8. WAIVER OF RECOVERY OF EXCESS REMUNERATION

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

“RESOLVED THAT subject to the approval of the Central Government, approval be and is hereby accorded for waiver of recovery of excess remuneration of an amount Rs. 10.58 lacs paid to Shri M.S. Arora, Managing Director of the Company during the financial year 2010-11.”

9. INCREASE IN REMUNERATION OF MANAGING DIRECTOR

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the payment of enhanced remuneration including salary, allowances, perquisites and benefits to Shri M.S. Arora, Managing Director as per the terms and conditions as set out hereunder, with effect from 1st April, 2011 till the expiry of his present term i.e. 9th July, 2012, notwithstanding that such remuneration is in excess of the limits specified in Part II of Schedule XIII of the Companies Act, 1956:

I. SALARY/ PERQUISITES/BENEFITS/ALLOWANCE

1. Shri. M. S. Arora shall be entitled to a salary, perquisites, allowance, benefits not exceeding Rs. 1.25 Crores per annum.
2. Perquisites, benefits and allowance includes House Rent Allowance, Furnishing Allowance, House Maintenance, gas, electricity, water, Medical Re-imburement, Leave Travel Concession for self & family, Car Maintenance and Drivers allowance, etc. and any other perquisites, benefits & allowances as per the policy / rules of the Company that may be in force. Allowances and perquisites shall be valued as per the Income Tax Rules, wherever applicable and in the absence of any such Rules, the perquisites shall be evaluated at actual costs to the Company.
3. Shri M.S. Arora shall also be entitled to Company’s contribution to Provident Fund, Superannuation Fund, Pension Fund, Gratuity, Encashment of Leave at the end of his tenure as Managing Director, as per the policies/ rules of the Company and the same shall not be included for the purposes of computation of perquisites.

II COMMISSION

Shri M.S. Arora shall be entitled to commission at the rate not exceeding 5% (five percent) of the Net Profit of the Company calculated under Sections 349 and 350 of the Companies Act, 1956.



RESOLVED FURTHER THAT pursuant to the provisions of the section 269 read with Schedule XIII of the Companies Act, 1956 as amended from time to time, the remuneration payable as aforesaid shall be paid as minimum remuneration to Shri M. S. Arora, notwithstanding that in any financial year of the Company during the terms of his office as such, the Company may have made no profits or inadequate profits.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and/or vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri M. S. Arora from time to time, as deemed expedient or necessary and the terms of agreement shall be suitably modified to give effect to such alteration and/or variation”.

By Order of the Board
For **Zenith Birla (India) Limited**

M.S. Arora
Managing Director

Place : Mumbai
Date : 11.08.2011

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND TO VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business under Item No. 4 to 9 above is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the meeting.
4. Pursuant to Clause 49 of the Listing Agreement the details of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting is provided in the Corporate Governance Report.
5. In case of joint holders, attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will remain close from 14th September 2011 to 20th September 2011 (both days inclusive).
7. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd. for consolidation into single folio.
8. Members are requested to promptly notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
9. Members are requested to:
 - a. Bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - b. Complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - c. send their questions at-least 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.



10. Important communication – Support Green Initiative

Ministry of Corporate Affairs, New Delhi (“MCA”) has taken a “Green Initiative” in the Corporate Governance by permitting paperless compliances by companies vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications /documents including the Notice calling the General Meeting/ Notice of Postal Ballot, audited financial statements, directors’ report, auditors’ report etc. via electronic mode on the Email ID registered by shareholders with their Depository Participant (DP) or with the Company’s Registrars and Share Transfer Agents (RTA).

Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with Bigshare Services Private Limited, Registrars and Share Transfer Agents of the Company on which they desire to receive all future communications/ documents as specified above.

We are sure you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No: 4

Pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 144 of the Articles of Association of the Company, Shri Anoj Menon was appointed as an Additional Director on the Board of the Company, on 13th November, 2010. Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, proposing the candidature of Shri Anoj Menon for the office of Director of the Company, liable to retire by rotation.

The Board recommends the resolution set out at Item No. 4 of the Notice for approval of the members.

None of the Director of the Company, except Shri Anoj Menon, is in any way concerned or interested in this resolution.

Item No: 5

The management is contemplating to expand its manufacturing facilities and to increase the demand by augmenting the financial resources of the company. It is proposed to raise funds by further issue of shares/securities by way of and through issuance of shares/foreign currency convertible bonds/share warrants/equity linked securities/ADRs/GDRs as may be permitted under applicable laws and regulations and as may be deemed necessary and beneficial to the Company in the due course of time. The proceeds of the issue are proposed to be utilized towards expansion projects, long term capital and general corporate purposes.

The detailed terms and conditions for offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

As per Section 81(IA) of the Companies Act, 1956, whenever it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such Company unless the shareholders in a General Meeting by way of Special Resolution decide otherwise. As the Special Resolution proposed in the Item no. 5 of the Notice results in the issue of shares/securities of the Company to members and /or non-members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1), 81 (IA) and other applicable provisions of the Companies Act, 1956 and the clauses of Listing Agreement executed by the Company with Stock Exchanges where the Equity Shares of the Company are listed.

The Special Resolution seeks to provide enabling authority to the Board of Directors of the Company to issue shares/securities as mentioned in the Resolution.

The Board recommends the resolution set out at Item No. 5 of the Notice for approval of the members.

None of the Directors of the Company are interested or concerned in the above resolution, except to the extent of their shareholding.

**Item No: 6**

In terms of provision of section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in General Meeting, borrow money, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of paid up capital and its free reserves not set apart for any specific purpose.

At the Annual General Meeting held on 15th September, 2008 authority was accorded to the Board of Directors of your Company to borrow upto an amount of Rs. 350 Crores. (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) notwithstanding the fact that the monies so borrowed may exceed the paid up share capital of the company and its free reserves. In view of the increase in the paid-up share capital of the Company and its free reserves and keeping in view the Company's business requirement, the Board considers it as necessary to increase the said borrowing powers upto an amount of Rs 600 Crores.

The Board recommends the resolution set out at Item No. 6 of the Notice for approval of the members.

None of the Directors is concerned or interested in the resolution.

Item no. 7

The borrowing of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and rankings as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

Under section 293 (1)(a) of the Companies Act, 1956, the Board of Directors, except with the consent of the shareholders in a General Meeting, cannot create mortgage and/or charge the whole or substantially the whole of the undertaking including the immovable or movable properties of the Company to secure the borrowings made by the Company made in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 in favour of lender(s).

The Board recommends the resolution set out at Item No. 7 of the Notice for approval of the members.

None of the Directors is concerned or interested in the resolution.

Item No. 8

During the financial year 2010-11, Shri M.S. Arora was entitled to salary & perquisites not exceeding Rs. 1.10 Crores and 5% of net profit as commission as per the shareholders resolution and as per the Central Government's approval dated 11th May 2011, Shri M.S. Arora was entitled to remuneration of Rs. 1 Crore plus 5% of profit as commission, subject to total remuneration does not exceed 10% of the profit for the year. However, the actual amount of salary & perquisites paid/provided to Shri M.S. Arora during the financial year was Rs. 184.57 lacs. As a result, excess remuneration paid to Shri M.S. Arora during the financial year 2010-11 amounts to Rs. 10.58 lacs, and hence requires approval of shareholders for waiver of recovery of excess remuneration paid. As the total remuneration paid to Shri M.S. Arora during the financial year 2010-11 has exceeded the limits as specified in Part II of Schedule XIII of the Companies Act, the waiver of recovery of excess remuneration paid is also subject to the approval of Central Government.

The Board recommends the resolution set out at Item No. 8 of the Notice for approval of the members.

None of the Director of the Company, except Shri M. S. Arora, is in any way concerned or interested in this resolution.

Item No. 9

Shri M. S. Arora was appointed as an Executive Director of the Company w.e.f. 10th July, 2007. He was appointed as Managing Director of the Company w.e.f. 27th July, 2009.

Subject to the approval of the shareholders of the Company and any other regulatory authorities as may be required, the Remuneration Committee and the Board of Directors of the Company in their meeting held on 11th August 2011 have recommended an increase in remuneration payable to Shri M. S. Arora w.e.f. 1st April, 2011.

Shri M. S. Arora, aged 49 years is a qualified BE (Mechanical) from REC, Bhopal. He has more than two decades of experience in the field of Operations, Marketing, Export and General Management. Prior to joining the Company, he was the Chief Operating Officer of Man Industries Ltd. He has also held various senior level positions in Welspun Gujarat Stahl Rohren Ltd., PSL Limited and Voltas Limited. The Company has benefited from his rich and varied experience and continues to do so.

The above may be treated as an abstract of the variation of the contract of appointment of Shri M.S. Arora, Managing Director under Section 302 of the Companies Act, 1956.



The increase in remuneration of Shri M.S. Arora as mentioned above is subject to the approval of shareholders of the Company and any other regulatory authorities as may be required. Accordingly, the Board recommends the resolution set out at Item No. 9 of the Notice for approval of the members.

None of the Director of the Company, except Shri M. S. Arora, is in any way concerned or interested in this resolution.

INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION

1) Nature of Industry :

The Company manufactures black welded and galvanized steel pipes.

2) Date or expected date of commencement of commercial production :

The Company was incorporated on 5th August, 1960 and the date of commencement of business is 17th August, 1960.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable

4) Financial Performance based on given indicators:

(Rs. in Lacs)

Financial Year ended	2010-11	2009-10	2008-09
Net Sales	49,430.20	48016.02	58295.98
Total Income	51,078.52	50485.37	58425.70
Total Expenditure	46,704.36	48488.74	56348.66
Profit before Tax	1,518.83	1996.63	2077.04
Profit after Tax (after prior period adjustments)	1,088.42	1195.86	1537.48

5) Export performance and net foreign exchange collaborations, if any:

(Rs. in lacs)

Financial Year ended	2010-11	2009-10	2008-09
Foreign Exchange Earnings (FOB value of Export)	25080.39	19822.03	25166.99

6) Foreign Investments or collaborators, if any:

The Company has the following two wholly owned subsidiaries:

- 1) Zenith (USA) Inc. in U. S. A., and
- 2) Zenith Middle East FZE in U.A.E.

II. INFORMATION ABOUT THE APPOINTEE

1) Background details:

Shri M. S. Arora, aged 49 years is a qualified BE (Mechanical) from REC, Bhopal. He has more than two decades of experience in the field of Operations, Marketing, Export and General Management. Prior to joining the Company, he was the Chief Operating Officer of Man Industries Ltd. He has also held various senior level positions in Welspun Gujarat Stahl Rohren Ltd., PSL Limited and Voltas Limited. He was appointed as the CEO & Executive Director of the Company w.e.f. 10th July, 2007 and Managing Director w.e.f. 27th July, 2009.

2) Past Remuneration :

For the year 2010-11	(Rs. In Lacs)
Salary	82.88
Commission	85.23
Contribution to Provident Fund	4.41
Provision for Gratuity	3.53
Perquisites and Allowance	8.52
Total	184.57



3) Recognition or awards:

Shri M.S. Arora, Managing Director, has been instrumental for the Company in getting the award for star performer from EEPC for excellent exporter.

4) Job Profile and his suitability:

The Managing Director is entrusted with substantial powers of management in respect of the whole of the affairs of the Company subject to the superintendence, control and direction of the Board of Directors. He will also perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time.

With the increasing demand for pipes in India and across the globe, Shri M. S. Arora's in-depth knowledge of Company's product line would be very valuable for the Company. With sufficient past experience in successfully managing the affairs of the Company, Shri M. S. Arora is best suited for the position of Managing Director.

5) Remuneration Proposed:

As per the details contained in the Notice of the Annual General Meeting.

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person :

The executive remuneration in the industry has increased manifold in the past few years. Having regard to the type of industry, trends in industry, size of the Company, the responsibilities, academic background and capabilities of Shri M. S. Arora, the proposed remuneration is well within the remuneration payable to Directorial personnel holding similar stature/position in the Industry.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :

Shri M. S. Arora has no pecuniary relationship with the Company, other than his remuneration as Managing Director of the Company. There are no managerial personnel related to Shri M. S. Arora.

III. OTHER INFORMATION

1) Reasons for loss or inadequate profit

The Company has adequate profit for the financial year ending 31st March, 2011. However, the global recession may impact on the margins of the Company in future.

2) Steps taken or proposed to be taken for improvement:

The Company is aggressively pursuing its business plans to move up in value chain by diversifying/expanding into higher technology products used by the Oil/ Gas industry and the Auto component industry. The Company is also in the process of improving its performance by achieving organic & inorganic growth.

3) Expected increase in productivity and profits in measurable terms:

In the competitive environment, it is difficult to estimate the revenue/profits in measurable terms. As mentioned above, the Company is taking various efforts to increase its productivity and the management is confident of substantial increase in revenue and profits in coming years.

IV. DISCLOSURES

1. Shri M.S. Arora does not hold any interest in the capital of the Company, directly or indirectly or through any other statutory structures. Further, Shri M.S. Arora does not have any direct or indirect interest nor is he related to any other directors or promoters of the Company at any time during last two years before or on the date of appointment.

2. Shri M.S. Arora is also Managing Director of Birla Precision Technologies Limited and he draws remuneration of Rs. 75 lacs per annum from there.

By Order of the Board
For **Zenith Birla (India) Limited**

Place : Mumbai
Date : 11.08.2011

M.S. Arora
Managing Director



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Forty Ninth Annual Report together with the Audited Statements of Accounts of your Company for the year ended 31st March, 2011.

I. FINANCIAL RESULTS

PARTICULARS	(Rs. in lacs)	
	Year ended <u>31.03.2011</u>	Year ended <u>31.03.2010</u>
Gross Income	55036.98	52862.15
Less : Excise Duty	3958.46	2376.78
Net Income	51078.52	50485.37
Profit/(Loss) before Interest, Depreciation and Taxation	4374.16	4422.97
Interest and Finance Expenses	2382.27	1900.30
Profit/(Loss) before Depreciation and Taxation	1991.89	2522.67
Depreciation	473.06	526.04
Profit/(Loss) for the Year before Taxation	1518.83	1996.63
Less: Provision for Taxation :		
Current Tax	502.74	613.70
Deferred Tax	(14.58)	204.60
Wealth Tax	1.02	1.32
Profit for the Year	1029.65	1177.01
Expenses in respect of earlier years	(2.22)	--
Excess/(Short) provision of Current tax for prior period	60.99	18.85
Profit After Tax (after prior period adjustments)	1088.42	1195.86
Balance of Profit & Loss Account as per last year account	1257.46	5638.40
Less:		
Net surplus for the year ended 31 st March 2011, transferred to Birla Precision Technologies Limited on account of Demerger of Tool Division	-	(375.57)
Adjusted on account of demerger of Tool Division as per the Scheme of Arrangement approved	-	(2068.55)
Difference in the book value of assets transferred on account of amalgamation of Tungbhadra Holdings Pvt. Ltd. as per the Scheme of Arrangement	-	(494.71)
Net Deficit for the year ended 31 st March 2009, transferred on account of amalgamation of Tungbhadra Holdings Pvt. Ltd. as per Scheme of Arrangement	-	(27.20)
	2345.88	3868.23
Appropriation:		
Transferred to General Reserve	-	89.69
Proposed Equity Dividend	-	2162.00
Tax on Proposed Equity Dividend	-	359.08
Balance carried to Balance Sheet	2345.88	1257.46
	2345.88	3868.23

2. DIVIDEND

Due to expansion programme, the management decided to conserve the surplus funds accrued to the Company during the financial year 2010 – 11. These funds will be utilized towards part-funding the proposed expansions projects. Hence, Board of Directors decided not to recommend the dividend to the shareholders.



3. FINANCIAL HIGHLIGHTS

During the year under review, the net income of the Company has increased to Rs. 51078.52 lacs as compared to Rs. 50485.37 lacs of previous year. Profit after Tax for the financial year stood at Rs. 1088.42 lacs as against Rs. 1195.86 lacs of previous year.

4. ISSUE OF BONUS SHARES

The Company has during the year issued 21,620,529 Bonus Shares in the proportion of ONE new fully paid equity share of Re. 10/- each for every FIVE equity shares of Re. 10/- each held in the Company as on the Record Date (i.e. 12th August 2010). The said equity shares have been listed with Bombay Stock Exchange Limited and National Stock Exchange Limited w.e.f. 24th August 2010.

5. ISSUE OF CONVERTIBLE EQUITY SHARE WARRANTS

On 10th January, 2011 your Company has allotted 1,08,10,000 Convertible Equity Share Warrants to the Promoter Group at an issue price of Rs. 21.40/- each aggregating to Rs. 23,13,34,000 determined in accordance to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Further, on 25th March, 2011, 15,60,000 warrants has been converted into equity shares. As on 31st March 2011, 92,50,000 Convertible Equity Share Warrants remain outstanding.

6. EXPORT PERFORMANCE

Exports turnover increased to Rs. 25080.39 lacs for the year ended 31st March, 2011 as compared to Rs. 19822.03 lacs of previous year.

7. EXPANSION PROJECT

Your Company is setting up Saw Mill (Spiral Mill) Project and also contemplating expansion in its existing ERW pipe range for bigger diameter pipes.

8. SUBSIDIARY COMPANY

The Accounts of the wholly owned subsidiary companies, M/s. Zenith (USA) Inc., and M/s. Zenith Middle East FZE have been received by the Company and a statement pursuant to Section 212 of the Companies Act, 1956, forms part of this Annual Report.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated February 8, 2011, has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. The financial data of the subsidiaries have been furnished under 'Annexure I to the Consolidated Notes' forming part of the Annual Report. Consolidated Financial Statements of the Company and its subsidiaries for the year ended March 31, 2011, together with reports of Auditors thereon and the statement pursuant to Section 212 of the Companies Act, 1956, form part of the Annual Report. The Annual Accounts and the related detailed information of subsidiary companies will be made available to the Members of the Company and subsidiary companies seeking such information at any point of time. The Annual Accounts of the subsidiary companies will also be available for inspection by any member at the registered/head office of the Company and that of the subsidiary concerned.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report is appended to this report.

10. CORPORATE GOVERNANCE

Your Company will continue to strive to incorporate best of standards for good corporate governance. As a listed company, all required measures are taken to comply with the agreement entered with the Stock Exchanges. A separate report on Corporate Governance along with a Certificate of Compliance from the Auditors forms part of this report.



11. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act 1956, with respect to the Directors' Responsibility Statement, the Directors, based on the representations received from the statutory auditors of the Company, confirm that:

1. In the preparation of annual accounts, applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for that period.
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud & other irregularities.
4. They have prepared the Annual Accounts on a 'going concern' basis.

12. COST AUDIT

The report of Cost Auditors in respect of audit of the cost records of the Pipes Division of the Company for the year ended 31st March 2011 will be submitted to the Central Government in due course.

13. AUDITORS REMARKS

The Notes to the Accounts and the remarks referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

The Board of Directors explanation to the Auditors qualification/adverse remarks is as follows:

Sl.No.	Auditors Qualification	Directors Explanation
1.	The Company is maintaining proper records showing particulars including quantitative details and situation of fixed assets. <i>However, in respect of the Company's Divisions at Tarapur and Murbad, the fixed asset records are in the process of being updated.</i>	The Company is in process of updating the fixed assets records of Tarapur and Murbad Division and will complete the same at the earliest.
2.	The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory has been noticed, <i>except in the case of the Company's Divisions at Tarapur and Murbad, where the comparisons will be made once the records are completed.</i>	The Company is in process of updating the fixed assets records of Tarapur and Murbad Division and will complete the same at the earliest.

14. DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. P.V.R. Murthy Director of the Company retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. Shri Anirudha Barwe, a director of the Company expired on 5th October, 2010. The Board expressed a deep sorrow with profound grief on death of Shri Anirudha Barwe. In his place, Shri Anoj Menon has been appointed as additional director with effect from 13th November, 2010.

15. FIXED DEPOSITS

During the year under review, the Company has invited fresh Fixed Deposits from its shareholders and general public. As on 31st March, 2011, the Company has fixed deposit of Rs. 3464.17 Lacs. There are no un-paid deposits (other than un-claimed), payable as of 31st March 2011. Also, there is no default in payment of interest and repayment of matured deposits.



16. AUDITORS

M/s. Thakur Vaidyanath Aiyar & Co., Chartered Accountants, who were appointed as the Statutory Auditors of the Company by the Members at their previous AGM, shall be retiring on conclusion of the forthcoming AGM and are eligible for re-appointment. Members are requested to consider their re-appointment from the conclusion of forthcoming AGM upto the conclusion of AGM for the financial year 2011-12 at a remuneration to be decided by the Board of Directors or Committee thereof. The Company has received confirmation from M/s. Thakur Vaidyanath Aiyar & Co., to the effect that their appointment, if made, will be within the limits of Section 224(1B) of the Companies Act, 1956.

17. PARTICULARS OF EMPLOYEES

As required under Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees receiving remuneration above the prescribed limit are set out in the annexure appended to this report.

18. PERSONNEL

Your Directors place on record their appreciation to the contribution made by the employees at all levels who, through their competence, diligence, solidarity, co-operation and support, have enabled the Company to achieve the desired results during the year.

19. ACKNOWLEDGEMENTS

During the financial year under review Industrial Relations continued to remain cordial. Your Directors wish to place on record their sincere thanks to the continuing commitment and dedication of employees at all levels. The Board of Directors would also like to express their gratitude for the continued support of all the stakeholders such as Banks, Financial Institutions, various State and Central Governmental Authorities, Customers, Vendors and last but not least our valued Shareholders, who have been supporting the management for all these years.

For and on behalf of the Board

Place: Mumbai
Date: 11.08.2011

Yashovardhan Birla
Chairman



ANNEXURE TO DIRECTORS' REPORT

(Information under Section 217 (1) (e) of the Companies Act 1956, read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2011)

A. CONSERVATION OF ENERGY:

a) Energy Conservation Measures Taken:

The Company has taken following measures for energy conservation at the factories, namely:

- 1) Replacement of old compressor were undertaken in the year under review which would result in energy saving and better efficiency.
- 2) Insulation updated for steam lines & vessels & arrangements improved for condensate collection and transfer to Boiler feed water tank.
- 3) Due to increase in Spray drying capacity in previous years by increasing ID & FD fan capacity, the electrical consumption per unit of production has been reduced.
- 4) Company has achieved power factor improvement up to unity (1000) by installing additional capacitor tanks, thus getting maximum power factor rebate in energy bill.

b) Further R & D work is being carried on for reduction of time cycle of the Process.

c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The above measures have resulted in energy saving and consequent decrease in the cost of production.

d) Total Energy Consumption and Energy Consumption per unit of production is not applicable to any units of the Company.

Note: Energy audit of Khopoli has been completed.

B. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption as per Form B.

FORM "B"

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company.

- (a) R & D Work is going on to give more yields and to reduce time cycle of process for optimizing the raw material consumption and utilities norms.
- (b) Development of new value added products.

2. Future Plan of Action

To develop further new value added products.

3. Expenditure on R & D

The expenditure on in-house R & D is shown under respective heads and no separate account is maintained.

4. Technology Absorption, Adaptation and Innovation: Nil

C) FOREIGN EXCHANGE EARNINGS AND OUTGO: (Rs.in crores)

	2010 - 11	2009-10
Total Foreign Exchange earnings	250.80	198.22
Total Foreign Exchange outgo	50.81	74.84

D) PARTICULARS OF EMPLOYEES:

Information as per Section 217 (2A) of the Companies Act, 1956 read with companies (particulars of employees) Rules, 1975 forms part of the Directors Report for the year ended 31st March 2011:

Employed throughout the year:

Sr. No.	Name	Qualification	Age	Designation	Experience (Years)	Date of Commencement of Employment	Gross Remuneration (Rs.in Lacs)	Last Employment held
1	M.S.Arora	B.E. (Mech)	49	Managing Director	25	15.03.2007	184.57	Man Industries Ltd



MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO

India's economy continued on its high growth trajectory, by registering GDP growth at 8.6 % in 2010-11, which has been backed by a spurt in economic activities and robust expansion in agriculture and allied sectors. Agriculture, Industry and Services sectors grew by 5.4%, 8.2% and 9.4% respectively in 2010-11 as against 0.4%, 8.3 % and 9.7 % recorded in 2009-10. Tight liquidity conditions continued to drive average borrowing rates throughout the year 2010, but of late, the money market is slowly and steadily getting back to normalcy. Inflation continued to remain a major concern for the policy makers.

The year was marked by a fairly tough financial environment due to slowdown in some of the major economies of the world. The economic activities in many developed countries remained sluggish due to sovereign debt turmoil. The lingering uncertainties around global growth hampered long-term investment prospects. As per the data released by International Monetary Fund (IMF), World GDP grew by 5.0% in 2010 and is projected to grow at a lower rate of 4.4 % in 2011.

INDUSTRY STRUCTURE

The pipe industry is an important part of manufacturing sector and is a major consumer of steel. The industry has benefited from economic growth and the increasing emphasis on infrastructure. The key economic driver for the industry includes water, infrastructure, oil & gas exploration, transportation and power industry.

Today, pipes are the most preferred mode of transport for liquids and gases globally as they are safe and economical. In comparison to rail & roads, they have lower operating cost per unit and also higher capacity.

India has become the global pipe manufacturing hub primarily due to its lower cost, high quality and geographical advantages. Additionally, Indian companies have acquired global accreditations and certifications which make them preferred suppliers to most of the world's top oil and gas companies in the Middle East, North America and Europe.

OPPORTUNITIES & THREATS

Opportunities:

The exploration activities in the Country are bound to grow on account of depletion of oil reserves, thereby resulting in an increase in the demand for pipes. The domestic gas availability is poised to increase two-fold over the next four years. The planned investments and ongoing projects will triple the gas transmission infrastructure, with the eventual development of a national gas grid. The government is also planning to build national gas highways. All this indicates that the demand for pipes for oil & gas drilling will remain robust.

Irrigation remains a key focus area for the Government and more so for the state governments due to the politically sensitive nature of the investments. Combined with water supply and the sanitation segment, which is essentially driven by the Government plan for Jawaharlal Nehru National Urban Renewal Mission projects, this segment is the second-most important focus for the government after the power sector as per the 11th five-year plan. The 11th plan envisages US\$ 83bn of investments in irrigation and water supply and sanitation over FY08-12.

As the Union Government has been laying a lot of stress on building infrastructure in the recent past, the steel tubes and pipe segment has been seeing a steady demand. The situation is improving further with the private sector players' increasing participation in infrastructure projects.

Threats/risks:

1. The unavailability of steel plates/coils (the primary component in pipe manufacturing) is the biggest risk factor for the pipe-manufacturing industry, because majority of them are imported into India. Long gestation supplies of these materials or any subsequent delay in delivery could affect the production cycle of the business.
2. Sharp unexpected increase in the cost of raw materials i.e steel plates/coils may affect the profitability of the Company as the raw materials comprise 70-75% of the total cost structure.
3. A sharp and unprecedented increase in the cost of freight may lead to pressure on margins. Presently, the cost of freight is calculated prior to the execution of the order. However, if this cost were to rise sharply and suddenly, the pipe-manufacturing companies could be at risk if charter rates were not tied up well in advance.
4. Global competition could pose problems for Indian Pipe Manufacturers in the medium to long term



5. Competition from PEC Pipes manufactures in the medium to long term.
6. The Indian pipe manufacturers are subject to foreign exchange risk due to high imports and exports.
7. Any adverse change in government policies can affect the industry.

OUTLOOK

Supported by good domestic economic growth, backed by well established brand image, global reach and focused approach, the Company is hopeful that the demand for the Companies steel pipes will continue to grow in future.

Company is also aggressively pursuing the plan to move up in the value chain by diversifying/expanding into higher technology products used by Oil/Gas industry and Auto component industry. The Company is also in the process of further improving its performance by achieving organic & inorganic growth.

INTERNAL CONTROL SYSTEMS

The Company has an intricate system of internal control procedure commensurate to its size and nature of the business. This internal control system ensures optimal use of the Company's resource and protection thereof. This internal control system provides for well administered policies, guidelines, authorization and approval procedures.

The Company has appointed internal auditor who carries out audit of accounts, internal control systems & procedures on regular basis. They are well guided by the Audit Committee of the Board of Directors, who approve their audit plans, reviews their report and also make necessary suggestions for its further improvements.

FINANCIAL PERFORMANCE

During the year under review, the net income of the Company has increased to Rs. 51078.52 lacs as compared to Rs. 50485.37 lacs of previous year. Profit after Tax for the financial year stood at Rs. 1088.42 lacs as against Rs. 1195.86 lacs of previous year.

HUMAN RESOURCES

The Company has focused on building the organization for developing human resources. More attempts are now being given to develop a better structure in this important area with a long term future in mind.

The Company has taken various initiatives towards recruitment and retention of the best talent within and outside the industry. It encourages employees to take part in various internal and external training programs. This along-with the rewards & recognition gives opportunity to talented employees to take higher responsibilities in the organization.

As in the past, the industrial relation continues to remain generally cordial at all locations of the Company.

HEALTH & SAFETY

The Company continuously focuses on the health & safety of all its workers & staff. Adequate safety measures have been taken at all the plants for the prevention of accidents or other untoward incident.

The necessary medical facilities are available for the workers, staff and their family members to enable them to maintain good health.

Cautionary Statement:

Some of the statements contained within this report may be forward looking in nature and may involve risks and uncertainties. Actual Results, and Outcomes in future may vary materially from those discussed herein. Factors that may cause such variances include, but are not limited to management of growth, market acceptance of Company's product and services, risk associated with new product version, dependence on third party relationship and the activities of competitors.



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

Corporate governance is about promoting corporate fairness, transparency and accountability and commitment. Zenith Birla (India) Limited is committed to sound principles of corporate governance. The Board of Directors believes that adherence to sound corporate governance policies and practices is important in ensuring that Zenith is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of its stockholders.

Your Company will continue to constantly upgrade management practices to conform to the norms of ideal corporate governance in the years to come.

Board of Directors

a) Composition of Board:

As on 11th August 2011, the Board of Directors has 6 (six) members, out of which 1 (one) is an Executive Director, 2 (two) are Non-Executive, Non-Independent Directors and 3 (three) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year under review and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in other companies are provided in below table:

Name of Directors	Category of Directorship	*No. of other directorships as on 31.3.2011	#No. of other Committee positions		No. of Board Meetings attended during the year	Attendance at the 48 th Annual General Meeting held on 02.08.2011
			Chairman	Member		
Shri Yashovardhan Birla, Chairman	Non-Executive Non-Independent	14	1	-	5	Yes
Shri M.S. Arora, Managing Director	Executive, Non-Independent	2	-	1	6	Yes
Dr. D.V. Kapur	Non-Executive, Independent	5	4	1	5	Yes
Shri Augustine P. Kurias	Non-Executive, Independent	1	1	1	5	Yes
\$ Shri Aniruddha Barwe	Non-Executive, Independent	6	2	2	4	Yes
Shri P.V.R. Murthy	Non-Executive, Non-Independent	12	1	7	6	Yes
\$\$ Shri Anoj Menon	Non-Executive, Independent	3	3	2	1	N.A

\$ Shri Aniruddha Barwe deceased on 5th October, 2010.

\$\$ Shri Anoj Menon has been appointed as an additional director with effect from 13th November, 2010

* Excludes Alternate Directorships and directorships in private companies, foreign companies and section 25 companies.

Represents Memberships / Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee.

None of the Directors of the Company are related to each other.

Six meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

31st May 2010, 24th June 2010, 2nd August 2010, 13th August, 2010, 13th November 2010 and 10th February, 2011.

The information, as required under Annexure IA to clause 49 of the Listing Agreements are made available to the Board.



b) **Non – Executive Directors’ Compensation and disclosures:**

Apart from sitting fees that are paid to the Non- Executive and Independent Directors for attending Board/Committee meetings, no other fees/commission were paid during the year. During the period under review, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Directors. The details of sitting fees paid to the Directors are given separately in this report.

c) **Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement):**

Name of the Director	Shri P.V.R. Murthy	Shri Anoj Menon
Date of Birth	21.04.1951	03.02.1973
Date of Appointment	27.07.2009	13.11.2010
Qualification	FCA, MBA, LL.B	B.Com & LL.B
Expertise in specific functional area	Shri P.V.R. Murthy, aged 58 years, is a Chartered Accountant and MBA by academic qualification. He has almost 30 years of experience in the finance sector. He has worked as a part of the Top Management with various companies over a span of 16 years in the capacity of Managing Director, CEO and Advisor prior to joining the Yash Birla Group (YBG) of Companies. At YBG, he is looking after Financial Resource Management of all the group companies, Business restructuring, Disinvestments, Merger & Acquisitions, MIS, Management, Internal And Statutory audit, Integrated ERP systems across group companies, Corporate Governance, Investments, in new projects, expansion/diversification of the existing Group Companies etc.	Shri Anoj Menon, aged 37 years is a B.Com & LLB, working as a partner at M/s. Desai & Diwanji, Advocates & Solicitors. He is a Corporate Lawyer specializing in Mergers and Acquisitions, Private Equity Investment, Private Investment in Public Equity, Corporate Advisory, Foreign Direct Investment, Capital Markets, SEBI Laws, Drug Laws and Dispute Resolution. Shri Anoj Menon has an experience of over 14 years in this field.
Directorship held in other companies	<ol style="list-style-type: none"> 1. Birla Power Solutions Limited 2. Melstar Information Technologies Limited 3. Birla Pacific Medspa Limited 4. Birla Cotsyn (India) Limited 5. Birla Precision Technologies Limited 6. Birla Surya Limited 7. Birla Edutech Limited 8. Birla Infrastructure Limited 9. Birla Urja Limited 10. Birla Energy Infra Limited 11. Birla Research & Lifesciences Limited 12. Birla Integrated Textile Park Limited 	<ol style="list-style-type: none"> 1. Melstar Information Technologies Limited 2. Birla Pacific Medspa Limited 3. Birla Shloka Edutech Limited
Committee positions held in other companies (C = Chairman; M = Member)	<p>Audit Committee:</p> <ol style="list-style-type: none"> 1. Birla Power Solutions Limited (M) 2. Melstar Information Technologies Limited (M) 3. Birla Pacific Medspa Limited (M) 4. Birla Cotsyn (India) Limited (M) 5. Birla Precision Technologies Limited (M) <p>Shareholders’ Investors’ Grievance Committee:</p> <ol style="list-style-type: none"> 1. Birla Power Solutions Limited (M) 2. Melstar Information Technologies Limited (M) 3. Birla Cotsyn (India) Limited (C) 	<p>Audit Committee:</p> <ol style="list-style-type: none"> 1. Birla Shloka Edutech Limited (M) 2. Melstar Information Technologies Limited (M) <p>Shareholders’ Investors’ Grievance Committee:</p> <ol style="list-style-type: none"> 1. Birla Pacific Medspa Limited (C) 2. Melstar Information Technologies Limited (C) 3. Birla Shloka Edutech Limited (C)
No. of Shares held in the Company	Nil	Nil

Note :

1. Only two committees namely, Audit Committee and Shareholders’/Investors’ Grievance Committee have been considered.
2. Alternate Directorships and directorships in private companies, foreign companies and section 25 companies are not considered.

**d) Other Provisions as to Board and Committee:**

The Board meets at least once a quarter to review the quarterly performance and the financial results. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items in the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled at the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, with presentations by functional heads. Senior management is invited to attend the Board Meetings so as to provide additional inputs to the items being discussed by the Board.

The Board's role, functions, responsibility and accountability are clearly defined, in addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory/regulatory requirements, major accounting provisions and write-offs are considered by the Board.

The minutes of the Board Meeting are circulated in advance to all Directors and confirmed at subsequent Meeting.

e) Code of Business Conducts and Ethics:

The Board of Directors have adopted and put in place the Code of Business Conduct & Ethics for the Directors and Senior Management. The Code lays down in detail, the standards of business conducts, ethics and best corporate practice. The fundamental principal of the code is:

"The purpose of the code is to deter wrongdoing and promote ethical conduct, maintain the trust and confidence of the public, the good reputation of the Company and the unquestioned integrity of all personnel involved in the Company. The matters covered in this code are utmost importance to the Company, our shareholders and our business partners."

A copy of the code has been put on the Company's website: www.zenithsteelpipes.com

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Zenith Code of Business Conduct & Ethics for the financial year ended 31st March 2011.

A declaration signed by the Managing Director of the Company is given below:

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I hereby certify that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Business Conduct and Ethics for year ended 31st March 2011

Sd/-

M.S. Arora

Managing Director

Place: Mumbai

Date: 11.08.2011

Audit Committee**a) Composition, Meetings and attendance during the year:**

The Audit Committee consists of three members, all being Independent, Non-Executive Directors. All the members of the Audit Committee have adequate accounting and financial knowledge.

Shri A. P. Kurias, Chairman of the Committee is a Non-Executive Independent Director and was present at the last Annual General Meeting of the Company.

During the year ended 31st March, 2011, the Committee met 5 times on 31st May 2010, 24th June, 2010, 13th August 2010, 13th November 2010 and 10th February 2011.

The composition of the Audit Committee and the attendance of members during the accounting period are as under:

Name of the Member	Category	No. of Meetings Attended
Shri A. P. Kurias (Chairman)	Independent Non-Executive	4
Dr. D. V. Kapur	Independent Non-Executive	4
*Shri A.R. Barwe	Independent Non-Executive	3
**Shri Anoj Menon	Independent Non-Executive	1

* Shri Aniruddha Barwe deceased on 5th October, 2010.

** Shri Anoj Menon has been appointed as an additional director with effect from 13th November, 2010.



The Audit Committee invites such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at its meetings. The Managing Director and Chief Financial Officer of the Company attend the meetings. The Statutory Auditors and Internal Auditors attend the meetings on invitation from the Company. The Company Secretary acts as the Secretary to the Audit Committee.

b) Terms of Reference, Role and Scope:

The terms of reference, role and scope of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 such as overseeing of the Company's financial reporting process, recommending the appointment/re-appointment of Statutory Auditors, recommending and approving the remuneration to be paid to Statutory Auditors, reviewing with the Management, quarterly and annual financial statements, internal audit reports and controls of the Company.

The Audit Committee's functions include reviewing the adequacy of the internal audit functions, its structure, reporting process, audit coverage and frequency of internal audits. The responsibility of the Committee is to also review the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the Board.

Subsidiary Company

The Company has two subsidiary companies. However, the Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceed 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding year.

Brief of the Company's subsidiary companies as on March 31, 2011 are as under:

Sr. No.	Name of the Subsidiary	Date of Incorporation	Country in which incorporated
1.	Zenith (USA) Inc.	June 18, 1970	USA
2.	Zenith Middle East FZE	July 19, 2006	Dubai - UAE

Subsidiary Monitoring Framework

All the subsidiary companies of the company are Board managed with their Board having its rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies, inter-alia, by the following means:

- a) The Audit Committee of the Company reviews financial statements quarterly.
- b) All minutes of the meetings of subsidiary companies are placed before the Company's Board regularly.
- c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

Shareholders/Investors Grievance Committee

The Investor Grievance Committee is empowered to oversee (a) Transfers of shares, (b) Issue of duplicate/new/sub-divided and consolidated Share Certificates and (c) Shareholders/Investors Grievance and its redressal. The Committee has met 46 times in the accounting period.

The composition of the Shareholders/Investors Grievance Committee and the attendance of members during the accounting period are as under:

Name of the Member	Category	Position in Committee	No. of Meetings attended
Shri A. P. Kurias	Independent Non-Executive Director	Chairman	46
Shri M. S. Arora	Executive Director	Member	46

The Company Secretary acts as the Secretary to the Shareholders' Committee.

The total number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up is provided as under-

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non receipt of Certificates	107	107	-
Non receipt of De-mat rejected Certificates/ Demat Credit	9	9	-
Non receipt of Dividend Warrants	76	76	-



Non receipt of Annual Report	13	13	-
Others	15	15	-
SEBI/STOCK EXCHANGE	10	10	-
Total	230	230	-

Remuneration Committee

The Board has constituted Remuneration Committee, comprising of Shri A.P. Kurias (Chairman), Dr. D.V. Kapur and Shri Yashovardhan Birla. The Remuneration Committee has been constituted to fix remuneration payable to Managing Director/Executive Director, granting of Employee Stock Option to the working directors and employees of the Company and such other matter relating to the remuneration and compensation payable to the Director(s) and employees.

One meeting of the Committee was held during year 2010-11 on 24th June 2010 and was attended by all the 3 members of the Remuneration Committee.

Remuneration Policy

Non Executive Directors

The Company does not pay any remuneration to its Non-executive Directors, except for sitting fees for attending Board & Committee Meetings.

All the Non Executive Directors are paid sitting fees of Rs. 7,000/- for attending each meeting of the Board of Directors and Rs. 7,000/- for attending each meeting of the Audit Committee. No sitting fees are paid for attending any other committee meetings. With the approval of the Board of Director's on 24th June 2010, sitting fees to be paid to all Non Executive Directors has been revised to Rs. 20,000/- for attending each meeting of the Board of Directors and Rs. 10,000/- for attending each meeting of the Audit Committee.

Detail of the sitting fees paid to all Non Executive Directors for financial year 2010-11 is as follows:

Name of Director	Sitting Fees paid during 1 st April, 2010 to 31 st March, 2011 (Rs. In Lakhs)
Shri Yashovardhan Birla	0.87
Dr. D.V. Kapur	1.08
Shri Augustine P. Kurias	1.24
*Shri Aniruddha Barwe	0.78
Shri P.V.R. Murthy	0.94
**Shri Anoj Menon	0.30

* Shri Aniruddha Barwe deceased on 5th October, 2010.

** Shri Anoj Menon has been appointed as an additional director with effect from 13th November, 2010.

Executive Directors

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Managing Director. The remuneration package for Managing Director is recommended by the Remuneration Committee and is approved by the Board. Commission is calculated with reference to the net profits of the Company in a particular year calculated under section 349 and 350 of the Companies Act, 1956. In framing the remuneration policy, the committee takes into consideration the remuneration practices of Companies of similar size and statute, the Industry Standards and competitive circumstances of each business so as to attract and retain quality talent and leverage performance significantly.

Detail of the remuneration paid to Executive Directors/Managing Director for financial year 2010-11 is as follows:

Name of Director	Salary (Rs. In Lacs)	Perquisites (Rs. In Lacs)	Commission (Rs. In Lacs)	Retirement Benefits (Rs. In Lacs)	Period of contract	Notice period
Shri M.S. Arora – Managing Director	82.88	8.52	85.23	7.94	27 th July 2009 to 9 th July 2012	3 months notice from either side

There is no separate provision for payment of severance fees.



Details of number of shares held by Directors

Name of Directors	Category of Directorship	No. of Equity Shares held
Shri Yashovardhan Birla, Chairman	Non-Executive - Non-Independent	142,802
Shri M.S. Arora, Managing Director	Executive - Non- Independent	14
Dr. D.V. Kapur	Non-Executive - Independent	NIL
Shri Augustine P. Kurias	Non-Executive - Independent	NIL
* Shri Aniruddha Barwe	Non-Executive - Independent	NIL
Shri P.V.R. Murthy	Non-Executive - Non-Independent	NIL
** Shri Anoj Menon	Non-Executive - Independent	NIL

* Shri Aniruddha Barwe deceased on 5th October, 2010.

** Shri Anoj Menon has been appointed as an additional director with effect from 13th November, 2010.

General Body Meetings

(a) Location and time where the AGM were held in last 3 years :

Year	AGM	Location	Day, Date & Time
2009-2010	48 th	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	Monday, 02.08.2010 at 3.30 p.m.
2008-2009	47 th	Sunville Banquets & Conference Hall, Orchid Room, 2 nd Floor, 9, Dr. A.B. Road, Worli, Mumbai-400 018	Thursday, 24.09.2009 at 4.00 p.m.
2007-2008	46 th	Patkar Hall, I, Nathibai Thackersey Road, Mumbai 400 020.	Monday, 15.09.2008 at 4.00 p.m.

(b) Details of Special Resolutions passed in the previous three AGMs:

Date of AGM	Particulars of Special Resolutions passed
2009-2010	<ol style="list-style-type: none"> Alteration of Articles of Association of the Company for Increased authorized share capital of the Company to Rs. 355.50 Crores Waiver of recovery of excess remuneration of Rs. 27.18 Lacs paid to Shri M.S. Arora, Managing Director during year 2009-10 Increase in remuneration of Shri M.S. Arora, Managing Director not exceeding Rs. 1.10 Crore and Commission at the rate not exceeding 5% of net profit w.e.f. 1st April 2010 till expiry of term i.e 9th July 2012
2008-2009	<ol style="list-style-type: none"> Appointment of Shri M.S. Arora as Managing Director of the Company w.e.f 27th July 2009 till expiry of his term .i.e 9th July 2012 and increase in remuneration to a salary of Rs. 25,20,000 per annum and Commission at the rate not exceeding 3% of net profit
2007-2008	<ol style="list-style-type: none"> Alteration of Articles of Association of the Company for Increased authorized share capital of the Company to Rs. 150.00 Crores To create, issue, offer and allot FCCB's or other securities convertible in shares or Non-convertible securities with or without detachable Warrants or Warrants with a right exercisable by the warrant holder to convert or subscribe to equity shares or any shares/equity shares, instruments or securities of the Company through Global Depository Receipts, American Depository Receipts of an aggregate amount not exceeding Rs. 200 crores.

(c) Whether the Special Resolution were put through postal ballot during year 2010-11 – Yes

Postal Ballot was conducted pursuant to Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by Postal Ballot) Rules, 2001, on 12th October, 2010.

Shri Rakesh Kapur, Practicing Company Secretary was appointed as a Scrutinizer for Postal Ballot at the Board Meeting held on 13th August, 2010.

The Notice along with the Postal Ballot forms was sent to the shareholders on 7th September, 2010.

The Postal Ballot forms were received by the Scrutinizer on 7th October, 2010

The results were declared by Shri Yashovardhan Birla on 12th October, 2010.



Resolutions passed through Postal Ballot are as follows:

Sr. No.	Particulars	Type of Resolution	% of valid votes cast through Postal Ballot
1.	Raising of Funds through further issue of securities	Special Resolution	100.00
2.	Issuance of Equity Share Warrants of the Company to the promoter and promoter group on preferential allotment basis	Special Resolution	100.00
3.	Amendment in Object Clause of the Memorandum of Association of the Company	Special Resolution	100.00
4.	Commencement of New Business	Special Resolution	100.00

(d) Are Special Resolutions proposed to be put through postal ballot this year - No

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

Disclosures

- 1) There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their Subsidiaries, or relatives etc. during the year, that may have potential conflict with the interest of the Company at large.
- 2) There is no pecuniary relationship or transactions of non-executive directors vis-a-vis the Company which has potential conflict with the interests of the Company at large.
- 3) No penalties or strictures have been imposed on the Company by the Stock Exchange, or SEBI, or any Statutory Authority on any matter related to capital markets during the last financial year.
- 4) All mandatory requirements as per clause 49 of the listing agreement have been complied with by the Company.
- 5) The Company has placed before the Audit Committee the statement of utilization of funds raised through public issues on quarterly/ annual basis.
- 6) The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and Company (Accounting Standard) Rules, 2006. The Company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparations of financial statement.
- 7) The company has laid down procedures to inform Board members about the risk assessment and minimization procedures, which are periodically reviewed.
- 8) In terms of clause 49(V) of the Listing Agreements, the Managing Director and the Chief Financial Officer of the Company has made a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed, noted and taken on record by the Board.
- 9) Presently the Company does not have a Whistle Blower Policy. However all employees of the Company are free to approach any Management Member for any Grievance.

Means of Communication

- a. **Stock Exchange Intimation:** The unaudited quarterly financial statements are announced within forty-five days of the end of each quarter and the audited annual results are announced within three months from the end of the last quarter. The aforesaid financial statements after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed.
- b. **Newspapers:** Quarterly and Annual Results are published in newspapers viz The Free Press Journal and Navshakti in the format prescribed under Clause 41 of the Listing agreement with the stock exchanges where the shares of the Company are listed.
- c. **Website:** The financial results are also posted on the Company's Website www.zenithsteelpipes.com The Company's website provides information about its business and the Section on "Investor's Information" serves to inform and service the Shareholders allowing them to access information at their convenience.



- d. **Annual Report:** Annual Report is circulated to all the members within the required time frame.
- e. **Investor Email ID of the Registrars and Share Transfer Agents:** All the share related requests/ queries/correspondence, if any, are to be forwarded by the investors to the Registrars and Share Transfer Agents of the Company, Bigshare Services Private Limited and/ or email them to investor@bigshareonline.com.
- f. **Designated Email ID for Complaints/ Redressal:** In compliance of clause 47(f) of the Listing Agreement entered with the Stock Exchanges, the Company has designated an email ID share@zenithsteelpipes.com exclusively for the purpose of registering complaints/ grievances by investors. Investors whose requests/ queries/correspondence remain unresolved can send their complaints/ grievances to the above referred e-mail ID and the same would be attended to promptly by the Company.

General Shareholder's Information

The Company is registered in the State of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29220MH1960PLC011773

1 Annual General Meeting proposed to be held

Day, Date & Time : Tuesday, 20th September 2011 at 3.30 p.m.
Venue : Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018

2 Financial Calendar for the year 2011-12 (Proposed)

Accounting Year : April 1, 2011 to March 31, 2012
 First Quarter Results : 14th August, 2011
 Second Quarter Results : 15th November, 2011
 Third Quarter Results : 15th February, 2012
 Fourth Quarter Results : 15th May, 2012
 Annual Results : July/August, 2012
 Mailing of Annual Report : July/August, 2012
 Annual General Meeting : On or before 30th September, 2012

3 Book Closure Date

: From Wednesday, 14th September 2011 to Tuesday, 20th September 2011 (both days inclusive)

4 Registered Office

: Dalamal House, 1st Floor, 206, J. B. Marg, Nariman Point, Mumbai – 400 021.

5 i. Listing of Equity Shares on the Stock Exchange

1. Bombay Stock Exchange Ltd.
P. J. Towers, Dalal Street, Mumbai 400 023.
2. National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051.

Note: Listing Fees for the year 2011-12 has been paid to Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

ii. Listing of Global Depository Receipts (GDRs)

: Luxembourg Stock Exchange
 11, Avenue de la Porte-Neuve, L-2227, Luxembourg
Overseas Depository
 The Bank of New York Mellon Corporation
 101 Barclay Street New York NY 10286 USA
Domestic Custodian
 Hongkong and Shanghai Banking Corporation Ltd
 Plot No. 139-140 B, Western Express Highway,
 Sahar Road Junction, Vile Parle (East), Mumbai – 400 057
ISIN CODE
 US98935G1085

Note: Listing Fees for the year 2011 has been paid to the Luxembourg Stock Exchange



- 6 i. **Stock Exchange** : Bombay Stock Exchange Ltd.
P.J. Towers, Dalal Street, Mumbai 400 023
- Stock Code** : 531845
- ii. **Stock Exchange** : National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex, Bandra(East), Mumbai 400 051.
- Stock Code** : ZENITHBIR
- iii. **ISIN No. for the Company's Equity Shares in Demat form** : INE318D01020
- iv. **Depositories connectivity** : NSDL and CDSL

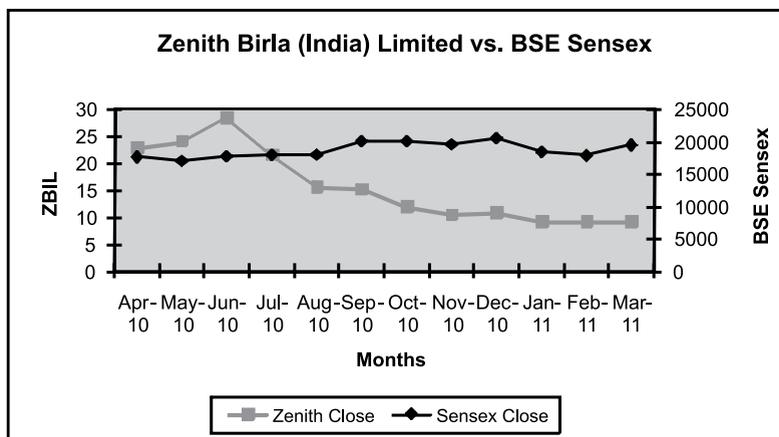
7. Stock Price Data :

Market Price Data: High, Low during each month in the financial year.

Monthly High/ Low of market price of the Company's shares traded on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Limited (NSE) during the financial year ended 31st March, 2011 is furnished below:

Months	NSE		BSE		Months	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 10	24.00	17.90	25.10	17.50	October, 10	15.50	11.05	15.04	11.05
May, 10	25.40	22.10	25.40	22.10	November, 10	13.50	9.90	13.60	10.00
June, 10	33.40	20.70	33.30	21.20	December, 10	12.00	8.30	11.95	8.40
July, 10	29.25	20.50	29.30	20.50	January, 11	11.30	8.95	11.33	8.95
August, 10	21.85	15.05	24.0	15.05	February, 11	11.85	8.70	11.85	8.50
September, 10	18.00	15.00	18.2	13.05	March, 11	10.35	8.70	10.35	8.50

Source: www. bseindia.com, www.nseindia.com



8. Registrars and Share Transfer Agents For Electronic & Physical Mode

: Bigshare Services Pvt. Ltd.
E/2, Ansa Industrial Estate, Saki Naka, Saki Vihar Road,
Andheri (East), Mumbai 400072
Tel. Nos. 28470652/ 40430200 Fax No. 28475207
e.mail: investor@bigshareonline.com

Shareholders can login in to www.bigshareonline.com, the website of our Registrars and Share Transfer Agents, M/s. Bigshare Services Private Limited for assistance.



9. Share Transfer System

The Board has delegated the authority for approving transfer, transmission etc. of Company's securities to the Shareholders / Investors Grievance Committee, who in turn has authorized the Company Secretary and officials of the Secretarial Department to carry this work. The share transfer formalities are completed on a weekly basis. The Shares sent for transfer in physical form are sent to Registrars and Share Transfer Agents, and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects. Shares under objections are returned within 2 weeks.

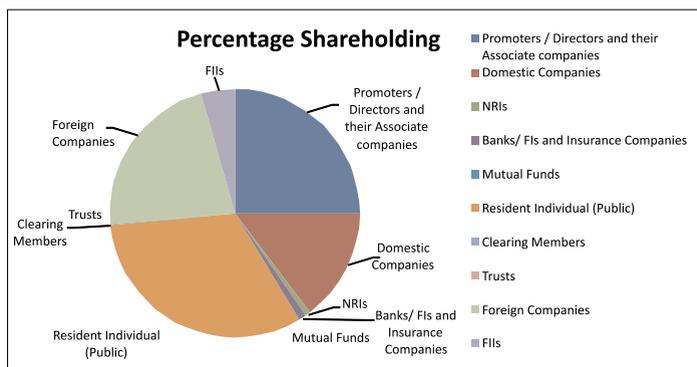
In compliance with Clause 47(c) of the Listing Agreement, the Company obtains a certificate from practicing Company Secretary on a half-yearly basis confirming that all certificates have been issued within one month from the date of lodgments for transfer, sub-division, consolidation etc.

10. Distribution of Shareholding as on 31st March, 2011

No. of Equity Shares held	Total No. of Shareholders	No. of Shares held	Percentage Shareholding
1 to 500	69393	5144445	3.97
501 to 1000	4514	3518438	2.71
1001 to 2000	2788	4080138	3.15
2001 to 3000	970	2458505	1.89
3001 to 4000	433	1552473	1.20
4001 to 5000	387	1842340	1.42
5001 to 10000	639	4668207	3.60
10001 and above	547	106455902	82.06
Total	79671	129720448	100.00

11 Categories of Shareholding as on 31st March, 2011

Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	26	32516851	25.07
Domestic Companies	722	19052959	14.70
NRIs	335	746355	0.57
Banks/ FIs and Insurance Companies	49	1274279	0.98
Mutual Funds	10	3955	0.00
Resident Individual (Public)	78464	41653066	32.10
Clearing Members	55	124442	0.09
Trusts	08	1447	0.00
Foreign Companies	01	28652472	22.09
FIs	01	5694622	4.40
Total	79671	129720448	100.00



**12. Dematerialization of shares and liquidity:**

98.68% of the total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31.03.2011. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board Of India (SEBI).

13. Outstanding GDRs : 9,55,082 Global Depository Receipts (GDRs) represented by 28,652,472 equity shares were outstanding as on 31st March, 2011.

14. Outstanding Warrants : The Company has issued 1,08,10,000 Convertible Equity Share Warrants on 10th January, 2011 to the Promoters of the Company at an issue price of Rs. 21.40 per warrant. On 25th March, 2011 the Company has converted 15,60,000 Warrants into 15,60,000 Equity Shares. As on 31st March, 2011 92,50,000 Convertible Equity Share Warrants are outstanding

15. Plant Location :

- a) Khopoli Unit
Tal Khopoli, Dist. Raigad, Maharashtra-410203
- b) Tarapur Unit
G-38/39, M.I.D.C., Tarapur -401506, Dist. Thane, Maharashtra- 401506
- c) Murbad Unit
Survey (Gut) No. 440/441, Nhave, Kakadpada, Murbad District, Thane, Maharashtra

16. Address for Correspondence

- i) Investor Correspondence
Shri Vinay Desai
Secretarial Assistant
5th Floor, Industry House, 159, Churchgate Reclamation, Mumbai 400020.
Tel. No. 22026340 Extn: 427, Fax No.22828865
e.mail: share@zenithsteelpipes.com
- ii) For Compliance related query
Mrs. Harsha Kedia
Company Secretary & Compliance Officer
5th Floor, Industry House, 159, Churchgate Reclamation, Mumbai 400020
Tel No. 022-22852974, Fax No.22828865

17. Compliance with non mandatory requirements**Remuneration Committee**

The Company has constituted Remuneration Committee to recommend / review remuneration of the Managing Director/ Whole Time Directors based on their performance and defined assessment criteria.



Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement on the Audited Financial Statement for the year 2010-11

We, M.S.Arora – CEO & Managing Director and Sachin Sanghvi – CFO of the Company hereby certify that:-

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31st March, 2011 and that to the best of our knowledge and belief:
 - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. these statements together present a true & fair view of the Company's affairs and are in compliance with existing 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 violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they 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 the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Statutory Auditors, Internal Auditors and Audit Committee:
 - I. significant changes in internal control over financial reporting during the year;
 - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For **Zenith Birla (India) Limited**

Place: Mumbai
Date: 25.05.2011

M.S.Arora **Sachin Sanghvi**
Managing Director **CFO**

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Zenith Birla (India) Limited

We have examined the compliance of conditions of Corporate Governance by Zenith Birla (India) Limited, for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We 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.

Mumbai, 30th May 2011

For **Thakur, Vaidyanath Aiyer & Co.**
Firm Registration Number: 000038N
Chartered Accountants



AUDITORS' REPORT TO THE MEMBERS OF ZENITH BIRLA (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Zenith Birla (India) Limited as at 31st March, 2011, and the Profit and Loss Account and 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about 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 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) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order to the extent applicable to the company.
4. Further to our comments in the Annexure referred to in paragraph 3 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and 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 Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 2011;
 - (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 **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
Firm Registration Number: 000038N

C.V.Parameswar
Partner
M.No.: 11541

Place: Mumbai
Date : 30-05-2011



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Zenith Birla (India) Limited on the financial statements for the year ended 31st March, 2011.

1. (a) The Company is maintaining proper records showing particulars including quantitative details and situation of fixed assets. *However, in respect of the Company's Divisions at Tarapur and Murbad, the fixed asset records are in the process of being updated.*
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory has been noticed, *except in the case of the Company's Divisions at Tarapur and Murbad, where the comparisons will be made once the records are completed.*
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year so as affect its going concern.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them at the close of the year.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. 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, fixed assets and for the sale of goods. There is no sale of services during the year. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year, to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. According to the information and explanations given to us, 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 on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. However, Dividend Distribution Tax



amounting to Rs 359.08 lacs remained in arrears as at the last day of the financial year, for a period exceeding six months from the date it became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed dues in respect of income tax, wealth tax, service tax and cess. The particulars of dues of custom duty, excise duty and sales-tax, as at 31st March, 2011 which have not been deposited on account of disputes are as follows:

Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Custom Duty	82.00	1998-1999	Tribunal
	3.45	1985-1986	High Court
Excise Duty	129.78	1995-1996	Commissioner Appeals
Sales Tax	78.88	1995-1996	Tribunal

10. The Company has no accumulated losses as at 31st March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank. There were no dues to any financial institution or debenture holder during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In respect of shares, securities, debentures and other investments dealt or traded by the Company, proper records have been maintained in respect of the transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.
14. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
15. The Company has not obtained any term loan during the year.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has made a preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year and the price at which the shares have been issued is not prejudicial to the interest of the Company.
18. The Company has not issued any debentures during the year.
19. The management has disclosed the end use of money raised by issue of Global Depository Receipts and we have verified the same.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
21. The other clauses, (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), and (xiii) of paragraph 4 of the Order, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
Firm Registration Number: 000038N

C.V.Parameswar
Partner
M.No.: 11541

Place: Mumbai
Date : 30-05-2011



BALANCE SHEET AS AT 31ST MARCH, 2011

		(Rs.in Lacs)	
SCHEDULE		as at 31.03.2011	as at 31.03.2010
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
(a) Share Capital	1	13,622.92	5,374.28
(b) Reserves and Surplus	2	16,745.47	13,103.61
		30,368.39	18,477.89
NET DEFERRED TAX LIABILITY (Refer Note 12)		445.33	459.91
LOAN FUNDS			
(a) Secured Loans	3	8,544.15	10,439.41
(b) Unsecured Loans	4	3,726.17	1,471.92
(c) Vehicle Loans	5	18.27	31.67
		12,288.59	11,943.00
TOTAL		43,102.31	30,880.80
II. APPLICATION OF FUNDS			
FIXED ASSETS			
(a) Gross Block	6	12,541.10	12,458.98
(b) Less: Depreciation		3,075.58	2,619.74
(c) Net Block		9,465.52	9,839.24
(d) Capital Work-in-Progress		3,052.20	2,423.52
		12,517.72	12,262.76
INVESTMENTS		364.49	260.59
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	8	16,137.01	12,197.15
(b) Sundry Debtors	9	3,519.76	9,112.18
(c) Cash and Bank Balances	10	8,388.16	3,432.09
(d) Loans and Advances	11	27,828.01	19,537.12
		55,872.94	44,278.54
Less:			
CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	12	22,896.59	21,119.53
(b) Provisions	13	2,756.25	4,801.56
		25,652.84	25,921.09
NET CURRENT ASSETS		30,220.10	18,357.45
TOTAL		43,102.31	30,880.80
Notes forming part of the Accounts		20	

As per our attached report of even date

FOR THAKUR,VAIDYANATH AIYAR & CO.
Chartered Accountants
Firm Registration No.: 000038N

C.V. Parameswar
Partner
Membership No: 11541

Mumbai, 30th May, 2011

By Order of the Board

M.S. Arora
Managing Director

Anoj Menon
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011****(Rs.in Lacs)**

SCHEDULE		For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Sale of Products and Export Incentives		53,388.66	50,392.80
Less : Excise Duty		3,958.46	2,376.78
		<u>49,430.20</u>	<u>48,016.02</u>
Other Income	14	1,648.32	2,469.35
		<u>51,078.52</u>	<u>50,485.37</u>
EXPENDITURE			
(Increase)/Decrease in Stocks		(2,363.50)	(1,890.56)
Materials Consumed		37,176.97	36,415.55
Purchase of Finished Goods for Trade		2,701.07	3,791.79
Manufacturing and Maintenance		2,578.23	2,616.31
Employees' Remuneration and Benefits		1,687.17	1,515.34
Administrative, Selling and Other Expenses		4,924.42	3,613.97
		<u>46,704.36</u>	<u>46,062.40</u>
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION		<u>4,374.16</u>	<u>4,422.97</u>
Interest and Finance Expenses		19	1,900.30
PROFIT BEFORE DEPRECIATION AND TAXATION		<u>1,991.89</u>	<u>2,522.67</u>
Depreciation		473.06	526.04
PROFIT FOR THE YEAR BEFORE TAXATION		<u>1,518.83</u>	<u>1,996.63</u>
Less: Provision for Taxation			
Current Tax		502.74	613.70
Deferred Tax		(14.58)	204.60
Wealth Tax		1.02	1.32
		<u>489.18</u>	<u>819.62</u>
PROFIT FOR THE YEAR		<u>1,029.65</u>	<u>1,177.01</u>
Expenses in respect of earlier years		(2.22)	-
Excess/(Short) Provision of Current Tax for Prior Period		60.99	18.85
		<u>1,088.42</u>	<u>1,195.86</u>
Balance of Profit as per last account		1,257.46	5,638.40
Less: Net Surplus for the year ended 31st March 2009, transferred to Birla Precision Technologies Ltd. on account of demerger of Tool Division		-	(375.57)
Adjusted on account of demerger of Tool Division as per the scheme of arrangement approved		-	(2,068.55)
Difference in book value of assets transferred on account of amalgamation of Tungabhadra Holdings Pvt.Ltd.as per Scheme of arrangement		-	(494.71)
Net Deficit for the year ended 31st March 2009, transferred on account of amalgamation of Tungabhadra Holdings Pvt.Ltd. as per Scheme of arrangement		-	(27.20)
BALANCE AVAILABLE FOR APPROPRIATION		<u>2,345.88</u>	<u>3,868.23</u>
APPROPRIATION:			
Transferred to General Reserve		-	89.69
Proposed Equity Dividend		-	2,162.00
Tax on Proposed Equity Dividend		-	359.08
Balance Carried to Balance Sheet		<u>2,345.88</u>	<u>1,257.46</u>
		<u>2,345.88</u>	<u>3,868.23</u>
Basic \ Diluted earning per share (Refer Note 16)		<u>0.83</u>	<u>1.59</u>

Notes forming part of the Accounts

20

As per our attached report of even date**FOR THAKUR,VAIDYANATH AIYAR & CO.**

Chartered Accountants

Firm Registration No.: 000038N

C.V. Parameswar

Partner

Membership No: 11541

Mumbai, 30th May, 2011

By Order of the Board**M.S. Arora**

Managing Director

Anoj Menon

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	(Rs.in Lacs)	
	For the year Ended 31.03.2011	For the year Ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	1,518.83	1,996.63
Adjustment for :		
Depreciation	473.06	526.04
Loss/(Surplus) on Sale of Fixed Assets (Net)	1.24	(131.46)
Interest and Finance Expenses	2,382.27	1,900.30
Interest Income	(1,224.89)	(1,366.64)
Dividend from Current Investments	(6.49)	(0.82)
Expenses in respect of earlier years	(2.22)	-
	1,622.97	927.42
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,141.80	2,924.05
Adjustment for :		
Trade and other receivables	3,343.08	(4,753.68)
Inventories	(3,939.86)	(1,821.99)
Trade Payables	1,682.46	1,325.76
	1,085.68	(5,249.91)
CASH GENERATED FROM OPERATIONS	4,227.48	(2,325.86)
Tax Payments	(951.92)	(352.13)
NET CASH FLOW FROM OPERATING ACTIVITIES	3,275.56	(2,677.99)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(264.58)	(267.44)
Inter Corporate Deposits and Loans (Including Interest) (Net)	(2,311.85)	2,554.65
Dividend from Current Investments	6.49	0.82
Investment (Net)	(103.90)	500.00
Sale of Fixed Assets	7.46	140.97
NET CASH FLOW FROM INVESTING ACTIVITIES	(2,666.38)	2,929.00
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid	(2,298.42)	(2,085.61)
Borrowings (Net of repayments)	(126.55)	1,068.94
Dividend paid	(2,162.00)	(281.30)
Increase in Share Capital after ignoring non Cash	11,210.92	-
Share Issue Expenses	(408.84)	(85.71)
NET CASH FLOW FROM FINANCING ACTIVITIES	6,215.11	(1,383.68)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	6,824.29	(1,132.67)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	492.89	1,470.89
Add: Cash and Cash Equivalents taken over on Scheme of Arrangement	-	154.67
	492.89	1,625.56
CASH AND CASH EQUIVALENTS AS AT YEAR END	7,317.18	492.89
Reconciliation of Cash and Cash Equivalents as at year end:-		
Cash and Cash Equivalents as per Schedule 10	8,388.16	3,432.09
Less: Balance in Fixed Deposit accounts kept as margin money with the bankers	(1,070.98)	(2,939.20)
	7,317.18	492.89

As per our attached report of even date

FOR THAKUR,VAIDYANATH AIYAR & CO.
Chartered Accountants
Firm Registration No.: 000038N

C.V. Parameswar
Partner
Membership No: 11541
Mumbai, 30th May, 2011

By Order of the Board

M.S. Arora
Managing Director

Anoj Menon
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011****(Rs.in Lacs)**

	as at 31.03.2011	as at 31.03.2010
SCHEDULE I		
SHARE CAPITAL		
AUTHORISED:		
15,55,00,000 (15,55,00,000) Equity Shares of Rs. 10/- each	15,550.00	15,550.00
TOTAL	15,550.00	15,550.00
ISSUED AND SUBSCRIBED:		
13,12,80,448 (5,37,42,859) Equity Shares of Rs. 10/- each fully paid up	13,128.04	5,374.28
Share Application Money	494.88	-
Note: Of the above Equity Shares-		
(a) 4,36,444 Equity Shares were allotted as fully paid up Bonus Share by capitalisation of Reserves and Share Premium Account.		
(b) 1,37,683 Equity Shares were issued and allotted to the Shareholders of erstwhile "The Indian Tool Manufacturers Limited" in terms of the Scheme of Amalgamation.		
(c) 48,019 Equity Shares were issued on part conversion of loans into Equity.		
(d) 1,57,745 Equity Shares were issued on part conversion of 13.5% Redeemable Convertible Debentures into Equity.		
(e) 50,552 Equity Shares were issued and allotted to Term Lenders as per Scheme of Rehabilitation sanctioned by BIFR on 8th January, 1996.		
(f) 1,72,974 Equity Shares were issued and allotted to Term Lenders as per Scheme of Rehabilitation sanctioned by BIFR on 8th January, 1996.		
(g) 1,15,93,207 Equity Shares were issued and allotted on Conversion of 15.5% C C P S at a premium of Rs. 11/- per share based on the pricing formula as laid down in the Scheme of Rehabilitation approved by BIFR on 8th January, 1996.		
(h) 1,36,70,315 Equity Shares issued and allotted to the Shareholders of erstwhile Tungabhadra Holdings Pvt.Ltd. in terms of the Scheme of Amalgamation.		
(i) The Company has allotted on 28th May, 2010, 5,43,57,060 Equity Share of Rs. 10/- each on conversion of 18,11,902 Global Depository Receipts each Global Depository Receipt representing 30 Equity Shares.		
(j) The Company has allotted 2,16,20,529 equity share, on 17th August, 2010, to the eligible shareholders of the Company as Bonus Shares in the ratio of ONE new fully paid up Equity Share for every FIVE Equity Share of Rs. 10/- each held in the Company as on the record date i.e. 12th August, 2010.		
(k) On 25.03.2011, total 15,60,000 convertible equity share warrants were converted into equity shares. Balance warrants outstanding for conversion as on 31.03.2011 are 92,50,000.		
TOTAL	13,622.92	5,374.28



	(Rs.in Lacs)	
	as at 31.03.2011	as at 31.03.2010
SCHEDULE 2		
RESERVES AND SURPLUS		
1. Share Premium Account		
As per last account	11,754.86	10,673.11
Add: Share Premium received during the year	5,124.33	-
	<u>16,879.19</u>	<u>10,673.11</u>
Less: Share Issue Expenses incurred during the year	408.84	85.71
	<u>16,470.35</u>	<u>10,587.40</u>
Less: Capitalised - Issue of Bonus Share	2,162.05	-
	<u>14,308.30</u>	<u>10,587.40</u>
Add: Transferred on account of Amalgamation of Tungabhadra Holdings Pvt.Ltd. as per Scheme of Arrangement	-	1,167.46
	<u>14,308.30</u>	<u>11,754.86</u>
2. General Reserve:		
As per last account	91.29	2,218.26
Less: Adjusted on account of demerger of Tools Division as per Scheme of Arrangement.	-	2,218.26
Add: Transferred on account of amalgamation of Tungabhadra Holdings Pvt.Ltd. as per Scheme of Arrangement.	-	1.60
Transferred from Profit and Loss account	-	89.69
	<u>91.29</u>	<u>91.29</u>
3. Surplus in Profit and Loss Account		
TOTAL	<u>2,345.88</u>	<u>1,257.46</u>
	<u>16,745.47</u>	<u>13,103.61</u>

SCHEDULE 3

SECURED LOANS

1. Working Capital Facility from Banks	5,357.97	6,617.00
2. Term Loan from Foreign Institution	2,961.78	3,535.97
3. Term Loan from The Shamrao Vithal Co-op Bank Ltd.	-	45.02
4. Term Loan from Axis Bank Ltd.	224.39	241.42
TOTAL	<u>8,544.15</u>	<u>10,439.41</u>

Note:

- (i) Working Capital Facility from Banks are secured by hypothecation of inventories and or book debts and export incentives recoverable etc. and collaterally secured by way of first charge on the fixed assets.
- (ii) Term Loan from Foreign Institution is secured by
 - (a) First charge (hypothecation) of all movable assets, including Plant and Machinery purchased out of this Term Loan with a second charge of these assets to existing working capital bankers, and
 - (b) Second charge (hypothecation) on overall existing movable and immovable assets including Plant and Machinery.
- (iii) Term Loan from Axis Bank Ltd. is secured by mortgage of property located at 2nd Floor, Bldg., No. 2, Vedant Commercial Complex, Vartak Nagar, Thane (W) Including all rent receivable from the said property.



(Rs.in Lacs)

as at
31.03.2011 as at
31.03.2010

SCHEDULE 4**UNSECURED LOANS**

1. Fixed Deposit	3,464.17	1,209.92
2. Due to bodies Corporate	112.00	112.00
3. Sales Tax Deferred Payment Loan	150.00	150.00
TOTAL	<u>3,726.17</u>	<u>1,471.92</u>

SCHEDULE 5**VEHICLE LOANS**

Loans secured against specific vehicles	18.27	31.67
TOTAL	<u>18.27</u>	<u>31.67</u>

SCHEDULE 6**FIXED ASSETS**

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST/BOOK VALUE AS AT 01-04-2010	ADDITIONS / ADJUSTMENTS	DEDUCTIONS / ADJUSTMENTS	COST/BOOK VALUE AS AT 31-03-2011	UPTO 01-04-2010	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	UPTO 31-03-2011	AS AT 31-03-2011	AS AT 31-03-2010
Land - Freehold	1,824.42	-	-	1,824.42	-	-	-	-	1,824.42	1,824.42
- Leasehold	199.23	-	-	199.23	17.28	2.28	-	19.56	179.67	181.95
Buildings +	4,881.08	53.49	-	4,934.57	668.20	125.25	-	793.45	4,141.12	4,212.88
Plant and Machinery	4,905.42	51.84	4.75	4,952.52	1,762.32	301.20	-	2,063.53	2,888.99	3,143.10
Furniture, Fixtures & Equipments	422.15	2.71	-	424.86	100.36	25.29	-	125.65	299.21	321.79
Vehicles	226.68	-	21.18	205.50	71.58	19.04	17.23	73.39	132.11	155.10
TOTAL	12,458.98	108.04	25.93	12,541.10	2,619.74	473.06	17.23	3,075.58	9,465.52	9,839.24
PREVIOUS YEAR'S TOTAL	11,034.21	3,586.67	2,161.90	12,458.98	2,033.62	526.04	(60.08)	2,619.74	9,839.24	

+ Buildings include (a) Ownership Flats, Roads, Drains and Pipelines.

(b) Rs. 0.91 lac being the cost of two flats on 30 years lease for which the Society is yet to be formed.

as at
31.03.2011 as at
31.03.2010

SCHEDULE 7**INVESTMENTS: AT COST / BOOK VAULE****OTHER THAN TRADE INVESTMENTS****(A) LONG TERM****Quoted:**

(a) 4,35,350 Fully paid Equity Shares of Rs.10/-each of Birla Transasia Carpets Limited.	63.69	63.69
Less: Provision for diminution in value	<u>63.69</u>	<u>63.69</u>
	-	-

Unquoted:**I. IN SHARES:**

(a) 1,000 Fully paid Shares (No par value) of Zenith (USA), Inc. New York, a wholly owned Subsidiary Company (Nominal value of Shares in US \$ 30,000)	2.28	2.28
(b) 2 Fully paid Share of UAE Dirham 2 Million of Zenith Middle East FZE, a wholly owned Subsidiary of the Company. Further UAE Dirham 0.22 Million is pending allotment.	257.31	257.31
(c) 236 Fully paid Shares of US \$ 1,000 each of P.T. Horizon Syntex Indonesia, continue to be held in the name of erstwhile The Indian Tool Manufacturers Limited, and the same the same are still in process of being transferred in the name of the Company pending receipt of approval from Reserve Bank of India	19.31	19.31
Less: Provision for diminution in value	<u>19.31</u>	<u>19.31</u>
	-	-



	as at 31.03.2011	as at 31.03.2010
(d) TIMA CETP Co-Op Society Ltd. 2000 fully paid Equity Share of Rs. 10/- each	0.20	0.20
(e) The Shamrao Vithal Co-op Bank Ltd. 2000 fully paid share of Rs. 25/- each	0.50	0.50
(f) 39,000 Fully paid Equity Share of Rs. 10/- each of Birla Energy Infra Limited	3.90	-
II. National Savings Certificates (Deposited with Government and Semi-Government authorities)	0.30	0.30
(B) CURRENT - AT LOWER OF COST AND FAIR VALUE		
In Mutual Fund (Non Government Securities) (unquoted) 999400.360 Units of SBI SHF Ultra Short Term Fund (IP) - Daily Dividend Option	100.00	-
TOTAL	364.49	260.59

	Book Value Rs. in Lacs	Market Value Rs. in Lacs
a) Aggregate of Quoted Investments Previous Year	-	481.93 (406.40)
b) Aggregate of Unquoted Investments Previous Year	364.49 (260.59)	N.A (N.A)

**SCHEDULE 8
INVENTORIES**

1. Stores and Spare Parts	791.03	735.44
2. Raw Materials and Components	1,935.40	1,747.15
3. Raw Materials-in-process	933.95	1,178.79
4. Material in transit	1,877.87	509.19
5. Semi-finished Goods	3,820.55	2,659.62
6. Finished Goods	4,957.93	4,218.25
7. Scrap etc.	1,820.28	1,148.71
TOTAL	16,137.01	12,197.15

**SCHEDULE 9
SUNDRY DEBTORS-UNSECURED**

1. Outstanding over six months		
(a) Considered good	618.26	259.28
(b) Considered doubtful	150.00	150.00
Less: Provision	150.00	150.00
	-	-
2. Other Debts-Considered good	2,901.50	8,852.90
TOTAL	3,519.76	9,112.18

**(Rs.in Lacs)**

	as at 31.03.2011	as at 31.03.2010
SCHEDULE 10		
CASH AND BANK BALANCES		
1. Cash on hand (including Cheques on hand Rs. 96.20 lacs) (Previous year Rs. 79.27 lacs)	103.54	85.72
2. <u>Scheduled Banks</u>		
i) In Current Accounts	694.87	233.38
ii) In Fixed Deposits (Including Interest Accrued)	6,513.09	166.27
iii) In Fixed Deposits (margin money) pledged with Banks	1,070.98	2,939.20
3. <u>Non-Scheduled Banks</u>		
i) In Current Accounts - The Municipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 6.26 lacs Previous year Rs. 10.13 lacs)	5.31	7.15
ii) In Fixed Deposits - The Municipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 0.37 lacs Previous year Rs.0.37 lacs)	0.37	0.37
TOTAL	8,388.16	3,432.09
SCHEDULE 11		
LOANS AND ADVANCES		
Unsecured, Considered Good, unless otherwise specified		
1. Advances recoverable in cash or in kind or for value to be received Good (Refer Note 13)	24,408.17	17,390.86
Doubtful	160.48	160.48
Less: Provision	160.48	160.48
	-	-
2. Balance with Port Trust, Customs and Excise	2,111.24	1,474.25
3. Advance Tax	1,308.60	672.01
TOTAL	27,828.01	19,537.12
SCHEDULE 12		
CURRENT LIABILITIES		
1. Sundry Creditors and Acceptances		
(a) Micro and Small Enterprises (Refer Note 8) (to the extent identified by the Management)	-	-
*(b) Other	22,773.83	21,080.62
(Includes Acceptances Rs. 11,221.58 lacs (previous year Rs. 10,415.24 lacs) and due to a subsidiary Rs. 271.35 lacs (previous year Rs. 119.73 lacs))		
2. Interest accrued but not due	122.76	38.91
TOTAL	22,896.59	21,119.53
* There are no amounts to be transferred to Investor Education and Protection Fund.		
SCHEDULE 13		
PROVISIONS		
1. Taxation	1,375.07	1,228.76
2. Fringe Benefit Tax	20.73	39.60
3. Employee Benefits	509.98	520.73
4. Contingencies (Refer Note 7)	491.39	491.39
5. Proposed Equity Dividend	-	2,162.00
6. Dividend Tax on Proposed Equity Dividend	359.08	359.08
TOTAL	2,756.25	4,801.56



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	(Rs.in Lacs)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE 14		
OTHER INCOME		
1. Miscellaneous Income	32.53	175.08
2. Sales Tax Refunds / Set off etc.	-	84.97
3. Dividends from Current Investment	6.49	0.82
4. Surplus on Sale of Fixed Assets	0.64	133.10
5. Interest Received on Income Tax refund	-	80.31
6. Interest recoveries from parties (Gross) (Tax deducted at source Rs. 15.43 lacs, previous year Rs. 16.66 lacs)	1,224.89	1,366.64
7. Excess provision written back (Net)	17.70	62.51
8. Provision no longer required	74.62	156.32
9. Profit on sale of Raw Material & Stores (Net)	13.25	-
10. Foreign exchange Gain \ (Loss) (Net)	278.20	409.60
TOTAL	1,648.32	2,469.35
SCHEDULE 15		
(INCREASE)/DECREASE IN STOCKS		
Closing Stocks :		
Finished Goods	4,957.93	4,218.25
Semi-Finished Goods	3,820.55	2,659.62
Scrap etc.	1,820.28	1,148.71
	10,598.76	8,026.58
Less:		
Opening Stocks :		
Finished Goods	4,218.25	2,353.17
Semi-Finished Goods	2,659.62	2,987.01
Scrap etc.	1,148.71	645.18
	8,026.58	5,985.36
Less: Transferred on Demerger	-	1,340.50
Add: Taken over on Amalgamation :	-	1,462.80
	8026.58	6107.66
	2,572.18	1,918.92
Variation in excise duty on closing and opening stock of Finished Goods	(208.68)	(28.36)
TOTAL	(2,363.50)	(1,890.56)

**(Rs.in Lacs)**

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE 16		
MANUFACTURING AND MAINTENANCE		
1. Stores and Spare Parts consumed	773.43	847.20
2. Power, Fuel and Water	1,180.59	1,076.80
3. Repairs to: (Excludes Stores and Spares issued)		
(a) Buildings	36.16	26.15
(b) Machinery	49.06	45.23
(c) Others	23.87	30.85
4. Conversion, Octroi and other manufacturing expenses	515.12	590.08
TOTAL	2,578.23	2,616.31
SCHEDULE 17		
EMPLOYEES' REMUNERATION AND BENEFITS		
1. Salaries, Wages and Bonus, etc.	1,476.69	1,324.08
2. Contribution to Provident and Other Funds	74.94	78.19
3. Welfare Expenses	135.54	113.07
TOTAL	1,687.17	1,515.34
SCHEDULE 18		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
1. Rent (Net)	33.44	37.41
2. Insurance	3.66	3.81
3. Rates and Taxes	23.54	20.60
4. Miscellaneous Expenses	841.52	754.42
5. Freight, Forwarding and Handling Expenses etc.	3,543.01	2,045.93
6. Commission	441.65	517.60
7. Directors' Fees and Travelling Expenses	8.05	6.12
8. Auditors' Remuneration:		
(a) Statutory Auditors:		
(1) As Audit Fees (excluding service tax)	10.50	8.00
(2) Certificate and Other Matters	1.50	3.94
(3) Expenses	0.07	0.28
(b) Cost Audit Fees	1.00	0.50
9. Loss on Fixed Assets sold/discarded	1.88	1.64
10. Loss on sale of Raw Material and Stores (Net)	-	8.18
11. Bad debts, irrecoverable advances and claims written off	1.52	25.97
12. Provision for Doubtful Debts and Advances	-	150.00
13. Cash Discount	13.08	29.57
TOTAL	4,924.42	3,613.97
SCHEDULE 19		
INTEREST AND FINANCE EXPENSES		
1. On Fixed Loans	148.87	165.62
2. To Banks and Others	2,233.40	1,734.68
TOTAL	2,382.27	1,900.30



SCHEDULE 20

NOTES FORMING PART OF THE ACCOUNTS

I. ACCOUNTING POLICIES

(a) Basis of Accounting

The Financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles, the applicable mandatory Accounting Standards and the relevant provisions of the Companies Act 1956.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known.

(c) Fixed Assets:

(i) Gross Block:

All Fixed Assets are stated at cost less accumulated depreciation except free hold land. However, Fixed Assets, which are revalued by the Company, are stated at their revalued book values.

(ii) Depreciation/Amortisation:

- a) The Company provides depreciation on the Straight Line Method over the useful life of assets or at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- b) Cost of leasehold land is amortised over the period of lease.

(d) Borrowing cost:

Interest and other borrowing costs attributable to acquisition of qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

(e) Investments:

Investments are stated at cost of acquisition or at book value in case of diminution in value. Current investments are stated at lower of cost and fair value.

(f) Inventories:

- (i) Raw Material, Raw Material in Process, Semi-Finished Goods, Finished Goods, Goods for Trade and Stores, Spares etc. are valued at cost or net realisable value, whichever is lower.
- (ii) Goods in Transit are valued at cost to date.
- (iii) Industrial scrap is valued at estimated realisable value.
- (iv) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formulae used is weighted average cost.
- (v) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

(g) Recognition of Income and Expenditure:

- (i) Revenues/incomes and cost/expenditure are generally accounted on accrual basis as they are earned or incurred except in case of significant uncertainties.
- (ii) Sale of goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods. Export sales are accounted for on the basis of the dates of 'On Board Bill of Lading'.
- (iii) Export Benefits are recognised in the year of export.

(h) Research and Development Expenditure:

Expenditure on Research and Development is charged to revenue through the natural heads of expenses in the year in which it is incurred. Such expenditure is charged to Capital if it results in the creation of capital assets.

**(i) Employee Benefits:**

- (i) Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

(ii) Retirement Benefits:

- (a) Retirement benefits in the form of Provident Fund/ Family Pension Fund and Superannuation Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the profit and loss account of the year.
- (b) Retirement benefits in the form of Gratuity, which is Defined Benefit Plan and the long term employee benefit in the form of Leave Encashment are determined and accrued on the basis of an independent actuarial valuation applying the Projected Unit Credit Method.
- (c) Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account of the year.

(j) Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of financial year are revalored at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognized in the Profit and Loss Account, except to the extent it relates to long term monetary items for acquisition of depreciable capital assets, which is adjusted to the acquisition cost of such assets and depreciated over remaining useful life.

(k) Expenses on New Projects:

Expenses incurred on new projects are carried in the Accounts under the head Loans and Advances, until such expenses are written off or charged to revenue in the year in which decision is taken to abandon the project.

(l) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised on timing differences between taxable and accounting income that originates in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised if and only if there is a virtual certainty backed by convincing evidence of its realisation. Deferred tax assets on account of other timing differences are recognised on the basis of reasonable certainty about its realisation. At each Balance Sheet date the carrying amount of deferred tax assets are reviewed to reassure realization.

(m) Impairment of Assets:

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to assess whether there is any indication of impairment in respect of such assets or group of assets (cash generating unit). If such indication exists, the recoverable amount of such asset or group of assets is estimated. If such recoverable amount of the assets or the group of assets is less than its carrying amount, an impairment loss is reckoned by reducing the carrying amount to its recoverable amount. If there is an indication at the balance sheet date that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost.

(n) Provisions, Contingent Liabilities and Contingent Assets:

The Company recognizes a provision when there is a present obligation as a result of a past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made. Contingent liabilities are disclosed by way of note to the Financial Statement after careful evaluation by the management of the facts and legal aspects of the matter involved. Contingent Assets are neither recognized nor disclosed.

2. Estimated amount of contracts remaining to be executed on capital account - Net of Advances of Rs. 3926 lacs (previous year Rs. 2099.69 lacs)
3. The charge by way of hypothecation of inventories in favour of Bankers also extends to the guarantees aggregating to Rs. 1098.11 lacs (previous year Rs. 31 lacs) given by the Bank on behalf of the Company.



4. LICENSED AND INSTALLED CAPACITY, PRODUCTION, STOCKS AND TURNOVER.

A. LICENSED AND INSTALLED CAPACITY AND PRODUCTION :

Class of Goods	Qty.	Installed Capacity (Per Annum) (*)		Production	
		31.03.2011	31.03.2010	2010-2011	2009-2010
Steel Pipes	Tonnes	210000	210000	107782	115949

(*) As Certified by the Technical Personnel and being technical matter, accepted as correct by Auditors.

B. STOCKS AND TURNOVER

(i) OPENING STOCK

Class of Goods	01.04.2010		01.04.2009	
	Qty. (MT)	(Rs.in lacs)	Qty. (MT)	(Rs.in lacs)
Steel Pipes	12386	4,207.55	4008	1,440.03
Industrial Tools and Knives	2	10.70	2	10.50
			Nos.	
Drills (*)	-	-	1111313	527.54
Reamers (*)	-	-	16113	44.79
Cutters (*)	-	-	19040	63.09
Taps (*)	-	-	151831	171.09
Tool Bits (on two shift basis) (*)	-	-	11739	14.63
Hacksaw Blades (*)	-	-	76,268	14.48
Files (*)	-	-	177205	67.02
		4,218.25		2,353.17
(*) Transferred on Demerger		-		902.64
		4,218.25		1,450.53
Taken over on Amalgamation : Steel Pipes	-	-	2957	1,462.80
TOTAL :		4,218.25		2,913.33

(ii) CLOSING STOCK

Class of Goods	31.03.2011		31.03.2010	
	Qty. (MT)	(Rs.in lacs)	Qty. (MT)	(Rs.in lacs)
Steel Pipes	13520	4,947.23	12386	4,207.55
Industrial Tools and Knives	2	10.70	2	10.70
TOTAL :		4,957.93		4,218.25

(iii) TURNOVER AND EXPORT INCENTIVES

Class of Goods	2010-2011		2009-2010		Sundries (*)	
	Qty. (MT)	(Rs.in lacs)	Qty. (MT)	(Rs.in lacs)	2010-2011 Qty	2009-2010 Qty
Goods Manufactured :						
Steel Pipes	106,645	47,046.11	110,527	44,270.14	3	1
Goods traded in :						
Steel and Others Products		2,763.93		3,868.77		
TOTAL :		49,810.04		48,138.91		
Internal Consumption		0.64		0.42		
Sale of Scrap		1,802.07		1,171.56		
Export Incentives		1,775.91		1,081.91		
TOTAL :		53,388.66		50,392.80		

(*) Sundries include captive consumption and internal consumption as raw materials, free samples, burning losses, and physical excesses/shortages.

**5. (a) Materials (including components) consumed**

	2010-2011		2009-2010	
	Qty. (MT)	Value (Rs.in lacs)	Qty. (MT)	Value (Rs.in lacs)
Hot Rolled Steel	101290	32,942.31	110769	33,898.02
Zinc and Zinc Alloy	3804	4,124.19	2463	2,319.44
Others	-	110.47	-	198.09
TOTAL :		37,176.97		36,415.55

(b) Goods Traded in - Purchases :

	2010-2011	2009-10
	Value (Rs.in lacs)	Value (Rs.in lacs)
Steel and Other Products	2,701.07	3,791.79
TOTAL:	2,701.07	3,791.79

(c) IMPORTED AND INDIGENOUS CONSUMPTION

	2010-2011		2009-2010	
	(Rs.in lacs)	%	(Rs.in lacs)	%
(i) Raw material (including components)				
Imported	8,006.86	21.54	8,984.45	24.67
Indigenous	29,170.11	78.46	27,431.10	75.33
TOTAL :	37,176.97	100.00	36,415.55	100.00
(ii) Spares				
Imported	6.54	3.71	11.99	6.85
Indigenous	169.74	96.29	163.02	93.15
TOTAL :	176.28	100.00	175.01	100.00

6. C.I.F. value of Imports, Expenditure and Earnings in Foreign Currency :

	Year ended 31-03-2011 (Rs.in lacs)	Year ended 31-03-2010 (Rs.in lacs)
(a) C.I.F. value of Imports :		
(i) Raw Material (including Canalised items)	4,487.47	6,969.55
(ii) Spare parts	4.03	4.82
	4,491.50	6,974.37
(b) Expenditure in Foreign Currency :		
(i) Commission	345.13	227.51
(ii) Interest and Bank Charges	215.37	250.55
(iii) Other matters	28.74	31.35
	589.24	509.41
(c) Earnings in Foreign Currency :		
F.O.B. value of exports	25,080.39	19,822.03

7. The outflow of the resources in respect of pending disputed matters in respect of Sales Tax and Excise Duty would depend on the ultimate outcome of the disputes lying before various authorities amounting to Rs. 491.39 lacs (previous year Rs. 491.39 lacs). The Company has taken legal and other steps necessary to protect its position in respect of these claims.



8. There are no Micro and Small enterprises to whom the Company owes amounts which are outstanding as at 31st March 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) has been determined on the basis of and to the extent information is available with the Company. No interest is paid / payable during the year to any enterprise registered under the MSME.

9. Managerial remuneration:

(a) Computation of Net Profits

	(Rs.in Lacs)	
	2010-11	2009-10
Profit before Tax as per Profit and Loss Account	1518.83	1996.63
Add: (i) Managing Director's remuneration	184.57	152.52
(ii) Loss on Assets sold	1.88	
	1705.28	2149.15
Less: (i) Surplus on sale of Assets	0.64	133.10
Profit on which commission is payable	1704.64	2016.05
As per Agreement 5% (Previous year 3%) on Profits of the Company	85.23	60.48

(b) Profit and Loss Account includes payments and pensions on account of Managerial Remuneration for Managing Director as under:

	(Rs.in Lacs)	
Particulars	2010-2011	2009-2010
Salary	82.88	73.14
Commission	85.23	60.48
Contribution to Provident Fund	4.41	3.82
Provision for Gratuity	3.53	2.42
Perquisites and Allowance	8.52	12.66
Total	184.57	152.52

(c) The remuneration as approved by the Remuneration Committee / Board / Shareholders paid/provided to the Managing Director during the year has been considered as the minimum remuneration, resulting in excess of such remuneration over maximum remuneration, as per sanction received from Ministry of Corporate Affairs vide letter dated 11th May, 2011 amounting to Rs. 170.46 lacs. The Company will file an application with the Central Government in this regard.

10. Disclosure pursuant to Accounting Standard AS-15 "Employee Benefits"

A. Defined Contribution Plans:

The Company has recognized the following amounts in the Profit and Loss Account for the year:

	(Rs.in Lacs)	
	2010-2011	2009-2010
(a) Contribution to Employees Provident Fund and Other Funds	74.94	78.19
Total	74.94	78.19

B. Defined Benefit Plans:

Contribution to Gratuity:

Provision for Gratuity has been made in the accounts based on an actuarial valuation carried out at the close of the year. The Company does not have any funding arrangement and the liability is discharged to the employees in the year of retirement / cessation of employment.



Details under AS-15, to the extent applicable is furnished below:

(Rs. in Lacs)

	2010-11	2009-10
Changes in the Present Value of the Defined Benefits Obligation		
Present value of Defined Benefit Obligation at the beginning of the year	439.76	446.47
Interest Cost	36.28	33.49
Current Service cost	21.50	22.20
Benefits paid	(128.06)	(62.16)
Actuarial (Gain)/Loss	65.42	(0.24)
Present Value of Defined Benefit Obligation at the end of the year.	434.89	439.76
Balance Sheet Reconciliation		
Net Liability at the beginning of the year	311.69	384.31
Expense recognized	123.20	55.45
Net Liability at the end of the year.	434.89	439.76
Amounts recognized in the Profit and Loss account		
Current Service Cost	21.50	22.20
Interest Cost	36.28	33.49
Net Actuarial (Gain)/Loss	65.42	(0.24)
Expenses Recognised in the Statement of Profit and Loss A/c	123.20	55.45
Actuarial Assumption		
Discount rate	8.25%	8.25%
The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market.	5%	6%

II. Related Party Disclosures:

a) Related subsidiaries, fellow subsidiaries, Companies/Firms, Key Management Personnel:

(Rs.in Lacs)

Net Balance of Receivable, Payable, Deposits, Loan etc.		Balance Carried to		Balance Carried to	
		as at 31-03-2011		as at 31-03-2010	
		Receivable	Payable	Receivable	Payable
i) Subsidiary	a) Zenith (USA) Inc.(Wholly owned)	-	271.35	-	119.73
	b) Zenith Middle East FZE (Wholly owned)	833.16	-	833.68	-
ii) Key Management Personnel	Shri Yashovardhan Birla - Chairman Shri M.S. Arora - Managing Director				
iii) Enterprises Owned or significantly influenced by key management personnel or their relatives.	1. Birla Machining & Toolings Ltd.	-	-	-	10.55
	2. Birla Precision Technologies Ltd.	924.53	-	-	47.46
	3. Birla Power Solutions Ltd.	2,165.57	-	2,175.01	-
	4. Birla AccuCast Ltd.	1,666.95	-	919.60	-
	5. Birla Global Corporate Pvt.Ltd.	8.24	-	-	9.59
	6. Birla Bombay Pvt.Ltd.	-	18.59	-	18.59
	7. Birla Cotsyn (India) Ltd.	-	1.47	248.53	-
	8. Godavari Corporation Pvt.Ltd.	1,119.74	-	1,057.10	-
	9. Shearson Investment & Trading Co.	351.31	-	349.03	-



	10. Birla Viking Travels Ltd.	-	-	-	-
	11. Birla Shloka Edutech Ltd.	-	48.45	-	48.45
	12. Birla International Pvt.Ltd. - Deposit	169.31	-	169.31	-
	- Other	281.35	-	281.35	-
	13. Nirved Traders Pvt.Ltd.	697.91	-	575.45	-
	14. Birla Infrastructure Pvt.Ltd.	1,224.46	-	1,187.80	-
	15. Mounhill Investment Pvt.Ltd.	50.91	-	-	2.09
	16. Sonakshi Consultant Pvt.Ltd.	60.58	-	25.58	-
	17. Asian Distributors Pvt. Ltd.	-	4.43	-	4.43
	18. Melstar Information Technologies Ltd.	2.56	-	2.56	-
	19. Yash Society	156.63	-	156.63	-

(b) Transactions with related parties

(Rs. in Lacs)

	Subsidiaries		Key Management Personnel		Enterprise owned and significantly influenced by Key Management personnel or their relatives	
	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010
Sale of Goods	6,906.71	4,906.00	-	-	2,992.72	59.09
Purchase of Goods	-	-	-	-	333.32	2.59
Commission paid	189.68	153.52	-	-	-	-
Travel Agency	-	-	-	-	18.24	13.47
Service charges paid	-	-	-	-	240.00	216.00
Service charges received	-	-	-	-	0.42	-
Rent Paid	-	-	-	-	33.09	48.00
Inter Corporate Deposit - Paid	-	-	-	-	18.46	1,774.49
Interest received	-	-	-	-	537.96	547.87
Inter Corporate Deposit - Recd.	-	-	-	-	-	1,229.38
Other	-	-	-	-	-	5.64
Remuneration	-	-	184.57	152.52	-	-

Note: Related Party relationship is as identified by the Company based on available information and relied upon by the auditors.

(c) Discloser in respect of material transactions with related parties during the year included in (b) above.

(Rs.in Lacs)

		2010-11	2009-10
1	Sale of Goods		
	Zenith (USA) Inc.	6,906.71	4,594.78
	Birla Precision Technologies Ltd.	2,379.34	-
2	Commission paid		
	Zenith (USA) Inc.	189.68	153.52
3	Service charges		
	Birla Global Corporate Pvt.Ltd.	240.00	216.00
4	Purchase of Goods		
	Birla Power Solutions Ltd.	314.59	-



5	Inter Corporate Deposit - paid		
	Godavari Corporation Pvt.Ltd.	-	603.54
	Birla Cotsyn (India) Ltd.	-	250.00
	Nirved Trader Pvt.Ltd.	-	573.59
	Shearson Investment & Trading Co.	-	222.36
6	Inter Corporate Deposit - Received		
	Mounthill Investment Pvt.Ltd.	-	577.47
	Sonakshi Consultant Pvt.Ltd.	-	546.91
7	Interest Received		
	Birla Power Solutions Ltd.	190.20	210.89
	Godavari Corporation Pvt.Ltd.	115.64	100.84
	Birla AccuCast Ltd.	83.71	83.71

12. The major components of Deferred Tax Assets / (Liability) are set out below:

(Rs.in Lacs)

Particulars	As at 31 st March 2010	Charge/(Credit) during the year	As at 31 st March 2011
Deferred Tax liability on Account of			
Depreciation	631.65	(16.92)	614.73
Total	631.65	(16.92)	614.73
Deferred Tax Assets on Account of			
Provision for Gratuity and Leave Encashment	171.74	(2.34)	169.40
Net Deferred Tax Liability	459.91	(14.58)	445.33

13. (i) Advances recoverable in cash or in kind or for value to be received includes:

Rs. 2148.85 lacs (previous year Rs 2148.85 lacs) for which the Company has entered into deeds of assignment for transfer of debts outstanding and receivable by the Company, to the purchaser of the debts.

(ii) In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

14. During the year 2006-07 the Company made a Follow on Public Issue and consequently raised an amount of Rs. 120.95 Crore.

The net proceeds of the issue have been utilized for the object of the issue as detailed below:

(Rs. in Crore)

Particulars	Amount
Projected Amount	131.00
Amount Spent till 31 st March, 2011	50.64
Balance amount to be spent	80.36

Pending full utilization, the balance amount is held in Current/Fixed deposit /loan accounts.

15. **Disclosures in respect of Derivatives Instruments:**

i) Derivative Instruments Outstanding as on 31st March, 2011

Rs. Nil

ii) Foreign Currency Exposure that are not hedged by forward contracts as at 31st March, 2011.

		Amount (USD) 2010-11	Amount (USD) 2009-10	Amount (EURO) 2010-11	Amount (EURO) 2009-10
1.	Term Loan	66,33,333	78,33,333	-	-
2.	Creditors	-	80,13,932	79,455	59,41,112
3.	Debtors	19,29,669	33,17,807	-	6,60,899
4.	Other Payable	11,49,854	15,36,136	-	9,72,523
5.	Other Receivable	19,08,656	15,00,000	-	-



16. Computation for Earning Per Share

(Rs.in Lacs)

	2010-11	2009-10
Profit for the Year	1029.65	1177.01
Expenses in respect of earlier years	(2.22)	-
Excess/(Short) Provision of Current Tax for Prior Period	60.99	18.85
	1088.42	1,195.86
Profit before adjustments on account of demerger and amalgamation		
Weighted average No. of Equity Share	5,37,42,859	4,00,72,544
Add: Increase on conversion of Global Depository Receipts	5,43,57,060	-
Increase on Bonus Shares Issued	2,16,20,529	-
Conversion of Preferential Warrants	15,60,000	-
Shares issued and allotted as per terms of Scheme of Amalgamation	-	1,36,70,315
	13,12,80,448	5,37,42,859
Earning per share	0.83*	1.59*

* EPS is adjusted for Bonus Shares issued in the current year.

17. The Company has recognised exchange differences arising on long term foreign currency monetary items in line with para 46 of Accounting Standard 11, inserted vide notification No. 43R 22E dated 31st March, 2009 as per Companies (Accounting Standard) Amendment Rules, 2009.

Pursuant to the above, effect of exchange difference on long term foreign currency monetary items, so far as they relate to acquisition of depreciable capital assets, have been adjusted to the cost of such assets and depreciated over their remaining useful lives. Accordingly, net exchange gain relating to the financial year 2010-11 amounting to Rs. 27.93 lacs, has been adjusted to the cost of fixed assets.

There are no long term foreign currency monetary items which require exchange differences to be amortised.

18. In accordance with Accounting Standard – 17 “Segment Reporting”, segment information has been given in the consolidated financial statement of the Company and therefore, no separate disclosure on segment information is given in these financial statement.

19. Previous year figures have been re grouped /recast, wherever necessary.

As per our attached report of even date

FOR THAKUR,VAIDYANATH AIYAR & CO.

Chartered Accountants

Firm Registration No.: 000038N

By Order of the Board

M.S. Arora

Managing Director

C.V. Parameswar

Partner

Membership No: 11541

Anoj Menon

Director

Mumbai, 30th May, 2011

**Part - IV of Schedule - VI to the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile.****I. Registration Details**

Registration No.	11773	State Code	11	Balance Sheet Date	31	03	2011
					Date	Month	Year

II. Capital Raised during the year (Rs. in Thousand)

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	2,16,205	5,43,570

III. Position of Mobilisation and Deployment of funds (Rs. in Thousand)

Total Liabilities	Total Assets
43,10,231	43,10,231

Sources of Funds :

Paid-up Capital	Reserves & Surplus	Net Deferred Tax Liability	Secured Loans	Unsecured Loans	Vehicle Loans
13,62,292	16,74,547	44,533	8,54,415	3,72,617	1,827

Application of Funds :

Net Fixed Assets	Investments	Net Current Assets
12,51,772	36,449	30,22,010

IV. Performance of Company (Rs. in Thousand)

Turnover (Total Income)	Total Expenditure	Profit Before Tax	Profit After Tax
51,07,852	49,55,969	+ 1,51,883	+ 1,08,842
Earning per Shares Basic Rs. 0.83	Dividend Rate %		
	-		

V. Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
7306	STEEL PIPES



STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANY ACT, 1956

Name of the Subsidiary	Period of the Subsidiary Company	No. of Equity Shares	Percentage of Holding	The Net aggregate amount of Subsidiary's Profit/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts		The Net aggregate amount of the Profit/Losses of Subsidiary which has been dealt with in the account of the Holding Company	
				For the Current Period	For Previous Period since it became Subsidiary	For the Current Period	For Previous Periods since it became Subsidiary
Zenith (USA) Inc.	1st January 2010 to 31st December 2010.	1000 Shares (No par value - Nominal value US\$ 30000)	100%	US\$ (77,455)	US\$ (1,75,121)	N.A.	N.A.
Zenith Middle East FZE	1st April, 2010 to 31st March, 2011.	2 Share of UAE Dirhams 2.22 Million	100%	UAE Dhs. (70,823)	UAE Dhs. (4,14,034)	N.A.	N.A.

By Order of the Board

M.S. Arora
Managing Director

Anoj Menon
Director

Mumbai, 30th May 2011.



AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ZENITH BIRLA (INDIA) LIMITED

To,
The Board of Directors
Zenith Birla (India) Limited.

1. We have audited the attached consolidated balance sheet of Zenith Birla (India) Limited (the "Company") and its subsidiaries, hereinafter referred to as the 'Group' (refer Note 2 on Schedule 20 to the attached consolidated financial statements) as at 31st March, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two wholly owned foreign subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 1423.79 lacs and net assets of Rs. (75.75) lacs as at March 31, 2011, total revenue of Rs. 6705.54 lacs, net loss of Rs. 175.18 lacs, and net cash flows amounting to Rs. 302.03 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors and / or certified by the Management and furnished to us, and our opinion, on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the reports of the other auditor and / or certified financial statements. Since the financial statements of one of the foreign subsidiary which were compiled by the management for the financial year ended 31st March, 2011, were not audited, any adjustments to their balances could have consequential effect on the attached consolidated financial statements. However the size of this foreign subsidiary, in the consolidated position, is not significant in relative term.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date:
and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

For **Thakur, Vaidyanath Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 000038N

C.V.Parameswar

Partner

M.No.: 11541

Place: Mumbai
Date : 30-05-2011



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs.in Lacs)

	SCHEDULE	as at 31.03.2011	as at 31.03.2010
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
(a) Share Capital	1	13,622.92	5,374.28
(b) Reserves and Surplus	2	16,240.20	12,773.51
		<u>29,863.12</u>	<u>18,147.79</u>
NET DEFERRED TAX LIABILITY (Refer Note 8)		445.33	459.91
LOAN FUNDS			
(a) Secured Loans	3	8,544.15	10,439.41
(b) Unsecured Loans	4	3,726.17	1,471.92
(c) Vehicle Loans	5	18.27	31.67
		<u>12,288.59</u>	<u>11,943.00</u>
TOTAL		<u>42,597.04</u>	<u>30,550.70</u>
II. APPLICATION OF FUNDS			
FIXED ASSETS			
(a) Gross Block	6	12,544.56	12,462.45
(b) Less: Depreciation		3,078.74	2,622.79
(c) Net Block		<u>9,465.82</u>	<u>9,839.66</u>
(d) Capital Work-in-Progress		3,052.20	2,423.52
		<u>12,518.02</u>	<u>12,263.18</u>
INVESTMENTS	7	104.90	1.00
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	8	16,137.01	12,201.41
(b) Sundry Debtors	9	1,992.31	9,398.24
(c) Cash and Bank Balances	10	8,729.33	3,471.23
(d) Loans and Advances	11	27,834.11	19,543.28
		<u>54,692.76</u>	<u>44,614.16</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	12	21,962.39	21,526.09
(b) Provisions	13	2,756.25	4,801.55
		<u>24,718.64</u>	<u>26,327.64</u>
NET CURRENT ASSETS		<u>29,974.12</u>	<u>18,286.52</u>
TOTAL		<u>42,597.04</u>	<u>30,550.70</u>
Notes forming part of the Accounts	20		

As per our attached report of even date

FOR THAKUR,VAIDYANATH AIYAR & CO.

Chartered Accountants

Firm Registration No.: 000038N

C.V. Parameswar

Partner

Membership No: 11541

Mumbai, 30th May, 2011

By Order of the Board

M.S. Arora

Managing Director

Anoj Menon

Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011****(Rs.in Lacs)**

	SCHEDULE	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Sale of Products and Export Incentives		53,426.14	50,084.25
Less : Excise Duty		3,958.46	2,376.78
		49,467.68	47,707.47
Other Income	14	1,666.82	2,491.22
		51,134.50	50,198.69
EXPENDITURE			
(Increase)/Decrease in Stocks	15	(2,359.24)	(1,834.73)
Materials Consumed		37,176.97	36,415.57
Purchase of Finished Goods for Trade		2,995.16	3,480.90
Manufacturing and Maintenance	16	2,578.23	2,616.31
Employees' Remuneration and Benefits	17	1,750.91	1,596.11
Administrative, Selling and Other Expenses	18	4,791.15	3,767.20
		46,933.18	46,041.36
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION		4,201.32	4,157.33
Interest and Finance Expenses	19	2,384.48	1,901.03
PROFIT BEFORE DEPRECIATION AND TAXATION		1,816.84	2,256.30
Depreciation		473.18	526.59
PROFIT FOR THE YEAR BEFORE TAXATION		1,343.66	1,729.71
Less: Provision for Taxation			
Current Tax		502.74	613.70
Deferred Tax		(14.58)	204.60
Wealth Tax		1.02	1.32
		489.18	819.62
PROFIT FOR THE YEAR		854.48	910.09
Expenses in respect of earlier years		(2.22)	-
Excess/(Short) Provision of Current Tax for Prior Period		60.99	18.85
		913.25	928.94
Balance of Profit as per last account		927.36	5,575.22
Less: Net Surplus for the year ended 31st March 2009, transferred to Birla Precision Technologies Ltd. on account of demerger of Tool Division		-	(375.57)
Adjusted on account of demerger of Tool Division as per the scheme of arrangement approved		-	(2,068.55)
Difference in book value of assets transferred on account of amalgamation of Tungabhadra Holdings Pvt.Ltd.as per Scheme of arrangement		-	(494.71)
Net Deficit for the year ended 31st March 2009, transferred on account of amalgamation of Tungabhadra Holdings Pvt.Ltd. as per Scheme of arrangement		-	(27.20)
BALANCE AVAILABLE FOR APPROPRIATION		1,840.61	3,538.13
APPROPRIATION:			
Transferred to General Reserve		-	89.69
Proposed Equity Dividend		-	2,162.00
Tax on Proposed Equity Dividend		-	359.08
Balance Carried to Balance Sheet		1,840.61	927.36
		1,840.61	3,538.13
Basic \ Diluted earning per share (Refer Note 11)		0.70	1.23
Notes forming part of the Accounts	20		

As per our attached report of even date**FOR THAKUR,VAIDYANATH AIYAR & CO.**

Chartered Accountants

Firm Registration No.: 000038N

C.V. Parameswar

Partner

Membership No: 11541

Mumbai, 30th May, 2011

By Order of the Board**M.S. Arora**

Managing Director

Anoj Menon

Director



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.in Lacs)

	For the year Ended 31.03.2011	For the year Ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	1,343.66	1,729.71
Adjustment for :		
Depreciation	473.18	526.59
Loss/(Surplus) on Sale of Fixed Assets (Net)	1.24	(131.46)
Interest and Finance Expenses	2,384.48	1,901.03
Interest Income	(1,224.89)	(1,366.64)
Dividend from Current Investments	(6.49)	(0.82)
Expenses in respect of earlier years	(2.22)	-
	1,625.30	928.70
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,968.96	2,658.41
Adjustment for :		
Trade and other receivables	5,156.65	(3,571.58)
Inventories	(3,935.60)	(1,766.17)
Trade Payables	341.71	166.02
	1,562.76	(5,171.73)
CASH GENERATED FROM OPERATIONS	4,531.72	(2,513.32)
Tax Payments	(951.92)	(352.13)
NET CASH FLOW FROM OPERATING ACTIVITIES	3,579.80	(2,865.45)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(264.58)	(267.44)
Inter Corporate Deposits and Loans (Including Interest) (Net)	(2,311.85)	2,554.65
Dividend from Current Investments	6.49	0.82
Investment (Net)	(103.90)	500.00
Sale of Fixed Assets	7.46	140.97
NET CASH FLOW FROM INVESTING ACTIVITIES	(2,666.38)	2,929.00
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid	(2,300.63)	(2,086.33)
Borrowings (Net of repayments)	(126.55)	1,068.94
Dividend paid	(2,162.00)	(281.30)
Increase in Share Capital after ignoring non Cash	11,210.92	-
Share Issue Expenses	(408.84)	(85.71)
NET CASH FLOW FROM FINANCING ACTIVITIES	6,212.90	(1,384.40)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	7,126.32	(1,320.84)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	532.03	1,698.20
Add: Cash and Cash Equivalents taken over on Scheme of Arrangement	-	154.67
	532.03	1,852.87
CASH AND CASH EQUIVALENTS AS AT YEAR END	7,658.35	532.03
Reconciliation of Cash and Cash Equivalents as at year end:-		
Cash and Cash Equivalents as per Schedule 10	8,729.33	3,471.23
Less: Balance in Fixed Deposit accounts kept as margin money with the bankers	(1,070.98)	(2,939.20)
	7,658.35	532.03

As per our attached report of even date

FOR THAKUR,VAIDYANATH AIYAR & CO.
Chartered Accountants
Firm Registration No.: 000038N

C.V. Parameswar
Partner
Membership No: 11541
Mumbai, 30th May, 2011

By Order of the Board

M.S. Arora
Managing Director

Anoj Menon
Director

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011****(Rs.in Lacs)**

	as at 31.03.2011	as at 31.03.2010
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
15,55,00,000 (15,55,00,000) Equity Shares of Rs. 10/- each	<u>15,550.00</u>	15,550.00
TOTAL	<u>15,550.00</u>	<u>15,550.00</u>
ISSUED AND SUBSCRIBED:		
13,12,80,448 (5,37,42,859) Equity Shares of Rs. 10/- each fully paid up	13,128.04	5,374.28
Share Application Money	494.88	-
Note: Of the above Equity Shares-		
(a) 4,36,444 Equity Shares were allotted as fully paid up Bonus Share by capitalisation of Reserves and Share Premium Account.		
(b) 1,37,683 Equity Shares were issued and allotted to the Shareholders of erstwhile "The Indian Tool Manufacturers Limited" in terms of the Scheme of Amalgamation.		
(c) 48,019 Equity Shares were issued on part conversion of loans into Equity.		
(d) 1,57,745 Equity Shares were issued on part conversion of 13.5% Redeemable Convertible Debentures into Equity.		
(e) 50,552 Equity Shares were issued and allotted to Term Lenders as per Scheme of Rehabilitation sanctioned by BIFR on 8th January, 1996.		
(f) 1,72,974 Equity Shares were issued and allotted to Term Lenders as per Scheme of Rehabilitation sanctioned by BIFR on 8th January, 1996.		
(g) 1,15,93,207 Equity Shares were issued and allotted on Conversion of 15.5% C C P S at a premium of Rs. 11/- per share based on the pricing formula as laid down in the Scheme of Rehabilitation approved by BIFR on 8th January, 1996.		
(h) 1,36,70,315 Equity Shares issued and allotted to the Shareholders of erstwhile Tungabhadra Holdings Pvt.Ltd. in terms of the Scheme of Amalgamation.		
(i) The Company has allotted on 28th May, 2010, 5,43,57,060 Equity Share of Rs. 10/- each on conversion of 18,11,902 Global Depository Receipts each Global Depository Receipt representing 30 Equity Shares.		
(j) The Company has allotted 2,16,20,529 equity share, on 17th August, 2010, to the eligible shareholders of the Company as Bonus Shares in the ratio of ONE new fully paid up Equity Share for every FIVE Equity Share of Rs. 10/- each held in the Company as on the record date i.e. 12th August, 2010.		
(k) On 25.03.2011, total 15,60,000 convertible equity share warrants were converted into equity shares. Balance warrants outstanding for conversion as on 31.03.2011 are 92,50,000.		
TOTAL	<u>13,622.92</u>	<u>5,374.28</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
1. Share Premium Account		
As per last account	11,754.86	10,673.11
Add: Share Premium received during the year	5,124.33	-
	<u>16,879.19</u>	<u>10,673.11</u>
Less: Share Issue Expenses incurred during the year	408.84	85.71
	<u>16,470.35</u>	<u>10,587.40</u>
Less: Capitalised - Issue of Bonus Share	2,162.05	-
	<u>14,308.30</u>	<u>10,587.40</u>
Add: Transferred on account of Amalgamation of Tungabhadra Holdings Pvt.Ltd. as per Scheme of Arrangement	-	1,167.46
	14,308.30	<u>11,754.86</u>
2. General Reserve:		
As per last account	91.29	2,218.26
Less: Adjusted on account of demerger of Tools Division as per Scheme of Arrangement.	-	2,218.26
Add: Transferred on account of amalgamation of Tungabhadra Holdings Pvt.Ltd. as per Scheme of Arrangement.	-	1.60
Transferred from Profit and Loss account	-	89.69
	<u>91.29</u>	<u>91.29</u>
3. Surplus in Profit and Loss Account		
	1,840.61	927.36
TOTAL	<u>16,240.20</u>	<u>12,773.51</u>



**SCHEDULE 3
SECURED LOANS**

(Rs.in Lacs)

	as at 31.03.2011	as at 31.03.2010
1. Working Capital Loans from Banks	5,357.97	6,617.00
2. Term Loan from Foreign Institution	2,961.78	3,535.97
3. Term Loan from The Shamrao Vithal Co-op Bank Ltd.	-	45.02
4. Term Loan from Axis Bank Ltd.	224.39	241.42
TOTAL	8,544.15	10,439.41

Note:

- (i) Working Capital Facility from Banks are secured by hypothecation of inventories and or book debts and export incentives recoverable etc. and collaterally secured by way of first charge on the fixed assets.
- (ii) Term Loan from Foreign Institution is secured by
- (a) First charge (hypothecation) of all movable assets, including Plant and Machinery purchased out of this Term Loan with a second charge of these assets to existing working capital bankers, and
- (b) Second charge (hypothecation) on overall existing movable and immovable assets including Plant and Machinery.
- (iii) Term Loan from Axis Bank Ltd. is secured by mortgage of property located at 2nd Floor, Bldg., No. 2, Vedant Commercial Complex, Vartak Nagar, Thane (W) Including all rent receivable from the said property.

**SCHEDULE 4
UNSECURED LOANS**

1. Fixed Deposit	3,464.17	1,209.92
2. Due to bodies Corporate	112.00	112.00
3. Sales Tax Deferred Payment Loan	150.00	150.00
TOTAL	3,726.17	1,471.92

**SCHEDULE 5
VEHICLE LOANS**

Loans secured against specific vehicles	18.27	31.67
TOTAL	18.27	31.67

**SCHEDULE 6
FIXED ASSETS**

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	COST/BOOK VALUE AS AT 01-04-2010	ADDITIONS/ ADJUSTMENTS	DEDUCTIONS/ ADJUSTMENTS	COST/BOOK VALUE AS AT 31-03-2011	UPTO 01-04-2010	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENTS	UPTO 31-03-2011	AS AT 31-03-2011	AS AT 31-03-2010
Land-Freehold	1,824.42	-	-	1,824.42	-	-	-	-	1,824.42	1,824.42
-Leasehold	199.23	-	-	199.23	17.28	2.28	-	19.56	179.67	181.95
Buildings +	4,881.08	53.49	-	4,934.57	668.20	125.25	-	793.45	4,141.12	4,212.88
Plant and Machinery	4,905.42	51.84	4.75	4,952.51	1,762.33	301.18	-	2,063.51	2,889.00	3,143.09
Furniture, Fixtures & Equipments	425.62	2.71	-	428.33	103.40	25.43	-	128.83	299.50	322.22
Vehicles	226.68	-	21.18	205.50	71.58	19.04	17.23	73.39	132.11	155.10
TOTAL	12,462.45	108.04	25.93	12,544.56	2,622.79	473.18	17.23	3,078.74	9,465.82	9,839.66
PREVIOUS YEARS TOTAL	11,037.68	3,586.67	2,161.90	12,462.45	2,036.12	526.59	(60.08)	2,622.79	9,839.66	

+ Buildings include (a) Ownership Flats, Roads, Drains and Pipelines.

(b) Rs. 0.91 lac being the cost of two flats on 30 years lease for which the Society is yet to be formed.



(Rs.in Lacs)

	as at 31.03.2011	as at 31.03.2010
SCHEDULE 7		
INVESTMENTS: AT COST / BOOK VAULE		
OTHER THAN TRADE INVESTMENTS		
(A) LONG TERM		
Quoted:		
4,35,350 Fully paid Equity Shares of Rs. 10/- each of Birla Transasia Carpets Limited.	63.69	63.69
Less: Provision for diminution in value	63.69	63.69
	-	-
Unquoted:		
I. IN SHARES:		
(a) 236 Fully paid Shares of US \$ 1,000 each of P.T. Horizon Syntex Indonesia, continue to be held in the name of erstwhile The Indian Tool Manufacturers Limited, and the same are still in process of being transferred in the name of the Company pending receipt of approval from Reserve Bank of India	19.31	19.31
Less: Provision for diminution in value	19.31	19.31
	-	-
(b) TIMA CETP Co-Op Society Ltd. 2000 fully paid Equity Share of Rs. 10/- each	0.20	0.20
(c) The Shamrao Vithal Co-op Bank Ltd. 2000 fully paid share of Rs. 25/- each	0.50	0.50
(d) 39,000 Fully paid Equity Share of Rs. 10/- each of Birla Energy Infra Limited	3.90	-
II. National Savings Certificates (Deposited with Government and Semi-Government authorities)	0.30	0.30
(B) CURRENT		
In Mutual Fund (Non Government Securities) (unquoted) 999400.360 Units of SBI SHF Ultra Short Term Fund (IP) - Daily Dividend Option	100.00	-
TOTAL	104.90	1.00
	Book Value Rs.in Lacs	Market Value Rs.in Lacs
a) Aggregate of Quoted Investments Previous Year	-	481.93 (406.40)
b) Aggregate of Unquoted Investments Previous Year	104.90 (1.00)	N.A (N.A)
SCHEDULE 8		
INVENTORIES		
1. Stores and Spare Parts	791.03	735.44
2. Raw Materials and Components	1,935.40	1,747.15
3. Raw Materials-in-process	933.95	1,178.79
4. Material in transit	1,877.87	509.19
5. Semi-finished Goods	3,820.55	2,659.62
6. Finished Goods	4,957.93	4,222.50
7. Scrap etc.	1,820.28	1,148.72
TOTAL	16,137.01	12,201.41
SCHEDULE 9		
SUNDRY DEBTORS-UNSECURED		
1. Outstanding over six months		
(a) Considered good	618.26	259.28
(b) Considered doubtful	150.00	150.00
Less: Provision	150.00	150.00
	-	-
2. Other Debts-Considered good	1,374.05	9,138.96
TOTAL	1,992.31	9,398.24



	as at 31.03.2011	(Rs.in Lacs) as at 31.03.2010
SCHEDULE 10		
CASH AND BANK BALANCES		
1. Cash on hand (including Cheques on hand Rs. 96.20 lacs) (Previous year Rs. 79.27 lacs)	103.54	85.71
2. <u>Scheduled Banks</u>		
i) In Current Accounts	1,036.04	272.53
ii) In Fixed Deposits (Including Interest Accrued)	6,513.09	166.27
iii) In Fixed Deposits (margin money) pledged with Banks	1,070.98	2,939.20
3. <u>Non-Scheduled Banks</u>		
i) In Current Accounts - The Municipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 6.26 lacs Previous year Rs. 10.13 lacs)	5.31	7.15
ii) In Fixed Deposits - The Municipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 0.37 lacs Previous year Rs.0.37 lacs)	0.37	0.37
TOTAL	8,729.33	3,471.23
SCHEDULE 11		
LOANS AND ADVANCES		
Unsecured, Considered Good, unless otherwise specified		
1. Advances recoverable in cash or in kind or for value to be received Good (Refer Note 9)	24,414.27	17,397.02
Doubtful	160.48	160.48
Less: Provision	160.48	160.48
	-	-
2. Balance with Port Trust, Customs and Excise	2,111.24	1,474.25
3. Advance Tax	1,308.60	672.01
TOTAL	27,834.11	19,543.28
SCHEDULE 12		
CURRENT LIABILITIES		
1. Sundry Creditors and Acceptances		
(a) Micro and Small Enterprises (Refer Note 5) (to the extent identified by the Management)	-	-
*(b) Other	21,839.63	21,487.18
(Includes Acceptances Rs. 11221.58 lacs (previous year Rs. 10415.24 lacs)		
2. Interest accrued but not due	122.76	38.91
TOTAL	21,962.39	21,526.09
* There are no amounts to be transferred to Investor Education and Protection Fund.		
SCHEDULE 13		
PROVISIONS		
1. Taxation	1,375.07	1,228.76
2. Fringe Benefit Tax	20.73	39.60
3. Employee Benefits	509.98	520.72
4. Contingencies (Refer Note 4)	491.39	491.39
5. Proposed Equity Dividend	-	2,162.00
6. Dividend Tax on Proposed Equity Dividend	359.08	359.08
TOTAL	2,756.25	4,801.55



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	(Rs.in Lacs)	
	For the year ended 31st March,2011	For the year ended 31st March,2010
SCHEDULE 14		
OTHER INCOME		
1. Miscellaneous Income	32.53	193.81
2. Sales Tax Refunds / Set off etc.	-	84.97
3. Dividends and Income from Current Investment	6.49	0.82
4. Surplus on Sale of Fixed Assets	0.64	133.10
5. Interest Received on Income Tax refund	-	80.32
6. Interest recoveries from parties (Gross) (Tax deducted at source Rs. 15.43 lacs, previous year Rs. 16.66 lacs)	1,224.89	1,366.64
7. Excess provision written back (Net)	17.70	65.64
8. Provision no longer required	74.62	156.32
9. Profit on sale of Raw Material & Stores (Net)	13.25	-
10. Foreign exchange Gain\ (Loss) (Net)	296.70	409.60
TOTAL	1,666.82	2,491.22
 SCHEDULE 15		
(INCREASE)/DECREASE IN STOCKS		
Closing Stocks :		
Finished Goods	4,957.93	4,222.50
Semi-Finished Goods	3,820.55	2,659.62
Scrap etc.	1,820.28	1,148.72
	10,598.76	8,030.84
Less:		
Opening Stocks :		
Finished Goods	4,222.50	2,413.25
Semi-Finished Goods	2,659.62	2,987.01
Scrap etc.	1,148.72	645.19
	8,030.84	6,045.45
Less: Transferred on Demerger	-	1,340.50
Add: Taken over on Amalgamation :	-	1,462.80
	8,030.84	6,167.75
	2,567.92	1,863.09
Variation in excise duty on closing and opening stock of Finished Goods	(208.68)	(28.36)
TOTAL	(2,359.24)	(1,834.73)



	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE 16		
MANUFACTURING AND MAINTENANCE		
1. Stores and Spare Parts consumed	773.43	847.20
2. Power, Fuel and Water	1,180.59	1,076.80
3. Repairs to: (Excludes Stores and Spares issued)		
(a) Buildings	36.16	26.15
(b) Machinery	49.06	45.23
(c) Others	23.87	30.85
4. Conversion, Octroi and other manufacturing expenses	515.12	590.08
TOTAL	2,578.23	2,616.31
SCHEDULE 17		
EMPLOYEES' REMUNERATION AND BENEFITS		
1. Salaries, Wages and Bonus, etc.	1,540.43	1,404.85
2. Contribution to Provident and Other Funds	74.94	78.19
3. Welfare Expenses	135.54	113.07
TOTAL	1,750.91	1,596.11
SCHEDULE 18		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
1. Rent (Net)	39.35	43.53
2. Insurance	22.40	4.88
3. Rates and Taxes	27.01	24.37
4. Miscellaneous Expenses	863.10	943.87
5. Freight, Forwarding and Handling Expenses etc.	3,543.01	2,045.93
6. Commission	257.44	456.47
7. Directors' Fees and Travelling Expenses	8.05	6.12
8. Auditors' Remuneration:		
(a) Statutory Auditors:		
(1) As Auditors Fees (excluding service tax)	11.71	9.30
(2) Certificate and Other Matters	1.50	3.94
(3) Expenses	0.07	0.28
(b) Cost Audit Fees	1.00	0.50
9. Loss on Fixed Assets sold/discarded	1.88	1.64
10. Loss on sale of Raw Material and Stores (Net)	-	8.18
11. Bad debts,irrecoverable advances and claims written off	1.55	26.00
12. Provision for Doubtful Debts and Advances	-	150.00
13. Foreign Exchange rate difference (Net)	-	12.62
14. Cash Discount	13.08	29.57
TOTAL	4,791.15	3,767.20
SCHEDULE 19		
INTEREST AND FINANCE EXPENSES		
1. On Fixed Loans	148.87	165.62
2. To Banks and Others	2,235.61	1,735.41
TOTAL	2,384.48	1,901.03



SCHEDULE 20**CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS****I. Accounting Policies****(a) Basis of preparation of Financial Statements:**

- i) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e. for the period ended 31st March. The foreign subsidiary in USA follows January to December as its financial year. In case of the foreign subsidiary, the Company has redrawn its financial statement for the period ended 31st March.
- ii) The Financial Statement have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of Parent Company and other Indian Subsidiaries have been prepared in accordance with the Accounting Standards prescribed by Companies Accounting Standard Rules 2006, and those of foreign subsidiary have been prepared in accordance with the local laws and the applicable Accounting Standards / Generally Accepted Accounting Principles.

(b) Principles of Consolidation:

- i) The financial statements of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance, intra group transactions and the unrealized profits.
- ii) Financial Statement of Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- iii) Financial statements of foreign subsidiary is translated into Indian Rupees as under:
 - (a) Assets and Liabilities at the rate prevailing at the end of the period.
 - (b) Revenue and Expenditure at the yearly average exchange rates prevailing during the period.

(c) Fixed Assets:**(i) Gross Block:**

All fixed assets are stated at cost less accumulated depreciation except free hold land. However, Fixed Assets, which are revalued by the Company, are stated at their revalued book values.

(ii) Depreciation/Amortisation:

- (a) The Company provides depreciation on the Straight Line Method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (b) Cost of leasehold land is amortised over the period of lease.

(d) Borrowing cost:

Interest and other borrowing costs attributable to acquisition of qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

(e) Investments:

Investments are stated at cost of acquisition or at book value in case of diminution in value. Current investments are stated at lower of cost and fair value.

(f) Inventories:

- (i) Raw Material, Raw Material in Process, Semi-Finished Goods, Finished Goods, Goods for Trade and Stores, Spares etc. are valued at cost or net realisable value, whichever is lower.
- (ii) Goods in Transit are valued at cost to date.
- (iii) Industrial scrap is valued at estimated realisable value.
- (iv) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formulae used is weighted average cost.
- (v) Due allowances are made for obsolete inventory based on technical estimates made by the Company.



(g) Recognition of Income and Expenditure:

- i) Revenues/incomes and cost/expenditure are generally accounted on accrual basis as they are earned or incurred except in case of significant uncertainties.
- ii) Sale of goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods. Export sales are accounted for on the basis of the dates of 'On Board Bill of Lading.
- iii) Export Benefits are recognised in the year of export.

(h) Research and Development Expenditure:

Expenditure on Research and Development is charged to revenue through the natural heads of expenses in the year in which it is incurred. Such expenditure is charged to Capital if it results in the creation of capital assets.

(i) Employee Benefits:

- (i) Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

(ii) Retirement Benefits:

- (a) Retirement benefits in the form of Provident Fund/ Family Pension Fund and Superannuation Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the profit and loss account of the year.
- (b) Retirement benefits in the form of Gratuity , which is Defined Benefit Plan and the long term employee benefit in the form of Leave Encashment are determined and accrued on the basis of an independent actuarial valuation applying the Projected Unit Credit Method.
- (c) Actuarial gains/losses arising during the year are recognized in the profit and loss account of the year.

(j) Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of financial year are revalored at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognized in the Profit and Loss Account, except to the extent it relates to long term monetary items for acquisition of depreciable capital assets, which is adjusted to the acquisition cost of such assets and depreciated over remaining useful life.

(k) Expenses on New Projects:

Expenses incurred on new projects are carried in the Accounts under the head Loans and Advances, until such expenses are written off or charged to revenue in the year in which decision is taken to abandon the project.

(l) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised on timing differences between taxable & accounting income that originates in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised if and only if there is a virtual certainty backed by convincing evidence of its realisation. Deferred tax assets on account of other timing differences are recognised on the basis of reasonable certainty about its realisation. At each Balance Sheet date the carrying amount of deferred tax assets are reviewed to reassure realization.

(m) Impairment of Assets:

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to assess whether there is any indication of impairment in respect of such assets or group of assets (cash generating unit). If such indication exists, the recoverable amount of such asset or group of assets is estimated. If such recoverable amount of the assets or the group of assets is less than its carrying amount, an impairment loss is reckoned by reducing the carrying amount to its recoverable amount. If there is an indication at the balance sheet date that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost.

**(n) Provisions, Contingent Liabilities and Contingent Assets:**

The Company recognizes a provision when there is a present obligation as a result of a past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made. Contingent liabilities are disclosed by way of note to the Financial Statement after careful evaluation by the management of the facts and legal aspects of the matter involved. Contingent Assets are neither recognized nor disclosed.

2. (a) Subsidiaries

The consolidated Financial Statements presents the consolidated accounts of ZENITH BIRLA (INDIA) LIMITED with its following Subsidiaries:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Foreign Subsidiary:		
Zenith USA inc.	United States of America	100%
Zenith Middle East FZE	United Arab Emirates	100%

(b) Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognising this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

3. (a) Estimated amount of contracts remaining to be executed on capital account–Net of advance of Rs. 3926 lacs (Previous year Rs. 2099.69 lacs)
- (b) The charge by way of hypothecation of inventories in favour of Bankers also extends to the guarantees aggregating to Rs. 1098.11 lacs (previous year Rs. 31 lacs) given by the Bank on behalf of the Company.
4. The outflow of the resources in respect of pending disputed matters in respect of Sales Tax and Excise Duty would depend on the ultimate outcome of the disputes lying before various authorities amounting to Rs. 491.39 lacs (previous year Rs. 491.39 lacs). The Company has taken legal and other steps necessary to protect its position in respect of these claims.
5. There are no Micro and Small enterprises to whom the Company owes amounts which are outstanding as at 31st March 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) has been determined on the basis of and to the extent information is available with the Company. No interest is paid / payable during the year to any enterprise registered under the MSME.

6. Managerial remuneration:

(a) Profit and Loss Account includes payments and pensions on account of Managerial Remuneration for Managing Director as under:

Particulars	(Rs.in Lacs)	
	2010-2011	2009-2010
Salary	82.88	73.14
Commission	85.23	60.48
Contribution to Provident Fund	4.41	3.82
Provision for Gratuity	3.53	2.42
Perquisites and Allowance	8.52	12.66
Total	184.57	152.52

(b) The remuneration as approved by the Remuneration Committee / Board / Shareholders paid/provided to the Managing Director during the year has been considered as the minimum remuneration, resulting in excess of such remuneration over maximum remuneration, as per sanction received from Ministry of Corporate Affair vide letter dated 11th May, 2011 amounting to Rs. 170.46 lacs. The Company will file an application with the Central Government in this regard.

**(c) Discloser in respect of material transactions with related parties during the year included in (b) above.****(Rs.in Lacs)**

		2010-11	2009-10
1	Sale of Goods		
	Birla Precision Technologies Ltd.	2,379.34	-
2	Service charges		
	Birla Global Corporate Pvt.Ltd.	240.00	216.00
3	Purchase of Goods		
	Birla Power Solutions Ltd.	314.59	-
4	Inter Corporate Deposit - paid		
	Godavari Corporation Pvt.Ltd.	-	603.54
	Birla Cotsyn (India) Ltd.	-	250.00
	Nirved Trader Pvt.Ltd.	-	573.59
	Shearson Investment & Trading Co.	-	222.36
5	Inter Corporate Deposit - Received		
	Mounthill Investment Pvt.Ltd.	-	577.47
	Sonakshi Consultant Pvt.Ltd.	-	546.91
6	Interest Received		
	Birla Power Solutions Ltd.	190.20	210.89
	Godavari Corporation Pvt.Ltd.	115.64	100.84
	Birla AccuCast Ltd.	83.71	83.71

8. The major components of Deferred Tax Assets / (Liability) are set out below:**(Rs.in Lacs)**

Particulars	As at 31st March 2010	Charge/(Credit) during the year	As at 31st March 2011
Deferred Tax liability on Account of			
Depreciation	631.65	(16.92)	614.73
Total	631.65	(16.92)	614.73
Deferred Tax Assets on Account of			
Provision for Gratuity and Leave Encashment	171.74	(2.34)	169.40
Net Deferred Tax Liability	459.91	(14.58)	445.33

9. (i) Advances recoverable in cash or in kind or for value to be received includes:

Rs 2148.85 lacs (previous year Rs 2148.85 lacs) for which the Company has entered into deeds of assignment for transfer of debts outstanding and receivable by the Company, to the purchaser of the debts.

(ii) In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

10. During the year 2006-07 the Company made Follow on Public Issue and consequently raised Rs. 120.95 Crore.

The net proceeds of the issue have been utilized for the object of the issue as detailed below:

(Rs. in Crores)

Particulars	Amount
Projected Amount	131.00
Amount Spent till 31 st March, 2011	50.64
Balance amount to be spent	80.36

Pending full utilization, the balance amount is held in Current/Fixed deposit /loans accounts.



11. Computation for Earning Per Share (Rs.in Lacs)

	2010-11	2009-10
Profit for the Year	854.48	910.09
Expenses in respect of earlier years	(2.22)	-
Excess/(Short) Provision of Current Tax for Prior Period	60.99	18.85
	913.25	928.94
Profit before adjustments on account of demerger and amalgamation		
Weighted average No. of Equity Share	5,37,42,859	4,00,72,544
Add: Increase on conversion of Global Depository Receipts	5,43,57,060	-
Increase on Bonus Shares Issued	2,16,20,529	-
Conversion of Preferential Warrants	15,60,000	-
Shares issued and allotted as per terms of Scheme of Amalgamation	-	1,36,70,315
	13,12,80,448	5,37,42,859
Earning per share	0.70*	1.23*

* EPS is adjusted for Bonus Shares issued in the current year.

12. Segment Information

A. PRIMARY BUSINESS SEGMENT

The Company operates in a single segment namely Pipes and hence the Primary Business segment information is not applicable.

B. SECONDARY SEGMENT – Geographical by Customers

	Year to date figures for Current year 31.03.2011	Year to date figures for Previous year 31.03.2010
1 Segment Revenue		
a) In India	26,291.57	28,834.53
b) Outside India	27,134.57	21,249.72
Total	53,426.14	50,084.25
2 Carrying Cost of Assets by Location of Assets		
a) In India	51,871.18	44,967.30
b) Outside India	804.81	1,548.58
	52,675.99	46,515.88
Unallocated	14,639.69	10,362.46
Total	67,315.68	56,878.34
3 Addition to Assets and Intangible Assets		
a) In India	315.19	236.21
b) Outside India	-	-
Total	315.19	236.21

13. The Company has recognised exchange differences arising on long term foreign currency monetary items in line with para 46 of Accounting Standard 11, inserted vide notification No. 43R 22E dated 31st March, 2009 as per Companies (Accounting Standard) Amendment Rules, 2009.

Pursuant to the above, effect of exchange difference on long term foreign currency monetary items, so far as they relate to acquisition of depreciable capital assets, have been adjusted to the cost of such assets and depreciated over their remaining useful lives. Accordingly, net exchange gain relating to the financial year 2010-11 amounting to Rs. 27.93 lacs, has been adjusted to the cost of fixed assets.



There are no long term foreign currency monetary items which require exchange differences to be amortised.

14. The details of subsidiaries in terms of General circular No. 2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, are disclosed in Annexure I to these financial statements.

15. Previous year figures have been re grouped /recast, wherever necessary.

As per our attached report of even date
FOR THAKUR,VAIDYANATH AIYAR & CO.
Chartered Accountants
Firm Registration No.: 000038N

By Order of the Board
M.S. Arora
Managing Director

C.V. Parameswar
Partner
Membership No: 11541

Anoj Menon
Director

Mumbai, 30th May, 2011

Annexure - I

The details of subsidiaries in terms of General circular No. 2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, is as under:

Particulars	Foreign Subsidiaries (Rs. In lacs)	
	Zenith (USA) Inc.	Zenith Middle East FZE
1 Share Capital	2.28	257.31
2 Reserves and Surplus	(285.11)	(220.17)
3 Total Assets	761.04	492.52
4 Total Liabilities	1,043.87	455.68
5 Details of Investments		
Government Securities	-	-
Shares (excluding subsidiaries)	-	-
Mutual Funds	-	-
6 Turnover and Other Income	6,705.99	-
7 Profit Before Taxation	(166.07)	(9.11)
8 Provision for Taxation	-	-
9 Profit After Taxation	(166.07)	(9.11)
10 Proposed Dividend	-	-

Note:- a) Item No. 3 to 5 are translated at exchange rate as on 31st March, 2011 - US Dollars = Rs. 44.65.

b) Item No. 6 to 10 are translated at annual average exchange rate - US Dollars = Rs. 44.90.

ZENITH BIRLA (INDIA) LIMITED

Regd. Office : Dalamal House, 1st Floor, 206 Jamnalal Bajaj Marg, Nariman Point, Mumbai -400021.

ATTENDANCE SLIP

DP. Id*

Folio No.

CLIENT Id*

NAME AND ADDRESS OF THE SHAREHOLDER _____

No. of Share(s) held _____

I/We hereby record my/our presence at the FORTY NINTH ANNUAL GENERAL MEETING of the Company on Tuesday, 20th day of September 2011 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

Signature of the Member/Proxy present _____

*Applicable for investors holding shares in Electronic Form.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP AT THE MEETING

------(TEAR HERE)-----

ZENITH BIRLA (INDIA) LIMITED

Regd. Office : Dalamal House, 1st Floor, 206 Jamnalal Bajaj Marg, Nariman Point, Mumbai -400021.

PROXY FORM

I/We _____

in the district of _____ being a Member/Members of Zenith Birla (India) Limited

hereby appoint _____ of _____

_____ in the district of _____ or

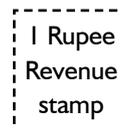
failing him _____ of _____

in the district of _____ as my/our proxy to attend and vote for me/our behalf at the Forty Ninth Annual General Meeting of the Company to be held on Tuesday, 20th day of September 2011 at 3.30 p.m.

Signed this _____ day of _____ 2011.

FOR OFFICE USE ONLY
PROXY NO.
LEGER FOLIO
NO. OF SHARES

Signature _____



Note : The form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.



ZENITH BIRLA (INDIA) LIMITED



THE YASH BIRLA GROUP

Registered Office: Dalamal House, First Floor, 206, J.B. Marg, Nariman Point, Mumbai - 400021

Dear Shareholder,

Re: Green Initiative in Corporate Governance

We wish to inform you that the Ministry of Corporate Affairs, New Delhi ("MCA") (vide its Circulars dated April 21, 2011 and April 29, 2011) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. This move by the MCA is welcome since it will benefit the society at large through reduction in paper consumption and contribute towards greener environment. Also you will be able to receive the Communication promptly and without loss in transit.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications /documents including the Notice calling the General Meeting/ Notice of Postal Ballot, audited financial statements, directors' report, auditors' report etc. via electronic mode **on the Email ID registered by shareholders with their Depository Participant (DP)**. To this effect the Company has also sent an email on 8th July 2011 from green.bss@bigshareonline.com to those shareholders whose e-mail ID were available with the Company.

Shareholders holding shares in demat mode and who have not yet registered their Email ID are requested to kindly register/update their e-mail ID with their concerned Depository Participant, on which they desire to receive all future communications/ documents as specified above. **In case of change in your Email Address in future**, please update same with your DP.

Please note that the email address indicated in your respective DP accounts periodically downloaded from the depositories viz. NSDL/ CDSL will be deemed to be your registered email address.

Shareholders holding shares in physical mode are requested to register their email address with the Company by sending a written request signed by the First Shareholder mentioning your folio no. to the Registrars and Share Transfer Agents – Bigshare Services Private Limited.

Please note that, upon receipt of a requisition from you, the Company shall send all these documents on the address registered with the Company free of cost.

Please note that the Annual Report of your Company along with all future notice/ communication/ documents will be displayed on the Company's website www.zenithsteelpipes.com

It is clarified that shareholders holding shares in physical form and have not registered their email address with the Registrar/ Company and those Demat Shareholders who have not registered email ID with their DP, will continue to receive physical copies of these documents.

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and co-operate with the Company to make it a success.

Thanking You,

Yours faithfully,

For Zenith Birla (India) Limited

Sd/-

**Harsha Kedia
Company Secretary & Compliance Officer**

BOOK-POST

If undelivered, please return to:

ZENITH BIRLA (INDIA) LIMITED

Vedant Commercial Complex, Blog. No. S-2,
2nd Floor, Vartak Nagar, Pokhran Road No. 1
Thane (West), 400 606.
Tel. No.: 6793 3000, Fax No.: 6793 3111