



THE YASH BIRLA GROUP

ZENITH BIRLA (INDIA) LIMITED



Annual Report 2011 - 2012

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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 Anoj Menon	(Independent Director)

- **Company Secretary & Compliance Officer**

Mrs. Harsha Kedia

- **Auditor**

M/s Thakur, Vaidyanath Aiyar & 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

- **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 & 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



NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of the members of **ZENITH BIRLA (INDIA) LIMITED** will be held on Monday, 17th day of September 2012 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 31st March, 2012, Statement of Profit and Loss 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 D. V. Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri A. P. Kurias, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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:

5. TO CONSIDER AND APPROVE VARIATION IN UTILISATION OF FOLLOW ON PUBLIC OFFER PROCEEDS AS STATED IN PROSPECTUS DATED 4TH OCTOBER, 2006

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

“**RESOLVED THAT** pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable rules, regulations, guidelines and other statutory provisions for the time being in force, approval of the members of the Company be and is hereby granted and the Board of Directors of the Company (hereinafter called the **Board** which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), be and is hereby authorized to vary the terms referred to in the Company’s Prospectus dated 4th October, 2006 including to vary and / or revise the utilisation of the proceeds of the public issue of equity shares made in pursuance of the said Prospectus, for purposes other than those mentioned in the Prospectus, namely for manufacturing of saw and ERW pipes at Chennai or at such other location as may be decided by Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters, and things, deal with such matters, take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board or such Officer(s) / Authorised Representative(s) as may be authorised by the Board be and are hereby authorized to file the necessary applications, documents *inter alia*, with the Registrar of Companies and to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient for the purpose of giving effect to the above resolution and for matters connected herewith or incidental hereto.”

6. TO RE-APPOINT SHRI M.S. ARORA - MANAGING DIRECTOR OF THE COMPANY FOR ANOTHER TERM OF 3 YEARS

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

“**RESOLVED THAT** pursuant to provisions of sections 198, 269, 309, 316 and all other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII as amended from time to time (the “Act”) approval be and is hereby granted to the re-appointment of Shri M. S. Arora as Managing Director of the Company for further period of 3 years with



effect from 10th July, 2012 on salary, allowances and perquisites as under, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the agreement, as may be agreed to between the Directors and Shri M. S. Arora.

I. Salary/ Perquisites/Benefits/Allowance

- i. Shri M. S. Arora shall be entitled to a salary, perquisites, allowances & benefits not exceeding Rs. 1.25 crores per annum.
- ii. Perquisites, benefits and allowance includes House Rent Allowance, Education Allowance, Servant Allowance, Flexible Allowance, Re-imbursment of Newspaper/Magazines/Journals Expenses, Medi-claim insurance premium Re-imbursment for self & Family, Medical allowance, Leave Travel Concession for self & family 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.
- iii. Shri M. S. Arora shall also be entitled to Company's contribution to Provident Fund, 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.
- iv. Shri M. S. Arora shall also be entitled to Gratuity at the rate of one month's salary for each completed year of service.

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 in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri M. S. Arora shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take such steps and to do all other acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution."

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

Place : Mumbai
Date : 13th August, 2012

Harsha Kedia
Company Secretary

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. 5 and 6 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 11th September, 2012 to 17th September, 2012 (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 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 21st April, 2011 and Circular No.18/2011 dated 29th April, 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 Registrar & Transfer Agent (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, Registrar and 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(2) OF THE COMPANIES ACT, 1956

Item No: 5

The members pursuant to a special resolution passed at the Annual General Meeting held on 30th September, 2005 had approved a public issue. Accordingly, in the year 2006, the Company through a public issue-Prospectus dated 4th October, 2006 for public issue of 2,38,18,182 equity shares of face value of Rs. 10 each at a premium of Rs. 45 per share raised an amount of Rs. 13100 lacs. In the Prospectus under the section titled "Objects of the Issue" on page no. 34 of the Prospectus, the Company had disclosed the fund requirements and means of finance, including the following details on page no. 40 of the Prospectus as regards the funds to be deployed.

(Rs. In lacs)

Sr. No.	Particulars	2006-07	2007-08	Total
1.	Mechanic Tube project	3965	4857	8822
2.	Preliminary & Pre-operative expense	150	-	150
3.	Contingency	-	-	221
4.	Working Capital (existing business)	2150	-	2150
5.	Margin Money for working capital (Mechanical tube)	-	557	557
6.	Public issue expenses	1200	-	1200
			Total	13100



As per the audited financial statements of the Company for the year ended 31st March, 2012 an amount of Rs. 8036 lacs is lying unspent as mentioned in below table.

(Rs. In lacs)

Sr. No.	Particulars	Project amount	Balance amount to be spent
1.	Mechanical Tube Project	8822	7170
2.	Preliminary & Pre-operative expense	150	98
3.	Contingency	221	221
4.	Working Capital (existing business)	2150	-
5.	Margin Money for working capital (Mechanical tube)	557	557
6.	Public issue expenses	1200	(10)
		13100	8036

The Company was not in a position to utilize the said amount due to adverse market conditions. Hence it is proposed to amend the objects / end use of the public issue proceeds, so that Company can utilize the proceeds for manufacturing of saw and ERW pipes at Chennai or at such other location as may be decided by Board. The proposed utilization of fund is as follows:

Sr. No.	Particulars	Rs. In lacs
1	Land and Building	1000
2	Plant & Machinery (Imported & Indigenous)	8532
3	Miscellaneous Fixed Assets	3696
4	Contingency	272
		13500

Out of Rs. 13500 lacs, Rs. 8036 lacs will be utilized from the unutilized proceeds of public issue and balance Rs. 5464 lacs will be utilized from unutilized proceeds of GDR issue

Pursuant to the provisions of section 61 of the Companies Act, 1956, a Company cannot vary the terms referred to in the Prospectus except, subject to approval of or, except on authority given by the Company in a general meeting. Accordingly, it is considered appropriate to seek approval of the members to confer authority in favour of the Board for utilisation of the unutilized portion of the public issue proceeds for purposes other than those mentioned in the Prospectus dated 4th October, 2006.

Accordingly, the Board of Directors recommends the resolution set out at item no. 5 of the accompanying notice for the approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution, except to the extent of their shareholding.

Item No: 6

Shri M. S. Arora was appointed as Chief Executive Officer and Executive Director of the Company for a period of 5 years w.e.f. 10th July, 2007. Later on by a board resolution passed at meeting held on 27th July, 2009, he was appointed as Managing Director of the Company for a period from 27th July, 2009 to 9th July, 2012.

Accordingly his present term as Managing Director has expired on 10th July, 2012.

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 25th May, 2012 have re-appointed Shri M.S. Arora as Managing Director of the Company for a period of 3 years w.e.f. 10th July, 2012.

Shri M. S. Arora, aged 50 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 re-appointment 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 of Directors recommends the resolution set out at item No. 6 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	2011-12	2010-11	2009-10
Net Sales	46136.43	49430.20	48016.02
Total Income	48421.83	51078.52	50485.37
Total Expenditure	48157.81	49561.91	48488.74
Profit before Tax	264.02	1516.61	1996.63
Profit after Tax (after prior period adjustments)	153.71	1088.42	1195.86

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

(Rs. in lacs)

Financial Year ended	2011-12	2010-11	2009-10
Foreign Exchange Earnings (FOB value of Export)	15188.01	25080.39	19822.03

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 50 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.

2) Past Remuneration :

For the year 2011-12	(Rs. In Lacs)
Salary	109.45
Contribution to Provident Fund	6.48
Provision for Gratuity	5.19
Perquisites and Allowance	9.66
Total	130.78

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 :

During the financial year 2011-12, the performance of the Company was affected due to the continuing slow down of economy.

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 location and additional product range. 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 : 13th August, 2012

Harsha Kedia
Company Secretary



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Fiftieth Annual Report together with the Audited Statements of Accounts of your Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

(Rs. in lacs)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
Gross Income	52776.26	55036.98
Less : Excise Duty	4354.43	3958.46
Net Income	48421.83	51078.52
Profit/(Loss) before Interest, Depreciation and Taxation	3936.55	4371.94
Interest and Finance Expenses	3164.36	2382.27
Profit/(Loss) before Depreciation and Taxation	772.19	1989.67
Depreciation	508.17	473.06
Profit/(Loss) for the Year before Taxation	264.02	1516.61
Less: Provision for Taxation :		
Current Tax	50.00	502.74
Deferred Tax	59.53	(14.58)
Wealth Tax	0.78	1.02
Tax in respect of earlier years	-	(60.99)
	110.31	428.19
Profit for the year (PAT)	153.71	1088.42

2. FINANCIAL HIGHLIGHTS

During the year under review, the net income of the Company has reduced to Rs. 48421.83 lacs as compared to Rs. 51078.52 lacs of previous year due to decline in sales. Profit after Tax for the financial year stood at Rs. 153.71 lacs as against Rs. 1088.42 lacs of previous year.

3. DIVIDEND

Your directors have not recommended dividend for the year ended 31st March, 2012 considering the fund requirement for future business expansion.

4. EXPORT PERFORMANCE

Exports turnover reduced to Rs. 15188.01 lacs for the year ended 31st March, 2012 as compared to Rs. 25080.39 lacs of previous year.

5. 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 at such location as may be decided by Board.

6. 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, 1956

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated 8th February, 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' to financial statement forming part of the Annual Report. Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31st March, 2012, 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.

7. 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.

8. 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.

9. 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.

10. COST AUDIT

As per the Order of the Central Government and in pursuance of section 233B of the Companies Act, 1956, your Company carries out an audit of its cost records.

The Ministry of Corporate Affairs (MCA) has introduced The Companies (Cost Audit Report) Rules, 2011 vide its notification no. GSR 430(E) dated 3rd June, 2011. These rules make it mandatory for industries to appoint a Cost Auditor within 90 days of the commencement of the financial year.

Based on the Audit Committee recommendations at its meeting held on 25th May, 2012, the Board has approved the appointment of M/S Y. R. Doshi & Co., Cost Accountants as Cost Auditors for conducting Cost Audit for the Financial Year 2012-13, subject to approval of the Central Government.

The cost audit report for financial year end 31st March, 2012 will be filed with Central Government in due course.



11. AUDITOR'S REMARK

The Board of Directors' explanation to auditor's remark is as follows:

Auditor's Remark	Director's explanation
In respect of compliance by the Company 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, we have to state that there has been a small delay in issue of Fixed Deposit Receipts to the extent of Rs. 78.16 lacs during January and February 2012 consequent to the change in the Registrar of the Company.	The Company had changed its Registrar to the Fixed Deposit scheme from Link Intime India Private Limited (Link Intime) to Adroit Corporate Services Private Limited (Adroit) in the month of January 2012. The Company thought it prudent to change the Registrar due to better services and upgraded software used by Adroit as compared to Link Intime. As Adroit had to setup the Fixed Deposit system post shifting of the records from Link Intime, there had been a small delay in issue of Fixed Deposit Receipt.

12. DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri D. V. Kapur and Shri A.P. Kurias, Directors of the Company retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

13. FIXED DEPOSITS

During the year under review, the Company has invited fresh Fixed Deposits from its shareholders and general public. As on 31st March, 2012, the Company has fixed deposit of Rs. 3319.84 Lacs. There are no un-paid deposits (other than un-claimed), payable as of 31st March, 2012. Also, there is no default in payment of interest and repayment of matured deposits.

14. 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 2012-13 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.

15. 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.

16. 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.

17. 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: 13th August, 2012

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, 2012)

A. CONSERVATION OF ENERGY:

a) Energy Conservation Measures Taken:

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

- 1) Insulation updated for steam lines & vessels & arrangements improved for condensate collection and transfer to Boiler feed water tank.
- 2) 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) Additional investment and proposal being implemented for reduction of energy.

- 1) 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.

- 1) 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 given hereunder in Form A.

FORM – A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY			
A.	POWER AND FUEL CONSUMPTION	CURRENT YEAR 2011-12	PREVIOUS YEAR 2010-11
I	Electricity		
	a) Purchases Unit	8626628	10219794
	Total Amount (Rs.)	55615860	58495014
	Rate / Unit (Rs.)	6.44	5.72
	b) Own Generation	-	-
	i) Through coal based thermal Power plant unit	-	-
	Unit per kg. of Coal	-	-
	Cost/Unit	-	-
	ii) Through furnace oil generator unit	-	-
	Units per kg. of Furnace oil	-	-
	Cost/Unit	-	-
	iii) Through furnace oil generator unit	4520	22158
	Units per kg. of Diesel oil	0.98	0.47
	Cost/Unit	38.40	19.19
2	Coal Quantity (MT)	-	-
	Total Cost (Rs.)	-	-
	Average rate/MT (Rs.)	-	-
3	Lignite Quantity (MT)	-	-
	Total Cost (Rs.)	-	-
	Average rate/MT (Rs.)	-	-
4	LPG Qunatity (MT)	-	-
	Total Cost (Rs.)	-	-
	Average rate/MT (Rs.)	-	-
5	Furnace oil Quantity (KL)	1215.068	2040.855
	Total Cost (Rs.)	46422792	56870730
	Average rate/MT (Rs.)	38206	27866



6	Diesel Quantity (Ltrs)	6874	14640
	Total Cost (Rs.)	266195	540696
	Average rate/MT (Rs.)	38.73	36.93
7	Other/Internal Generation	-	-
B	Electricity Consumption per unit of Production	CURRENT YEAR 2011-2012	PREVIOUS YEAR 2010-11
	Pipe Production (MT)	81142	106645
	Total Consumption Unit	8631148	8631148
	Consumption Unit/Kg (Rs.)	106.37	80.93

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.**

- 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.
- 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:**

- Activities relating to Export** – Exports are vital part of Zenith's overall business. Export accounts for substantial portion of Zenith sales/ revenue. Activities include customer visits and correspondence, participations in exhibitions, B to B marketing, co-ordination with Plant for execution of orders, arrange shipments, follow up of payment receipts, co-ordination with government for exports related documentation.
- Initiatives taken to increase exports** – focus on new markets, emphasize on downstream market.
- Development of new export markets for products and services** – visit new territories to explore opportunities in Africa, Middle East, Europe
- Export plans** – to continue to maintain our strength in exports.
- Total Foreign Exchange used and earned** – as under:

(Rs. In lacs)

	2011-12	2010-11
Total Foreign Exchange Earnings (earned)	15188.01	25080.39
Total Foreign Exchange Outgo (used)	1420.25	5080.74

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, 2012:

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
I	M. S. Arora	B.E. (Mech)	50	Managing Director	25	15.03.2007	130.78	Man Industries Ltd



MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

The global economic environment deteriorated in the second half of 2011 with concerns over fiscal sustainability in Europe, and increased risk aversion around the world. Hardening credit constraints and risk aversion have transferred financial sector difficulties to the real economy. For developing countries in general, the contagion has been broad-based, with higher funding costs and sharply weakened capital flows, although that does not yet seem to have affected India. Global economic conditions are fragile, and there remains great uncertainty as to how markets will evolve over the medium term.

INDIAN ECONOMY

In India, the slowdown in GDP growth witnessed over the last two quarters is likely to extend into the coming fiscal year because of the weakness in investment. In FY 2011-12 and FY 2012-13, GDP growth is forecast to reach around 7-7.5 percent, as significant slowdown from the 9-10 percent growth in the run-up to the global financial crisis. The slowdown is at least partly caused by structural problems (power projects facing delays due to the lack of coal and gas feedstock, mining and the telecom sectors hit by corruption scandals, unavailability of land and infrastructure). Tighter macroeconomic policies, slow growth in the core OECD (Organization for Economic Co-operation & Development) countries and worries about another global recession, and the base effect of high growth in FY 2010-11 in agriculture also weigh down on growth.

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 and 12th five-year plan.

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:

Considering the business model the Company had pursued in the past for exports and domestic, the future model is being adjusted to overcome the threat of Anti-dumping and CVD imposed by the USA and the loss of business due to the same in USA.

More aggressive approach in domestic market 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 locations and additional product range. 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 reduced to Rs. 48421.83 lacs as compared to Rs. 51078.52 lacs of previous year due to decline in sales. Profit after Tax for the financial year stood at Rs. 153.71 lacs as against Rs. 1088.42 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 13th August, 2012, 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 they are 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 and no. of shares held by them are provided in below table:

Name of Directors	Category of Directorship	No. of shares held as on 31.03.2012	*No. of other directorships as on 31.3.2012	#No. of other Committee positions		No. of Board Meetings attended during the year	Attendance at the 49 th Annual General Meeting held on 20.09.2011
				Chairman	Member		
Shri Yash Birla, Chairman	Non-Executive Non-Independent	1,05,984	13	1	-	4	Yes
Shri M.S.Arora, Managing Director	Executive, Non- Independent	Nil	3	-	1	5	Yes
Dr. D. V. Kapur	Non-Executive, Independent	Nil	5	4	1	3	Yes
Shri Augustine P. Kurias	Non-Executive, Independent	Nil	1	2	-	4	Yes
Shri P.V.R. Murthy	Non-Executive, Non-Independent	Nil	12	-	9	4	Yes
Shri Anoj Menon	Non-Executive, Independent	Nil	3	3	2	5	Yes

* 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.

Five 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:

30th May, 2011, 11th August, 2011, 20th September, 2011, 11th November, 2011 and 14th February, 2012.

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 D. V. Kapur	Shri A. P. Kurias
Date of Birth	09.09.1928	28.08.1932
Date of Appointment	23.12.1988	27.10.1999
Qualification	B.E.E, D.SC	M.A. (Eco), C.A.I.I.B
Expertise in specific functional area	Shri D. V. Kapur, aged 83 years, is B.E.E., D.SC. by qualification. He was also secretary to the Government of India in the Department of Power, Heavy Industry and Chemicals & Petrochemicals. His experience includes his role as Founder Chairman & Managing Director of National Thermal Power Corporation (NTPC).	Shri A.P. Kurias, aged 79 years is M.A. (Eco), C.A.I.I.B by qualification. he is a retired banker with more than 40 years of experience in banking industry. He has worked with RBI, IDBI in various capacities including CGM & Principal of Bankers Training College of RBI. He has also served on Board of various public sector banks and financial institutions.
Directorship held in other companies	1. Honda Seil Power Products Ltd 2. DLF Limited 3. Reliance Industries Limited 4. GKN Driveline (India) Limited 5. Drivetech Accessories Limited	1. Birla Precision Technologies Limited
Committee positions held in other companies (C = Chairman; M = Member)	Audit Committee: 1. Honda Siel Power Products Ltd (C) 2. GKN Driveline (India) Ltd.(C) 3. DLF Ltd. (M) Shareholders’ Investors’ Grievance Committee: 1. Honda Siel Power Products Ltd (C) 2. DLF Ltd. (C)	Audit Committee 1. Birla Precision Technologies Limited. (C) Shareholders’ Investors’ Grievance Committee: 1. Birla Precision Technologies 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.

The Board also reviews the declarations made by the Chief Financial Officer / Managing Director and the Company Secretary of the Company regarding compliances of all applicable laws on quarterly basis.

e) Code of Business Conducts and Ethics:

The Board of Directors have adopted and put in place the Code of Business Conduct & Ethics for Board of Directors and Senior Management. The Code lays down in detail, the standards of business conducts, ethics and best corporate practice. The fundamental principle 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.zeithsteelpipes.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, 2012.

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, 2012.

Sd/-

M. S. Arora
Managing Director

Place : Mumbai
Date : 25th May, 2012

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, 2012, the Committee met 4 times on 30th May, 2011, 11th August, 2011, 11th November, 2011 and 14th February, 2012.

The composition of the Audit Committee and the attendance of members during the year under review are as under:

Name of the Member	Category	No. of Meetings Attended
Shri A. P. Kurias (Chairman)	Independent Non-Executive	3
Shri D. V. Kapur	Independent Non-Executive	2
Shri Anoj Menon	Independent Non-Executive	4

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.

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 48 times during the year under review.

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

Name of the Member	Category	Position in Committee	No. of Meetings attended
Shri A. P. Kurias	Independent Non-Executive Director	Chairman	48
Shri M. S. Arora	Executive Director	Member	48

The Company Secretary acts as the Secretary to the Shareholders' Grievance Committee and Compliance Officer of the Company.

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 after transfer / after exchange	47	47	-
Non receipt of Demat rejected Certificates/ De-mat Credit	8	8	-
Non receipt of Dividend Warrants	28	28	-
Non receipt of Annual Report	9	9	-
Non receipt of Bonus Shares	16	16	-
SEBI	2	2	-
Total	110	110	-

Remuneration Committee:

The Board has re-constituted Remuneration committee on 20th September, 2011 and is presently comprising of 4 members, Shri A. P. Kurias (Chairman), Shri D.V. Kapur, Shri Yashovardhan Birla and Shri Anoj Menon as members.

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 2011-12 on 11th August, 2011 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 & Audit Committee Meetings.



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 2011-12 is as follows:

Name of Director	Sitting Fees paid during 1 st April, 2011 to 31 st March, 2012 (Rs. In Lakhs)
Shri Yashovardhan Birla	0.80
Shri D. V. Kapur	0.80
Shri Augustine P. Kurias	1.10
Shri P. V. R. Murthy	0.80
Shri Anoj Menon	1.40

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 Managing Director for financial year 2011-12 is as follows:

Name of Director	Salary (Rs. In Lacs)	Perquisites and Allowances (Rs. In Lacs)	Commission (Rs. In Lacs)	Retirement Benefits (Rs. In Lacs)	Period of contract	Notice period
Shri M. S. Arora – Managing Director	109.45	9.66	-	11.67	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.

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, 2012 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

Financial Statements of Subsidiary Companies are reviewed by the Audit Committee of the Company.

General Body Meetings

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

Year	AGM	Location	Day, Date & Time
2010-2011	49 th	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	Tuesday, 20.09.2011 at 3.30 p.m.
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.

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

Date of AGM	Particulars of Special Resolutions passed
2010-2011	<ol style="list-style-type: none"> 1. Raising of Funds through Further Issue of Securities for amount not exceeding Rs. 150 crores. 2. Waiver of recovery of excess remuneration of Rs. 10.58 Lacs paid to Shri M. S. Arora, Managing Director during year 2010-11. 3. Increase in remuneration of Shri M. S. Arora, Managing Director not exceeding Rs. 1.25 Crores per annum and Commission at the rate not exceeding 5% of net profit w.e.f. 1st April, 2011 till expiry of term i.e 9th July, 2012.
2009-2010	<ol style="list-style-type: none"> 1. Alteration of Articles of Association of the Company for Increased authorized share capital of the Company to Rs. 355.50 Crores 2. Waiver of recovery of excess remuneration of Rs. 27.18 Lacs paid to Shri M. S. Arora, Managing Director during the year 2009-10 3. Increase in remuneration of Shri M. S. Arora, Managing Director not exceeding Rs. 1.10 Crore per annum 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"> 1. 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 lacs per annum and Commission at the rate not exceeding 3% of net profit

(c) Whether the Special Resolution were put through postal ballot during year 2011-12 – No**(d) Are Special Resolutions proposed to be put through postal ballot this year - No**

None of the businesses proposed to be transacted at 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 three financial years.
- 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 issue on quarterly/ annual basis.
- 6) Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements.
- 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. No personnel have been denied access to the Audit Committee.



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 sixty days 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 Registrar & Share Transfer Agents:** All the share related requests/ queries/correspondence, if any, are to be forwarded by the investors to the Registrar and 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 : Monday, 17th September, 2012 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 2012-13 (Proposed)
Accounting Year : April 1, 2012 to March 31, 2013
First Quarter Results : Second week of August, 2012
Second Quarter Results : Second week of November, 2012
Third Quarter Results : Second week of February, 2013
Fourth Quarter and Annual Results : Last week of May, 2013
Mailing of Annual Report : July/August, 2013
Annual General Meeting : On or before 30th September, 2013
- 3 Book Closure Date : From Tuesday, 11th September, 2012 to
Monday, 17th September, 2012 (both days inclusive).
- 4 Registered Office : Dalamal House, 1st Floor, 206, J. B. Marg, Nariman Point,
Mumbai – 400 021.
- 5 Listing of Equity Shares : 1. Bombay Stock Exchange Ltd.
On the Stock Exchange : 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 2012-13 has been paid to Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.



Listing of Global Depository Receipts : 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 calendar year 2012 has been paid by the Company 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

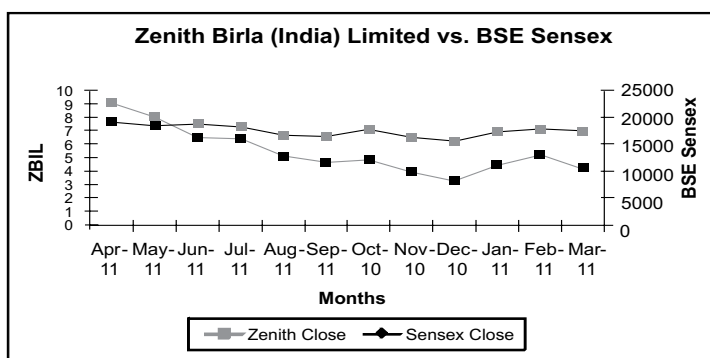
7. Stock Price Data : Market Price Data: High, Low during each month in the financial year.

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, 2012 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, 11	9.20	9.00	11.40	8.96	October, 11	4.90	4.80	5.17	4.45
May, 11	8.25	7.95	10.00	7.90	November, 11	4.05	3.90	5.00	3.89
June, 11	6.70	6.50	8.56	6.39	December, 11	3.45	3.30	4.50	3.27
July, 11	6.50	6.30	7.44	6.30	January, 12	4.50	4.35	5.20	3.31
August, 11	5.30	5.05	6.65	4.56	February, 12	5.75	5.15	6.50	4.37
September, 11	4.85	4.60	5.94	4.60	March, 12	4.30	4.00	5.84	4.07

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

Monthly Closing Market Price of the Company's shares traded on Bombay Stock Exchange Limited versus Sensex closing at Bombay Stock Exchange Limited is shown in below Graph.





8. Registrar & 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 Registrar 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.

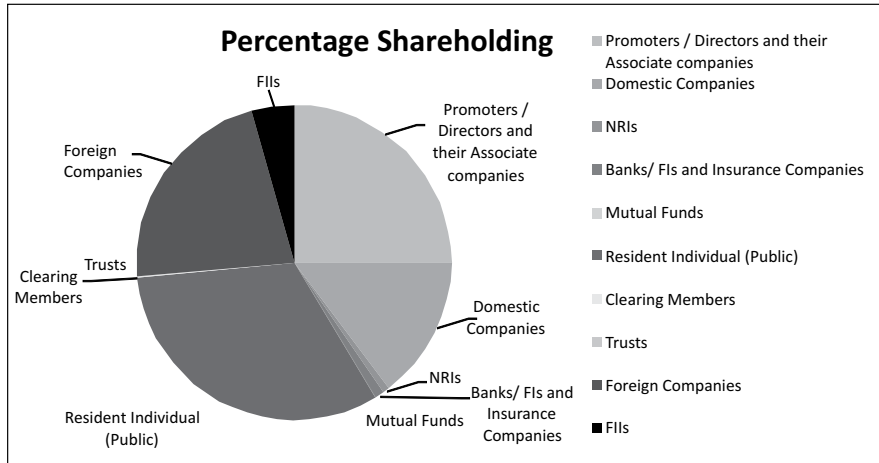
In compliance with Clause 47(c) of the Listing Agreement, the Company obtains a certificate from practicing Company Secretary on a half-yearly basis confirming that all certificates have been issued within one month from the date of lodgments for transfer, sub-division, consolidation etc.

10. Distribution of Shareholding as on 31st March, 2012

No. of Equity Shares held	Total No. of Shareholders	No. of Shares held	Percentage Shareholding
1 to 500	68428	5057419	3.85
501 to 1000	4647	3665393	2.79
1001 to 2000	2991	4476722	3.41
2001 to 3000	1216	3104267	2.37
3001 to 4000	529	1927778	1.47
4001 to 5000	485	2311478	1.76
5001 to 10000	852	6210751	4.73
10001 and above	766	104526640	79.62
Total	79914	131280448	100.00

11 Categories of Shareholding as on 31st March, 2012

Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	14	34076837	25.96
Corporate Bodies (Public)	671	21399686	16.30
NRIs	351	1198162	0.91
Banks/ FIs and Insurance Companies	48	426361	0.32
Mutual Funds	6	3665	0.01
Resident Individual (Public)	78772	53454264	40.72
Clearing Members	42	137572	0.10
Trusts	8	1429	0.00
Foreign Companies	1	15632472	11.91
FIs	1	4950000	3.77
Total	79914	131280448	100



12. Dematerialization of shares and liquidity :

98.83% of the total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31st March, 2012. 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 : 5,21,082 Global Depository Receipts (GDRs) represented by 1,56,32,472 equity shares were outstanding as on 31st March, 2012.

14. 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, Nhava, Kakadpada, Murbad District, Thane, Maharashtra

15. 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. 022-22026340 Extn:321 Fax No.22828865
e.mail: harsha.kedia@yashbirlagroup.com



16. Transfer of unclaimed dividend to Investor Education and Protection Fund

Pursuant to provisions of sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the investor education and protection fund (IEPF) established by the Central Government.

The due dates for transfer to IEPF of the dividend remaining unclaimed since 2005-06 are provided hereunder:

Date of dividend declaration	For the year ended	Due for transfer to Investor Education and Protection Fund
25.08.2006	2005-06	01.10.2013
14.09.2007	2006-07	20.10.2014
28.01.2008 (Interim)	2007-08	04.03.2015
15.09.2008 (final)	2007-08	21.10.2015
24.09.2009	2008-09	30.10.2016
02.08.2010	2009-10	07.09.2017

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company/ its Registrar for obtaining payments thereof atleast 20 days before they are due for transfer to the said fund.

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 2011-12

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, 2012 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 : 22nd May, 2012**

**M. S. Arora Sachin Sanghvi
Managing Director Chief Financial Officer**

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, 2012, 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.

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

**Place: Mumbai
Date : 25th May, 2012**

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



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, 2012, and the statement of Profit and Loss 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, statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - (ii) in the case of the statement of Profit and Loss, 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

Place: Mumbai
Date : 25-05-2012

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



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, 2012.

1. (a) The Company is maintaining proper records showing particulars including quantitative details and situation of fixed assets.
(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,
(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.
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 granted unsecured loans to 2 companies covered in the register maintained under Section 301 of the Act. The maximum amount outstanding at any time during the year was Rs 829.92 lacs and the year end balance is Rs 829.92 lacs.
(c) As per the information and explanations given to us the rate of interest and the terms and conditions of the said loans are prima facie not prejudicial to the interest of the Company.
(d) As explained to us no amount of principal and interest has become due during the year.
(e) In view of our comment in (d) above Para 4(iii)(d) of the Order is not applicable to the Company.
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. (a) According to the information and explanations given to us the transactions that need to be entered in the register maintained under section 301 of the Act have been so entered.
(b) In our opinion and according to the information and explanation given to us, these transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, in respect of compliance by the Company 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, we have to state that there has been a small delay in issue of Fixed Deposit Receipts to the extent of Rs. 78.16 lacs during January and February 2012 consequent to the change in the Registrar of the Company. 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 plus interest amounting to Rs. 6463456.38 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, 2012 which have not been deposited on account of disputes are as follows:

Name of the Statute	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	82.00	1998-1999	Tribunal
	3.45	1985-1986	High Court
Central Excise Act, 1944	129.78	1995-1996	Commissioner Appeals
Central Sales Tax Act and Local Sales Tax	78.88	1995-1996	Tribunal

10. The Company has no accumulated losses as at 31st March, 2012 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 as at the Balance Sheet date.
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 not made a preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures during the year, and does not have any debentures outstanding as at the year end.
19. The Company has not raised any monies by way of public issues during the year.
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)(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 : 25-05-2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

		(₹ in Lacs)	
Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	13,128.04	13,128.04
(b) Reserves and Surplus	2	16,899.18	16,745.47
(c) Money received against Share Warrants		494.88	494.88
		<u>30,522.10</u>	<u>30,368.39</u>
2. Non-Current Liabilities			
(a) Long-Term borrowings	3	4,741.30	5,717.48
(b) Deferred Tax Liabilities (Net)	4	504.86	445.33
(c) Other Long-Term Liabilities	5	899.92	900.77
(d) Long-Term Provisions	6	970.75	991.30
		<u>7,116.83</u>	<u>8,054.88</u>
3. Current Liabilities			
(a) Short Term Borrowings	7	8,772.25	5,357.97
(b) Trade Payables	8	19,876.06	18,796.69
(c) Other Current Liabilities	9	3,418.48	2,330.30
(d) Short-Term Provisions	10	2,432.48	2,538.32
		<u>34,499.27</u>	<u>29,023.28</u>
TOTAL		<u><u>72,138.20</u></u>	<u><u>67,446.55</u></u>
II. ASSETS			
Non-Current Assets			
1. (a) Fixed Assets			
(i) Tangible Assets	11	9,074.84	9,465.52
(ii) Intangible Assets		17.24	-
(iii) Capital work-in-progress		3,511.58	1,441.32
(b) Non-Current Investments	12	264.49	264.49
(c) Long-Term Loans and Advances	13	4,169.36	2,852.22
		<u>17,037.51</u>	<u>14,023.55</u>
2. Current Assets			
(a) Current Investments	14	-	100.00
(b) Inventories	15	13,191.66	16,137.01
(c) Trade receivables	16	8,347.79	3,519.76
(d) Cash and Cash Equivalents	17	9,349.21	8,388.16
(e) Short-Term Loans and Advances	18	24,212.03	25,278.07
		<u>55,100.69</u>	<u>53,423.00</u>
		<u><u>72,138.20</u></u>	<u><u>67,446.55</u></u>

Significant Accounting Policies Notes on Financial Statements

I to 43

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, 25th May, 2012

By Order of the Board

M.S. Arora

Managing Director

P.V.R. Murthy

Director

Harsha Kedia

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
I. INCOME			
Revenue From Operations (gross)	20	50,490.86	53,388.66
Less : Excise Duty		4,354.43	3,958.46
		<u>46,136.43</u>	<u>49,430.20</u>
II. Other Income	21	2,285.40	1,648.32
III. Total Revenue (I + II)		<u>48,421.83</u>	<u>51,078.52</u>
IV. EXPENSES			
Cost of Materials consumed	22	28,245.19	37,176.97
Purchase of Stock in Trade	23	7,976.36	2,701.07
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	1,041.30	(2,363.50)
Employee Benefits expenses	25	1,567.37	1,687.17
Finance Costs	26	3,164.36	2,382.27
Depreciation and Amortization Expenses		508.17	473.06
Other Expenses	27	5,655.06	7,504.87
Total Expenses		<u>48,157.81</u>	<u>49,561.91</u>
V. PROFIT BEFORE TAX		264.02	1,516.61
VI. Tax Expenses			
(a) Current Tax		50.00	502.74
(b) Deferred Tax		59.53	(14.58)
(c) Wealth Tax		0.78	1.02
(d) Tax in respect of earlier years		-	(60.99)
		<u>110.31</u>	<u>428.19</u>
VII. PROFIT FOR THE YEAR (V -VI)		<u>153.71</u>	<u>1,088.42</u>
Earning per Equity Share of face value of ₹. 10 each			
Basic and Diluted (in ₹)		0.12	0.83

Significant Accounting Policies Notes on Financial Statements 1 to 43

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

P.V.R. Murthy
Director

C.V. Parameswar
Partner
Membership No: 11541
Mumbai, 25th May, 2012

Harsha Kedia
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012****(₹. in Lacs)**

	For the year ended 31 March 2012	For the year ended 31 March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit and Loss Account	264.02	1,516.61
Add/(Deduct):		
a) Depreciation and Amortisation expense	508.17	473.06
b) Loss on Sale / Discard of Assets (Net)	1.91	1.24
c) Finance Cost	3,164.36	2,382.27
d) Interest Income	(1,197.11)	(1,224.89)
e) Dividend Income	(0.06)	(0.06)
f) Net gain on sale of Investment (Net)	(0.15)	(6.43)
	2,477.12	1,625.19
Operating Cash Profit before Working Capital Changes	2,741.14	3,141.80
Add/(Deduct):		
a) Trade and other Receivables	(5,024.97)	4,595.52
b) Inventories	2,945.35	(3,939.86)
c) Trade and Payables	1,947.69	1,587.00
	(131.93)	2,242.66
CASH GENERATED FROM OPERATIONS	2,609.21	5,384.46
Add: Tax Payments	(300.60)	(951.92)
NET CASH FLOW FROM OPERATING ACTIVITIES	2,308.61	4,432.54
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Inflow		
a) Sale of Fixed Assets	2.87	7.46
b) Sale of Current Investments (Net)	100.00	-
c) Dividend from Current Investments	0.06	0.06
d) Net gain on sale of Investment (Net)	0.15	6.43
e) Inter Corporate Deposits and Loans (Including Interest) (Net)	1,174.75	-
	1,277.83	13.95
Outflow		
a) Acquisition of Fixed Assets	1,794.02	264.58
b) Investment in other Long Term Investments	-	3.90
c) Purchase of Current Investments (Net)	-	100.00
d) Inter Corporate Deposits and Loans (Including Interest) (Net)	-	2,311.85
	1,794.02	2,680.33
NET CASH FLOW FROM INVESTING ACTIVITIES	(516.19)	(2,666.38)



	(₹. in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Inflow		
a) Increase in Share Capital after ignoring non Cash	-	11,210.92
b) Borrowings (Net of repayments)	2,022.35	-
	2,022.35	11,210.92
Outflow		
a) Finance Charges (Net)	3,122.52	2,298.42
b) Dividend paid	-	2,162.00
c) Borrowings (Net of repayments)	-	1,339.69
d) Share Issue Expenses	-	408.84
	3,122.52	6,208.95
NET CASH FLOW FROM FINANCING ACTIVITIES	(1,100.17)	5,001.97
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	692.25	6,768.13
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	7,261.02	492.89
CASH AND CASH EQUIVALENTS AS AT YEAR END	7,953.27	7,261.02
Reconciliation of Cash and Cash Equivalents as at year end:-		
Cash and Cash Equivalents as per Note No. 17	9,349.21	8,388.16
Less: Balance in Fixed Deposit accounts kept as margin money with the bankers	(1,395.94)	(1,127.14)
	7,953.27	7,261.02

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

P.V.R. Murthy
Director

C.V. Parameswar
Partner
Membership No: 11541
Mumbai, 25th May, 2012

Harsha Kedia
Company Secretary

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011		
I. SHARE CAPITAL				
AUTHORISED:				
15,55,00,000 Equity Share of ₹. 10/- each (15,55,00,000)	<u>15,550.00</u>	<u>15,550.00</u>		
ISSUED, SUBSCRIBED & FULLY PAID UP				
13,12,80,448 Equity Share of ₹. 10/- each (13,12,80,448)	<u>13,128.04</u>	<u>13,128.04</u>		
TOTAL	<u>13,128.04</u>	<u>13,128.04</u>		
I.1 The reconciliation of the number of shares outstanding is set out below:	No. of Shares	No. of Shares		
Shares outstanding at the beginning of the year	<u>131,280,448</u>	53,742,859		
Add: Share issued on Conversion of Global Depository Receipts during the year	-	54,357,060		
Bonus Shares Issued	-	21,620,529		
Conversion of Preferential Warrants	-	1,560,000		
Shares outstanding at the end of the year	<u>131,280,448</u>	<u>131,280,448</u>		
I.2 The details of Shareholders holding more than 5% share	No. of Share	% held	No. of Share	% held
Shearson Investment Trading Company Pvt.Ltd.	<u>11923193</u>	<u>9.08</u>	11403193	8.69
Godavari Corporation Pvt.Ltd.	<u>7464926</u>	<u>5.69</u>	6944926	5.29
Bank of New York Mellon	<u>15632472</u>	<u>11.91</u>	-	-
I.3 2,16,20,529 Equity Shares out of the Issued, Subscribed and Paid up (2,16,20,529) Share capital were allotted as Bonus Share in the last five years by capitalisation of Securities Premium and Reserves.				
I.4 1,36,70,315 Equity Shares out of the Issued, Subscribed and Paid up (1,36,70,315) Share capital were allotted during the last five years pursuant to a scheme of amalgamation without payment being received in cash.				
I.5 5,59,17,060 Equity Shares out of the Issued, Subscribed and Paid up (5,59,17,060) Share capital were allotted in the last five years on conversion/exercise of warrants and against Global Depository Receipts.				
I.6 On 10-01-2011 the Company issued 1,08,10,000 Convertible Equity Share Warrants which were convertible into 1 Equity Share of Rs. 10 each at a price calculated in accordance with SEBI regulation. 25% of the issue price was payable at the time of allotment of warrants and the balance 75% at the time of allotment of Equity Shares. On 25-03-2011, 15,60,000 warrants were converted into Equity Shares. The remaining 92,50,000 warrants are convertible into Equity Share before 09-07-2012.				



NOTES TO THE FINANCIAL STATEMENTS

	(₹ in Lacs)	
	As at 31 March 2012	As at 31 March 2011
2. RESERVES AND SURPLUS		
1. Securities Premium Reserve		
Balance as per last account	14,308.30	11,754.86
Add: Securities Premium credited on Share issue	-	5,124.33
	<u>14,308.30</u>	<u>16,879.19</u>
Less: Premium Utilised for		
Securities Issue Expenses incurred during the year	-	408.84
Issue of Bonus Share	-	2,162.05
Closing Balance	<u>14,308.30</u>	<u>14,308.30</u>
2. General Reserve:		
Balance as per last account	91.29	91.29
Add: Transferred from Statement of Profit and Loss	-	-
Closing Balance	<u>91.29</u>	<u>91.29</u>
3. Surplus in Statement of Profit and Loss		
Balance as per last account	2,345.88	1,257.46
Add: Net Profit for the current year	153.71	1,088.42
Transfer from Reserves	-	-
	<u>2,499.59</u>	<u>2,345.88</u>
Less: Proposed Dividends	-	-
Transfer to Reserves	-	-
Closing Balance	<u>2,499.59</u>	<u>2,345.88</u>
TOTAL	<u><u>16,899.18</u></u>	<u><u>16,745.47</u></u>
3. LONG TERM BORROWINGS		
Secured (Refer Note)		
(a) Term Loans		
From Banks	194.91	210.47
From Others	2,165.62	2,425.98
(b) Long term maturities of finance lease obligations	-	6.18
TOTAL	<u><u>2,360.53</u></u>	<u><u>2,642.63</u></u>

**NOTES TO THE FINANCIAL STATEMENTS****NOTE: Terms of Borrowing**

	Nature of Security	Original Amount of Borrowing Rs/ Lacs	Tenor at inception (in years)	Terms of Repayment	Month in which last Instalment is due	Repayment Schedule Instalments Rs/ Lacs	Balance as on 31st March, 2012 Rs / Lacs	Balance as on 31st March, 2011 Rs / Lacs	Prevailing Interest Rate Per Annum
	Secured								
1	Term Loan from Bank is secured by mortgage of Thane Office Building against which the loan has been taken.	300.00	10	Monthly	Dec-14	1.15	210.47	224.39	15%
2	Loan from others is secured by First charge (hypothecation) of all movable assets, including Specific Plant & Machinery purchased out of this Term Loan with a second charge over these assets to existing working capital bankers, and Second Charge (hypothecation) on overall existing movable and immovable assets including Plant & Machinery.	4500.00	8.5	Quarterly	Jul-15	153	2779.50	2961.78	3 Month Libor + 3.25%
3	Long Term maturities of Finance lease obligations are secured by hypothecation of specific vehicles against which the loan has been taken	34.87	3	Monthly	Nov-12	1.18	5.63	18.27	11.50%
	Sub-Total						2995.60	3204.44	
	Less: Current Maturities of Long Term Debt (Refer Note 9(a))						635.07	561.81	
	Total						2360.53	2642.63	

Note:

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.

Term Loan from Foreign Institution is secured by

- 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
- Second charge (hypothecation) on overall existing movable and immovable assets including Plant and Machinery.

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
--	------------------------	------------------------

Unsecured

(a) Deferred payment Liabilities	150.00	150.00
(b) Deposits	2,230.77	2,812.85
(c) Loans and Advances from related parties (Refer Note No. 36)	-	112.00
	2,380.77	3,074.85
TOTAL	4,741.30	5,717.48



NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
4. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
On account of Depreciation	671.85	614.73
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	166.99	169.40
TOTAL	504.86	445.33
5. OTHER LONG TERM LIABILITIES		
(a) Trade Payable	-	-
(b) Others	899.92	900.77
TOTAL	899.92	900.77
6. LONG TERM PROVISIONS		
(a) Provision for Employee Benefits (Refer Note No. 35)		
Gratuity	415.41	426.27
Leave Encashment	76.84	73.64
(b) Provision for Contingencies	478.50	491.39
TOTAL	970.75	991.30
7. SHORT TERM BORROWINGS		
Secured		
(a) Loans repayable on demand		
From Banks	6,662.90	5,357.97
(b) From Others		
Foreign Currency Loans - Buyers Credit	1,167.48	-
7.1 Loans repayable on demand 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.		
7.2 Foreign Currency Loan- Buyers Credit is secured by first charge on the assets purchased from the loan.		
Unsecured		
Loans and Advances from related parties. (Refer Note No. 36)	941.87	-
TOTAL	8,772.25	5,357.97

**NOTES TO THE FINANCIAL STATEMENTS****(₹ in Lacs)**

	As at 31 March 2012	As at 31 March 2011
8. TRADE PAYABLES		
(a) Micro, Small and Medium Enterprises (*)	-	-
(b) Others	19,876.06	18,796.69
TOTAL	19,876.06	18,796.69
<p>(*) There are no Micro and Small enterprises to whom the Company owes amounts which are outstanding as at 31st March 2012. 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.</p>		
9. OTHER CURRENT LIABILITIES		
(a) Current Maturities of Long Term Debts	635.07	561.81
(b) Current Maturities of Deposit	1,089.07	651.34
(c) Interest accrued but not due on borrowings	164.60	122.76
(d) Unclaimed Dividends	40.27	40.57
(e) Advance from Customers	386.88	8.84
(f) Interest payable on Fixed Deposit	116.22	99.55
(g) Other payables *	986.37	845.43
TOTAL	3,418.48	2,330.30
<p>* includes Rs. 410 lacs advances against sales of land, Rs. 253.83 lacs Export obligation steel etc.</p> <p>There is no amount due and outstanding as on 31st March, 2012, to be credited to Investors Education and Protection Fund.</p>		
10. SHORT TERM PROVISIONS		
(a) Provision for Employee Benefits (Refer Note No. 35)		
Gratuity	8.87	8.62
Leave Encashment	1.59	1.45
Salary & Reimbursements	47.64	46.32
Contribution to Provident Fund	3.42	1.38
(b) Provision for Wealth Tax	3.89	3.11
(c) Dividend Tax on Proposed Dividend	359.08	359.08
(d) Provision for Excise Duty	441.29	468.66
(f) Creditors for Services	501.93	501.93
(g) Provision for outstanding expenses	959.63	1,006.31
(h) Provision Others *	105.14	141.46
TOTAL	2,432.48	2,538.32
<p>* includes Rs. 64.63 lacs provision for interest on dividend tax</p>		



NOTES TO THE FINANCIAL STATEMENTS

11. FIXED ASSETS

DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 01 April 2011	Additions/ Adjustment	Deductions/ Adjustment	Balance as at 01 April 2011	For the year	Upto 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
TANGIBLE ASSETS								
OWN ASSETS:								
1. Freehold Land	1,824.42	-	-	-	-	-	1,824.42	1,824.42
2. Leasehold Land	199.23	-	-	19.56	2.28	21.84	177.39	179.67
+ 3. Buildings	4,934.57	4.37	-	793.45	126.75	920.20	4,018.74	4,141.12
4. Plant and Equipment	4,778.12	19.08	-	1,938.44	287.04	2,225.48	2,571.72	2,839.66
5. Furniture, Fixtures	388.35	0.16	-	106.76	24.06	130.82	257.69	281.60
6. Vehicles	205.50	-	16.00	73.39	17.96	80.13	109.37	132.11
7. Office Equipments	21.48	1.43	-	4.74	1.16	5.90	17.01	16.74
8. Computer	189.43	3.62	-	139.24	26.75	165.99	27.06	50.20
Sub Total	12,541.10	28.66	16.00	3,075.58	486.00	3,550.36	9,003.40	9,465.52
LEASED ASSETS:								
Improvement on Lease hold Premises	-	89.30	-	-	17.86	17.86	71.44	-
Sub Total	-	89.30	-	-	17.86	17.86	71.44	-
Total (A)	12,541.10	117.96	16.00	3,075.58	503.86	3,568.22	9,074.84	9,465.52
INTANGIBLE ASSETS								
Computer Software	-	21.55	-	-	4.31	4.31	17.24	-
Total (B)	-	21.55	-	-	4.31	4.31	17.24	-
Total (A + B)	12,541.10	139.51	16.00	3,075.58	508.17	3,572.53	9,092.08	9,465.52
Previous Year	12,458.98	108.04	25.93	2,619.74	473.06	3,075.58	9,465.52	
Capital Work-in-Progress							3,511.58	1,441.32

+ Buildings include (a) Ownership Flats, Roads, Drains and Pipelines and cost of shares in cooperative housing societies.
(b) Rs. 0.91 lac (previous year Rs. 0.91 lacs) being the cost of two flats on 30 years lease for which the Society is yet to be formed.
(c) Refer Note No. 33 is regard to pending transfer of title.

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ in Lacs)

	As at 31 March, 2012	As at 31 March, 2011
12. NON CURRENT INVESTMENTS		
TRADE INVESTMENT		
In Equity Shares - Quoted, fully paid up		
4,35,350 Birla Transasia Carpets Limited of ₹. 10/-each	63.69	63.69
(4,35,350) Less: Provision for diminution in value	63.69	63.69
	-	-
In Equity Shares of Subsidiary Company		
Unquoted fully paid up		
1,000 Zenith (USA), Inc. New York, a wholly owned Subsidiary Company		
(1,000) (Nominal value of Shares in US \$ 30,000)	2.28	2.28
2 UAE Dirham 2 Million of Zenith Middle East FZE, a wholly owned Subsidiary		
(2) of the Company, Further UAE Dirham 0.22 Million is pending allotment.	257.31	257.31
In Equity Shares of Associate Company		
Unquoted fully paid up		
39,000 Birla Energy Infra Limited of Rs. 10/- each	3.90	3.90
(39000)		
OTHER INVESTMENT - Unquoted fully paid up		
236 US \$ 1,000 each of P.T. Horizon Syntex, Indonesia,		
(236) 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 the necessary approval from Reserve Bank of India	19.31	19.31
Less: Provision for diminution in value	19.31	19.31
	-	-
2,000 TIMA CETP Co-Op Society Ltd. of Rs. 10/- each	0.20	0.20
(2000)		
2,000 The Shamrao Vithal Co-op Bank Ltd. of Rs. 25/- each	0.50	0.50
(2000)		
In Government Securities - Unquoted		
National Savings Certificates	0.30	0.30
TOTAL	264.49	264.49
Aggregate amount of Quoted Investments	-	-
Market Value of Quoted Investments	284.94	481.93
Aggregate amount of Unquoted Investments	264.49	264.49
Aggregate provision for diminution in value of Investments	83.00	83.00



NOTES TO THE FINANCIAL STATEMENTS

	(₹ in Lacs)	
	As at 31 March, 2012	As at 31 March, 2011
13. LONG TERM LOANS AND ADVANCES		
(Unsecured and Considered good)		
(a) Capital Advances	3,811.66	2,690.66
(b) Security Deposits	150.67	117.18
(c) Advance Income Tax (Net of Provision)	166.52	-
(d) Other Loans and Advances (includes deposits received and advances recoverable)	40.51	44.38
	<u>4,169.36</u>	<u>2,852.22</u>
(e) Other Loans and Advances Considered Doubtful	160.48	160.48
Less: Provision for doubtful advances	160.48	160.48
	<u>-</u>	<u>-</u>
TOTAL	<u><u>4,169.36</u></u>	<u><u>2,852.22</u></u>
CURRENT ASSETS		
14. CURRENT INVESTMENTS		
In Mutual Fund - Unquoted, fully paid up		
999400.360 Units of SBI SHF Ultra Short Term Fund(IP) -Daily Dividend Option	-	100.00
TOTAL	<u>-</u>	<u>100.00</u>
15. INVENTORIES		
(at lower of Cost and Net Realisable value)		
1. Raw Materials	1,324.19	1,935.40
2. Raw Materials-in-process	658.67	933.95
3. Raw Material in Transit	912.52	1,877.87
4. Semi-Finished Goods	3,026.91	3,820.55
5. Finished Goods	3,484.87	4,957.93
6. Stock-in-Trade	1,286.36	-
7. Stores and Spare Parts	766.18	791.03
8. Others (Scrap)	1,731.96	1,820.28
TOTAL	<u><u>13,191.66</u></u>	<u><u>16,137.01</u></u>
16. TRADE RECEIVABLES		
1. Outstanding for a period exceeding six months from the date they become due for payment (unsecured)		
(a) Considered good	3,391.35	618.26
(b) Considered doubtful	150.00	150.00
Less: Provision for doubtful debts	150.00	150.00
	<u>-</u>	<u>-</u>
2. Other Receivables (unsecured)		
Considered good	4,956.44	2,901.50
TOTAL	<u><u>8,347.79</u></u>	<u><u>3,519.76</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

	(₹ in Lacs)	
	As at 31 March, 2012	As at 31 March, 2011
17. CASH AND CASH EQUIVALENTS		
1. Balances with Banks	7,814.45	7,116.90
2. Unclaimed Dividend	40.27	40.58
3. Margin Money	1,395.94	1,127.14
4. Cheques, Drafts on hand	91.36	96.20
5. Cash on hand	7.19	7.34
TOTAL	9,349.21	8,388.16
18. SHORT TERM LOANS AND ADVANCES (Unsecured and Considered good)		
1. Loans and Advances to related parties (Refer Note No. 36)	5,750.64	7,945.50
2. Balance with Port Trust, Customs and Excise	613.52	1,484.62
3. Advance to Suppliers	3,633.40	1,768.72
4. Advance to Employees	67.56	60.88
5. Inter Corporate Deposit	7,307.71	6,740.90
6. Export Incentive Receivable	469.49	1,419.45
7. VAT recoverable	1,915.05	1,464.10
8. Advances Others *	4,454.66	4,393.90
TOTAL	24,212.03	25,278.07
* includes Rs. 2141.05 lacs assignment of debts and Rs. 1775 lacs advances recoverable etc.		
19. Contingent Liabilities and Commitments (to the extend not provided for)		
1. Guarantees given by the Bank on behalf of the Company	3,973.60	1,098.11
2. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	4,151.43	3,926.00
TOTAL	8,125.03	5,024.11



NOTES TO THE FINANCIAL STATEMENTS

	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
20. REVENUE FROM OPERATIONS		
1. Sale of Products	47,394.22	49,810.68
2. Other Operating Revenues		
(a) Sales of Scrap	1,563.63	1,802.07
(b) Export Incentives	1,533.01	1,775.91
	<u>3,096.64</u>	<u>3,577.98</u>
TOTAL	<u><u>50,490.86</u></u>	<u><u>53,388.66</u></u>
21. OTHER INCOME		
1. Interest Income	1,197.11	1,224.89
2. Dividend Income	0.06	0.06
3. Net gain on sale of Investments	0.15	6.43
4. Surplus on Sale of Fixed Assets	-	0.64
5. Excess provision written back (Net)	2.01	17.70
6. Provision no longer required	-	74.62
7. Profit on sale of Raw Material & Stores (Net)	-	13.25
8. Net Gain on Foreign Currency Translation and Transaction	879.95	278.20
9. Other Non-Operating Income	206.12	32.53
TOTAL	<u><u>2,285.40</u></u>	<u><u>1,648.32</u></u>
22. COST OF MATERIALS CONSUMED		
1. Hot Rolled Steel	24,952.07	32,942.26
2. G.P. Coil	1,048.52	-
3. Zinc and Zinc Alloy	2,220.39	4,124.20
4. Others	24.21	110.51
TOTAL	<u><u>28,245.19</u></u>	<u><u>37,176.97</u></u>
23. PURCHASE OF STOCK IN TRADE		
1. H.R/C.R/G.P Coil and GI Sheet	5,509.53	2,213.58
2. Steel Products	934.21	-
3. M.S. Pipe, Tube and Bar	712.13	-
4. Other (Pig Iron, Sand Scrap and Masonry Drill Tip)	820.49	487.49
TOTAL	<u><u>7,976.36</u></u>	<u><u>2,701.07</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

	For the year ended 31 March 2012	For the year ended 31 March 2011
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROGRESS AND STOCK-IN-TRADE		
Inventory at the end of the year:		
Finished Goods / Stock-in-Trade	4,771.23	4,957.93
Semi-Finished Goods	3,026.91	3,820.55
Scrap etc.	1,731.95	1,820.28
	<u>9,530.09</u>	<u>10,598.76</u>
Less:		
Inventory at the beginning of the year:		
Finished Goods / Stock-in-Trade	4,957.93	4,218.25
Semi-Finished Goods	3,820.55	2,659.62
Scrap etc.	1,820.28	1,148.71
	<u>10,598.76</u>	<u>8,026.58</u>
	(1,068.67)	2,572.18
Variation in excise duty on closing and opening stock of Finished Goods	27.37	(208.68)
TOTAL	<u><u>1,041.30</u></u>	<u><u>(2,363.50)</u></u>
25. EMPLOYEE BENEFITS EXPENSES		
1. Salaries and Wages	1,354.24	1,476.69
2. Contribution to Other Funds	86.67	74.94
3. Staff Welfare Expenses	126.46	135.54
TOTAL	<u><u>1,567.37</u></u>	<u><u>1,687.17</u></u>
26. FINANCE COST		
1. Interest Expenses	2,254.43	1,592.13
2. Other borrowing costs	909.93	790.14
TOTAL	<u><u>3,164.36</u></u>	<u><u>2,382.27</u></u>
27. OTHER EXPENSES		
Manufacturing Expenses		
1. Consumption Stores and Spares	680.73	773.43
2. Power, Fuel and Water	1,053.48	1,180.59
3. Repairs to: (Excludes Stores and Spares issued)		
(a) Buildings	28.48	36.16
(b) Machinery	42.35	49.06
4. Conversion, Octroi and other manufacturing expenses	430.07	515.12
	<u>2,235.11</u>	<u>2,554.36</u>
Selling and Distribution Expenses		
5. Freight, Forwarding and Handling Expenses	2,423.99	3,543.01
6. Commission	150.43	441.65
	<u>2,574.42</u>	<u>3,984.66</u>



NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31 March 2012		For the year ended 31 March 2011	
Note 27. OTHER EXPENSES Contd...				
Establishment Expenses				
7. Rent (Net)		47.09		33.44
8. Insurance		3.48		3.66
9. Rates and Taxes		20.43		23.54
10. Miscellaneous Expenditure		730.04		862.65
11. Payment to Auditors'				
(A) Statutory Auditors:				
(a) Audit Fees (excluding service tax)		10.50		10.50
(b) Other Services,		1.50		1.50
(c) for reimbursement of Expenses		0.16		0.07
(B) Cost Audit Fees		1.50		1.00
12. Other repairs		26.92		23.87
13. Prior period items		-		2.22
14. Loss on Fixed Assets sold/discarded		1.91		1.88
15. Bad debts, irrecoverable advances and claims written off		2.00		1.52
TOTAL		5,655.06		7,504.87
(₹ in Lacs)				
		For the year ended 31 March 2012		For the year ended 31 March 2011
28. IMPORTED AND INDIGENOUS CONSUMPTION	(₹ in Lacs)	%	(₹ in Lacs)	%
(i) Raw Material (including components)				
Imported	1,191.38	4.22	8,006.86	21.54
Indigenous	27,053.81	95.78	29,170.11	78.46
TOTAL	28,245.19	100.00	37,176.97	100.00
(ii) Spares				
Imported	2.50	2.05	6.54	3.71
Indigenous	119.68	97.95	169.74	96.29
TOTAL	122.18	100.00	176.28	100.00
29. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF				
(i) Raw Material (including Canalised items)		1,191.38		4,487.47
(ii) Spare Parts		3.68		4.03
TOTAL		1,195.06		4,491.50
30. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF				
(i) Commission		42.08		345.13
(ii) Interest and Bank Charges		144.90		215.37
(iii) Others		38.21		28.74
TOTAL		225.19		589.24
31. EARNINGS IN FOREIGN CURRENCY				
F.O.B. Value of exports		15,188.01		25,080.39
TOTAL		15,188.01		25,080.39



NOTES TO THE FINANCIAL STATEMENTS

32. 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.



NOTES TO THE FINANCIAL STATEMENTS

(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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

33. The title deeds for land (freehold and leasehold), building, residential flats, licenses, agreements, loan documents, and some of the bank accounts etc. are in the process of being transferred in the name of the Company on amalgamation of Tungbhadra Holdings Private Limited. Stamp duty and other levies arising out of the Scheme of Amalgamation, if any, shall be accounted on determination and completion of transfer formalities.
34. 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. 478.50 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.

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

- A. The Company has recognized Rs. 86.67 lacs (Previous Year Rs. 74.94 lacs) in the statement of Profit and Loss for the year ended 31st March, 2012 under Defined Contribution Plan.
- 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:

		(₹. in Lacs)	
		2011-12	2010-11
(a)	Changes in the Present Value of the Defined Benefits Obligation		
	(i) Present value of Defined Benefit Obligation at the beginning of the year	434.89	439.75
	(ii) Interest Cost	35.88	36.28
	(iii) Current Service cost	21.00	21.50
	(iv) Benefits paid	(54.06)	(128.06)
	(v) Actuarial (Gain)/Loss	(13.43)	65.42
	(vi) Present Value of Defined Benefit Obligation at the End of the year.	424.28	434.89
(b)	Balance Sheet Reconciliation		
	(i) Net Liability at the beginning of the year	380.83	311.69
	(ii) Expense recognized	43.45	123.20
	(iii) Net Liability at the end of the year.	424.28	434.89
(c)	Amounts recognized in the Profit & Loss account		
	(i) Current Service Cost	21.00	21.50
	(ii) Interest Cost	35.88	36.28
	(iii) Net Actuarial (Gain)/Loss	(13.43)	65.42
	(iv) Expenses Recognised in the Statement of Profit and Loss A/c	43.45	123.20
(d)	Actuarial Assumption		
	(i) Discount rate	N.A	N.A
	(ii) Expected rate of return on Plan Assets	8.75%	8.25%
	(iii) 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.	5.5%	5%



NOTES TO THE FINANCIAL STATEMENTS

36. Related Party Disclosures:

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

(a) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Zenith (USA) Inc.(Wholly owned)	Subsidiary
2	Zenith Middle East FZE (Wholly owned)	
3	Birla Precision Technologies Ltd.	Enterprises Owned or significantly influenced by key management personnel or their relatives where transactions have taken place
4	Birla Power Solutions Ltd.	
5	Birla Global Corporate Pvt.Ltd.	
6	Birla Bombay Pvt.Ltd.	
7	Birla Cotsyn (India) Ltd.	
8	Godavari Corporation Pvt.Ltd.	
9	Shearson Investment & Trading Co.Pvt.Ltd.	
10	Birla Viking Travels Ltd.	
11	Birla Shloka Edutech Ltd.	
12	Birla International Pvt.Ltd.	
13	Nirved Traders Pvt.Ltd.	
14	Birla Infrastructure Ltd.	
15	Mounthill Investment Pvt.Ltd.	
16	Sonakshi Consultant Pvt.Ltd.	
17	Asian Distributors Pvt. Ltd.	
18	Melstar Information Technologies Ltd.	
19	Yash Society	
20	Birla Lifeservices Pvt.Ltd.	
21	Birla Kerala Vadyashala Pvt.Ltd.	
22	Birla Energy Infra Limited	
23	Birla Edutech Limited	
24	Birla Transasia Carpets Ltd.	
25	Birla Electricals Ltd.	
26	Shri Yash Birla -Chairman	Key Management Personnel
27	Shri M.S. Arora -Managing Director	

**NOTES TO THE FINANCIAL STATEMENTS****(₹. in Lacs)**

Net Balance of Receivable, Payable, Deposits, Loan etc.		Balance Carried to Balance Sheet (Net) as at 31-03-2012		Balance Carried to Balance Sheet (Net) as at 31-03-2011	
		Receivable	Payable	Receivable	Payable
i) Subsidiary	a) Zenith (USA) Inc.(Wholly owned)	706.97	-	-	271.35
	b) Zenith Middle East FZE (Wholly owned)	621.55	-	833.68	-
ii) Key Management Personnel	Shri Yash Birla -Chairman				
	Shri M.S. Arora -Managing Director				
iii) Enterprises Owned or significantly influenced by key management personnel or their relatives.	1 Birla Precision Technologies Ltd.	1,892.27	-	2,591.48	-
	2 Birla Power Solutions Ltd.	361.23	-	2,165.57	-
	3 Birla Global Corporate Pvt.Ltd.	-	54.56	8.24	-
	4 Birla Bombay Pvt.Ltd.	-	43.03	-	18.59
	5 Birla Cotsyn (India) Ltd.	335.60	-	264.69	-
	6 Godavari Corporation Pvt.Ltd.	1,235.68	-	1,119.74	-
	7 Shearson Investment & Trading Co.	388.70	-	351.31	-
	8 Birla Viking Travels Ltd.	10.40	-	-	-
	9 Birla Shloka Edutech Ltd.	-	123.45	-	123.45
	10 Birla International Pvt.Ltd. - Deposit	169.31	-	169.31	-
	- Other	281.35	-	281.35	-
	11 Nirved Traders Pvt.Ltd.	772.59	-	697.91	-
	12 Birla Infrastructure Pvt.Ltd.	1,261.22	-	1,224.46	-
	13 Mounhill Investment Pvt.Ltd.	50.91	-	50.91	-
	14 Sonakshi Consultant Pvt.Ltd.	60.58	-	60.58	-
	15 Asian Distributors Pvt. Ltd.	-	4.43	-	4.43
	16 Melstar Information Technologies Ltd.	2.56	-	2.56	-
	17 Birla Electrical Pvt.Ltd.	0.24	-	-	-
18 Yash Society	153.63	-	153.63	-	

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



NOTES TO THE FINANCIAL STATEMENTS

(b) Transactions with related parties

(₹. in Lacs)

	Subsidiaries		Key Management Personnel		Enterprise owned and significantly influenced by Key Management personnel or their relatives	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
Sale of Goods	5,086.41	6,906.71	-	-	2,162.05	2,992.72
Purchase of Goods	-	-	-	-	1,714.16	333.32
Commission paid	17.47	189.68	-	-	-	-
Travel Agency	-	-	-	-	33.35	18.24
Service charges paid	-	-	-	-	240.00	240.00
Service charges received	-	-	-	-	196.09	0.42
Rent Paid	-	-	-	-	33.09	33.09
Inter Corporate Deposit - Paid	-	-	-	-	-	18.46
Interest received	-	-	-	-	522.42	537.96
Inter Corporate Deposit – Recd.	-	-	-	-	1,837.82	-
Other	-	-	-	-	70.91	-
Remuneration	-	-	130.78	184.57	-	-

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

(₹. in Lacs)

		2011-12	2010-11
1	Sale of Goods		
	Zenith (USA) Inc.	5,086.41	6,906.71
	Birla Precision Technologies Ltd.	2,162.05	2,379.34
2	Commission paid		
	Zenith (USA) Inc.	17.47	189.68
3	Service charges		
	Birla Global Corporate Pvt.Ltd.	240.00	240.00
4	Purchase of Goods		
	Birla Power Solutions Ltd.	1,710.83	314.59
6	Inter Corporate Deposit - Received		
	Birla Power Solutions Ltd.	895.95	-
	Birla Precision Technologies Ltd.	941.87	-
7	Interest Received		
	Birla Power Solutions Ltd.	173.70	190.20
	Godavari Corporation Pvt.Ltd.	115.96	115.64
	Birla Precision Technologies Ltd.	83.94	83.71

**NOTES TO THE FINANCIAL STATEMENTS**

37. (i) Assignment of Debts under Short Term loans and Advances represents debts 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.
38. During the year 2006-07 the Company made a Follow on Public Issue and consequently raised an amount of ₹ 120.95 Crore.

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

(₹ in Crore)

Particulars	Amount
Projected Amount	131.00
Amount Spent till 31 st March, 2012	50.64
Balance amount to be spent	80.36

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

39. Disclosures in respect of Derivatives Instruments:

- i) Derivative Instruments Outstanding as on 31st March, 2011 ₹ Nil
- ii) Foreign Currency Exposure that are not hedged by forward contracts as at 31st March, 2012.

		Amount (USD) 2011-12	Amount (USD) 2010-11	Amount (EURO) 2011-12	Amount (EURO) 2010-11	Amount (AUD) 2011-12	Amount (AUD) 2010-11
1.	Term Loan	54,33,333	66,33,333	-	-	-	-
2.	Creditors	-	-	-	79,455	-	-
3.	Debtors	26,77,340	19,29,669	-	-	300	-
4.	Other Payable	10,91,615	11,49,854	-	-	-	-
5.	Other Receivable	12,62,011	19,08,656	-	-	-	-

40. Computation for Earning Per Share

(₹ in Lacs)

	2011-12	2010-11
Profit for the Year	153.71	1088.42
Weighted average Number of Equity Share	13,12,80,448	5,37,42,859
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
TOTAL	13,12,80,448	13,12,80,448
Earning per share	0.12	0.83

41. 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 and further notification dated 29th December, 2011.

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 loss relating to the financial year 2011-12 amounting to ₹ 387.82 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.



NOTES TO THE FINANCIAL STATEMENTS

42. 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.
43. The financial statement for the year ended 31st March, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under the revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year’s classification.

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, 25th May, 2012

By Order of the Board

M.S. Arora
Managing Director

P.V.R. Murthy
Director

Harsha Kedia
Company Secretary



**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 2011 to 31st December 2011.	1000 Shares (No par value - Nominal value US\$ 30000)	100%	US\$ (6,73,196)	US\$ (2,52,576)	N.A.	N.A.
Zenith Middle East FZE	1st April, 2011 to 31st March, 2012.	2 Share of UAE Dirhams 2.22 Million	100%	UAE Dhs. 78,934	UAE Dhs. (4,84,857)	N.A.	N.A.

By Order of the Board

M.S. Arora
Managing Director

P.V.R. Murthy
Director

Harsha Kedia
Company Secretary

Mumbai, 25th May, 2012



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

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 29(a) to the attached consolidated financial statement) as at 31st March, 2012 the related consolidated statement of Profit and Loss 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.

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.

We did not audit the financial statement of two wholly owned foreign subsidiaries included in the consolidated financial statements, which constitute total assets of Rs.1778.46 lacs and net assets of Rs.(481.83) lacs as at 31st March, 2012, total revenue of Rs.4921.21 lacs, net loss of Rs.236.14 lacs and net cash flows amounting to Rs.(291.40) 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, 2012, 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. .

We report that the consolidated financial statements have been prepared by Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statement notified under sub-section 3C of Section 211 of the Companies Act, 1956.

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, 2012;
- b. In the case of the consolidated statement of Profit and Loss, of the loss 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 Regn. No: 000038N

(**C.V. Parameswar**)
Partner
M. No. 11541

Place :- Mumbai
Dated :-25.05.2012

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012****(₹ in Lacs)**

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	13,128.04	13,128.04
(b) Reserves and Surplus	2	16,157.77	16,240.20
(c) Money received against Share Warrants		494.88	494.88
		<u>29,780.69</u>	<u>29,863.12</u>
2. Non-Current Liabilities			
(a) Long-Term borrowings	3	4,741.30	5,717.48
(b) Deferred Tax Liabilities (Net)	4	504.86	445.33
(c) Other Long-Term Liabilities	5	899.92	900.77
(d) Long-Term Provisions	6	970.75	991.30
		<u>7,116.83</u>	<u>8,054.88</u>
3. Current Liabilities			
(a) Short Term Borrowings	7	8,772.25	5,357.97
(b) Trade Payables	8	19,670.17	17,862.49
(c) Other Current Liabilities	9	3,571.95	2,330.30
(d) Short-Term Provisions	10	2,465.66	2,538.32
		<u>34,480.03</u>	<u>28,089.08</u>
TOTAL		<u><u>71,377.55</u></u>	<u><u>66,007.08</u></u>
II. ASSETS			
Non-Current Assets			
1. (a) Fixed Assets			
(i) Tangible Assets	11	9,075.02	9,465.82
(ii) Intangible Assets		17.24	-
(iii) Capital work-in-progress		3,511.58	1,441.32
(b) Non-Current Investments	12	4.90	4.90
(c) Long-Term Loans and Advances	13	4,172.98	2,855.38
		<u>16,781.72</u>	<u>13,767.42</u>
2. Current Assets			
(a) Current Investments	14	-	100.00
(b) Inventories	15	13,913.82	16,137.01
(c) Trade receivables	16	7,058.42	1,992.31
(d) Cash and Cash Equivalents	17	9,398.98	8,729.33
(e) Short-Term Loans and Advances	18	24,224.61	25,281.01
		<u>54,595.83</u>	<u>52,239.66</u>
TOTAL		<u><u>71,377.55</u></u>	<u><u>66,007.08</u></u>

Significant Accounting Policies Notes on Financial Statements

I to 39

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, 25th May, 2012

By Order of the Board

M.S. Arora

Managing Director

Harsha Kedia

Company Secretary

P.V.R. Murthy

Director



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	(₹ in Lacs)	
		For the year ended 31 March 2012	For the year ended 31 March 2011
I. INCOME			
Revenue From Operations (gross)	20	50,563.93	53,426.14
Less : Excise Duty		4,354.43	3,958.46
		46,209.50	49,467.68
II. Other Income	21	2,200.58	1,666.82
III. Total Revenue (I + II)		48,410.08	51,134.50
IV. EXPENSES			
Cost of Materials consumed	22	28,245.19	37,176.97
Purchase of Stock in Trade	23	8,824.99	2,995.16
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	319.14	(2,359.24)
Employee Benefits expenses	25	1,648.18	1,750.91
Finance Costs	26	3,170.36	2,384.48
Depreciation and Amortization Expenses		508.29	473.18
Other Expenses	27	5,666.05	7,371.60
Total Expenses		48,382.20	49,793.06
V. PROFIT BEFORE TAX		27.88	1,341.44
VI. Tax Expenses			
(a) Current Tax		50.00	502.74
(b) Deferred Tax		59.53	(14.58)
(c) Wealth Tax		0.78	1.02
(d) Tax in respect of earlier years		-	(60.99)
		110.31	428.19
VII. PROFIT FOR THE YEAR (V -VI)		(82.43)	913.25
Earning per Equity Share of face value of ₹. 10 each			
Basic and Diluted (in ₹)		(0.06)	0.70
Significant Accounting Policies			
Notes on Financial Statements			

I to 39

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, 25th May, 2012

By Order of the Board

M.S. Arora
Managing Director

P.V.R. Murthy
Director

Harsha Kedia
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹. in Lacs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit and Loss Account	27.88	1,341.44
Add/(Deduct):		
a) Depreciation and Amortisation expense	508.29	473.18
b) Loss on Sale / Discard of Assets (Net)	1.91	1.24
c) Finance Cost	3,170.36	2,384.48
d) Interest Income	(1,197.11)	(1,224.89)
e) Dividend Income	(0.06)	(0.06)
f) Net gain on sale of Investment (Net)	(0.15)	(6.43)
	<u>2,483.24</u>	<u>1,627.52</u>
Operating Cash Profit before Working Capital Changes	2,511.12	2,968.96
Add/(Deduct):		
a) Trade and other Receivables	(5,273.15)	6,409.09
b) Inventories	2,223.19	(3,935.60)
c) Trade and Payables	2,862.65	246.25
	<u>(187.31)</u>	<u>2,719.74</u>
CASH GENERATED FROM OPERATIONS	2,323.81	5,688.70
Add: Tax Payments	(300.60)	(951.92)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>2,023.21</u>	<u>4,736.78</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Inflow		
a) Sale of Fixed Assets	2.87	7.46
b) Sale of Current Investments (Net)	100.00	-
c) Dividend from Current Investments	0.06	0.06
d) Net gain on sale of Investment (Net)	0.15	6.43
e) Inter Corporate Deposits and Loans (Including Interest) (Net)	1,174.75	-
	<u>1,277.83</u>	<u>13.95</u>
Outflow		
a) Acquisition of Fixed Assets	1,794.02	264.58
b) Investment in other Long Term Investments	-	3.90
c) Purchase of Current Investments (Net)	-	100.00
d) Inter Corporate Deposits and Loans (Including Interest) (Net)	-	2,311.85
	<u>1,794.02</u>	<u>2,680.33</u>
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>(516.19)</u>	<u>(2,666.38)</u>



	For the year ended 31 March 2012	For the year ended 31 March 2011
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Inflow		
a) Increase in Share Capital after ignoring non Cash	-	11,210.92
b) Borrowings (Net of repayments)	2,022.35	-
	2022.35	11,210.92
Outflow		
a) Finance Charges (Net)	3,128.52	2,300.63
b) Dividend paid	-	2,162.00
c) Borrowings (Net of repayments)	-	1,339.69
d) Share Issue Expenses	-	408.84
	3,128.52	6,211.16
NET CASH FLOW FROM FINANCING ACTIVITIES	(1,106.17)	4,999.76
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	400.85	7,070.16
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	7,602.19	532.03
CASH AND CASH EQUIVALENTS AS AT YEAR END	8,003.04	7,602.19
<u>Reconciliation of Cash and Cash Equivalents as at year end:-</u>		
Cash and Cash Equivalents as per Note No. 17	9,398.98	8,729.33
Less: Balance in Fixed Deposit accounts kept as margin money with the bankers	(1,395.94)	(1,127.14)
	8,003.04	7,602.19

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

P.V.R. Murthy
Director

C.V. Parameswar
Partner
Membership No: 11541
Mumbai, 25th May, 2012

Harsha Kedia
Company Secretary

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS****(₹ in Lacs)**

As at	As at
31 March 2012	31 March 2011

I. SHARE CAPITAL**AUTHORISED:**

15,55,00,000 Equity Share of ₹ 10/- each (15,55,00,000)	<u>15,550.00</u>	<u>15,550.00</u>
--	------------------	------------------

ISSUED, SUBSCRIBED & FULLY PAID UP

13,12,80,448 Equity Share of ₹ 10/- each (13,12,80,448)	<u>13,128.04</u>	<u>13,128.04</u>
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TOTAL

	<u><u>13,128.04</u></u>	<u><u>13,128.04</u></u>
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1.1 The reconciliation of the number of shares outstanding is set out below:

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	131280448	53742859
Add: Share issued on Conversion of Global Depository Receipts during the year	-	54,357,060
Bonus Shares Issued	-	21,620,529
Conversion of Preferential Warrants	-	1,560,000
Shares outstanding at the end of the year	<u>131,280,448</u>	<u>131,280,448</u>

1.2 The details of Shareholders holding more than 5% share

	No. of Share	% held	No. of Share	% held
Shearson Investment Trading Company Pvt.Ltd.	11923193	9.08	11403193	8.69
Godavari Corporation Pvt.Ltd.	7464926	5.69	6944926	5.29
Bank of New York Mellon	15632472	11.91	-	-

1.3 2,16,20,529 Equity Shares out of the Issued, Subscribed and Paid up Share capital were allotted as Bonus Share in the last five years by capitalisation of Securities Premium and Reserves.

1.4 1,36,70,315 Equity Shares out of the Issued, Subscribed and Paid up Share capital were allotted during the last five years pursuant to a scheme of amalgamation without payment being received in cash.

1.5 5,59,17,060 Equity Shares out of the Issued, Subscribed and Paid up Share capital were allotted in the last five years on conversion/exercise of warrants and against Global Depository Receipts.

1.6 On 10-01-2011 the Company issued 1,08,10,000 Convertible Equity Share Warrants which were convertible into 1 Equity Share of ₹ 10 each at a price calculated in accordance with SEBI regulation. 25% of the issue price was payable at the time of allotment of warrants and the balance 75% at the time of allotment of Equity Shares. On 25-03-2011, 15,60,000 warrants were converted into Equity Shares. The remaining 92,50,000 warrants are convertible into Equity Share before 09-07-2012.



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

		(₹ in Lacs)	
		As at 31 March 2012	As at 31 March 2011
2. RESERVES AND SURPLUS			
1. Securities Premium Reserve			
Balance as per last account		14,308.30	11,754.86
Add: Securities Premium credited on Share issue		-	5,124.33
		<u>14,308.30</u>	<u>16,879.19</u>
Less: Premium Utilised for			
Securities Issue Expenses incurred during the year		-	408.84
Issue of Bonus Share		-	2,162.05
Closing Balance		<u>14,308.30</u>	<u>14,308.30</u>
2. General Reserve:			
Balance as per last account		91.29	91.29
Add: Transferred from Statement of Profit and Loss		-	-
Closing Balance		<u>91.29</u>	<u>91.29</u>
3. Surplus in Statement of Profit and Loss			
Balance as per last account		1,840.61	927.36
Add: Net Profit for the current year		(82.43)	913.25
Transfer from Reserves		-	-
		<u>1,758.18</u>	<u>1,840.61</u>
Less: Proposed Dividends		-	-
Transfer to Reserves		-	-
Closing Balance		<u>1,758.18</u>	<u>1,840.61</u>
	TOTAL	<u>16,157.77</u>	<u>16,240.20</u>
3. LONG TERM BORROWINGS			
Secured (Refer Note)			
(a) Term Loans			
From Banks		194.91	210.47
From Others		2,165.62	2,425.98
(b) Long term maturities of finance lease obligations		-	6.18
	TOTAL	<u>2,360.53</u>	<u>2,642.63</u>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS****NOTE: Terms of Borrowing**

	Nature of Security	Original Amount of Borrowing Rs/ Lacs	Tenor at inception (in years)	Terms of Repayment	Month in which last Instalment is due	Repayment Schedule Instalments Rs/ Lacs	Balance as on 31st March, 2012 Rs / Lacs	Balance as on 31st March, 2011 Rs / Lacs	Prevailing Interest Rate Per Annum
	Secured								
1	Term Loan from Bank is secured by mortgage of Thane Office Building against which the loan has been taken.	300.00	10	Monthly	Dec-14	1.15	210.47	224.39	15%
2	Loan from others is secured by First charge (hypothecation) of all movable assets, including Specific Plant & Machinery purchased out of this Term Loan with a second charge over these assets to existing working capital bankers, and Second Charge (hypothecation) on overall existing movable and immovable assets including Plant & Machinery.	4500.00	8.5	Quarterly	Jul-15	153	2779.50	2961.78	3 Month Libor + 3.25%
3	Long Term maturities of Finance lease obligations are secured by hypothecation of specific vehicles against which the loan has been taken	34.87	3	Monthly	Nov-12	1.18	5.63	18.27	11.50%
	Sub-Total						2995.60	3204.44	
	Less: Current Maturities of Long Term Debt (Refer Note 9(a))						635.07	561.81	
	Total						2360.53	2642.63	

Note:

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.

Term Loan from Foreign Institution is secured by

- 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
- Second charge (hypothecation) on overall existing movable and immovable assets including Plant and Machinery.

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
Unsecured		
(a) Deferred payment Liabilities	150.00	150.00
(b) Deposits	2,230.77	2,812.85
(c) Loans and Advances from related parties (Refer Note No. 32)	-	112.00
	2,380.77	3,074.85
TOTAL	4,741.30	5,717.48



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

		(₹ in Lacs)	
		As at 31 March 2012	As at 31 March 2011
4. DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liability			
On account of Depreciation		671.85	614.73
Deferred Tax Assets			
Disallowance under the Income Tax Act, 1961		166.99	169.40
TOTAL		<u>504.86</u>	<u>445.33</u>
5. OTHER LONG TERM LIABILITIES			
(a) Trade Payable		-	-
(b) Others		899.92	900.77
TOTAL		<u>899.92</u>	<u>900.77</u>
6. LONG TERM PROVISIONS			
(a) Provision for Employee Benefits			
Gratuity		415.41	426.27
Leave Encashment		76.84	73.64
(b) Provision for Contingencies		478.50	491.39
TOTAL		<u>970.75</u>	<u>991.30</u>
7. SHORT TERM BORROWINGS			
Secured			
(a) Loans repayable on demand			
From Banks		6,662.90	5,357.97
(b) From Others			
Foreign Currency Loans - Buyers Credit		1,167.48	-
7.1 Loans repayable on demand 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.			
7.2 Foreign Currency Loan- Buyers Credit is secured by first charge on the assets purchased from the loan.			
Unsecured			
Loans and Advances from related parties. (Refer Note No. 32)		941.87	-
TOTAL		<u>8,772.25</u>	<u>5,357.97</u>
8. TRADE PAYABLES			
(a) Micro, Small and Medium Enterprises (*)		-	-
(b) Others		19,670.17	17,862.49
TOTAL		<u>19,670.17</u>	<u>17,862.49</u>
(*) There are no Micro and Small enterprises to whom the Company owes amounts which are outstanding as at 31st March 2012. 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.			

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

(₹ in Lacs)

	As at 31 March, 2012	As at 31 March, 2011
9. OTHER CURRENT LIABILITIES		
(a) Current Maturities of Long Term Debts	635.07	561.81
(b) Current Maturities of Deposit	1,089.07	651.34
(c) Interest accrued but not due on borrowings	164.60	122.76
(d) Unclaimed Dividends	40.27	40.57
(e) Advance from Customers	386.88	8.84
(f) Interest payable on Fixed Deposit	116.22	99.55
(g) Other payables *	1,139.84	845.43
TOTAL	3,571.95	2,330.30
* includes ₹ 410 lacs advances against sales of land, ₹ 253.83 lacs Export obligation steel etc. There is no amount due and outstanding as on 31st March, 2012, to be credited to Investors Education and Protection Fund.		
10. SHORT TERM PROVISIONS		
(a) Provision for Employee Benefits		
Gratuity	8.87	8.62
Leave Encashment	1.59	1.45
Salary & Reimbursements	47.64	46.32
Contribution to Provident Fund	3.42	1.38
(b) Provision for Wealth Tax	3.89	3.11
(c) Dividend Tax on Proposed Dividend	359.08	359.08
(d) Provision for Excise Duty	441.29	468.66
(f) Creditors for Services	524.94	501.93
(g) Provision for outstanding expenses	969.80	1,006.31
(h) Provision Others *	105.14	141.46
TOTAL	2,465.66	2,538.32
* includes ₹ 64.63 lacs provision for interest on dividend tax		



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
II. FIXED ASSETS

DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	As at 01 April 2011	Additions/ Adjustment	Deductions/ Adjustment	Balance as at 31 March 2012	Balance as at 01 April 2011	Adjustment/ Deductions	For the year	Upto 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
TANGIBLE ASSETS										
OWN ASSETS:										
1. Freehold Land	1,824.42	-	-	1,824.42	-	-	-	-	1,824.42	1,824.42
2. Leasehold Land	199.23	-	-	199.23	19.56	-	2.28	21.84	177.39	179.67
+3. Buildings	4,934.57	4.37	-	4,938.94	793.45	-	126.75	920.20	4,018.74	4,141.12
4. Plant and Machinery	4,778.12	19.08	-	4,797.20	1,938.44	-	287.04	2,225.48	2,571.72	2,839.66
5. Furniture, Fixtures and Equipments	391.81	0.16	-	391.97	109.92	-	24.18	134.10	257.87	281.90
6. Vehicles	205.50	-	16.00	189.50	73.39	11.22	17.96	80.13	109.37	132.11
7. Office Equipments	21.48	1.43	-	22.91	4.74	-	1.16	5.90	17.01	16.74
8. Computer	189.43	3.62	-	193.05	139.24	-	26.75	165.99	27.06	50.20
Sub Total	12,544.56	28.66	16.00	12,557.22	3,078.74	11.22	486.12	3,553.64	9,003.58	9,465.82
LEASED ASSETS:										
Improvement on Lease hold Premises	-	89.30	-	89.30	-	-	17.86	17.86	71.44	-
Sub Total	-	89.30	-	89.30	-	-	17.86	17.86	71.44	-
Total (A)	12,544.56	117.96	16.00	12,646.52	3,078.74	11.22	503.98	3,571.50	9,075.02	9,465.82
INTANGIBLE ASSETS										
Software	-	21.55	-	21.55	-	-	4.31	4.31	17.24	-
Total (B)	-	21.55	-	21.55	-	-	4.31	4.31	17.24	-
Total (A+B)	12,544.56	139.51	16.00	12,668.07	3,078.74	11.22	508.29	3,575.81	9,092.26	9,465.82
Previous Year	12,462.45	108.04	25.93	12,544.56	2,622.79	17.23	473.18	3,078.74	9,465.82	
Capital Work-in-Progress									3,511.58	1,441.32

+ Buildings include (a) Ownership Flats, Roads, Drains and Pipelines and cost of shares in cooperative housing societies.

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

(c) Refer Note No. 30 is regard to pending transfer of title.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

		(₹ in Lacs)	
		As at 31 March, 2012	As at 31 March, 2011
12. NON CURRENT INVESTMENTS			
TRADE INVESTMENT			
In Equity Shares - Quoted, fully paid up			
4,35,350	Birla Transasia Carpets Limited of ₹. 10/-each	63.69	63.69
(4,35,350)	Less: Provision for diminution in value	<u>63.69</u>	<u>63.69</u>
		-	-
In Equity Shares of Associate Company			
Unquoted fully paid up			
39,000	Birla Energy Infra Limited of ₹ 10/- each (39000)	3.90	3.90
OTHER INVESTMENT - Unquoted fully paid up			
236	US \$ 1,000 each of P.T. Horizon Syntex, Indonesia, continue to be held in (236) 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 the necessary approval from Reserve Bank of India	19.31	19.31
	Less: Provision for diminution in value	<u>19.31</u>	<u>19.31</u>
		-	-
2,000	TIMA CETP Co-Op Society Ltd. of ₹ 10/- each (2000)	0.20	0.20
2,000	The Shamrao Vithal Co-op Bank Ltd. of ₹ 25/- each (2000)	0.50	0.50
In Government Securities - Unquoted			
	National Savings Certificates	<u>0.30</u>	<u>0.30</u>
	TOTAL	<u><u>4.90</u></u>	<u><u>4.90</u></u>
	Aggregate amount of Quoted Investments	-	-
	Market Value of Quoted Investments	284.94	481.93
	Aggregate amount of Unquoted Investments	4.90	4.90
	Aggregate provision for diminution in value of Investments	<u>83.00</u>	<u>83.00</u>
13. LONG TERM LOANS AND ADVANCES			
(Unsecured and Considered good)			
(a)	Capital Advances	3,811.66	2,690.66
(b)	Security Deposits	154.29	120.34
(c)	Advance Income Tax (Net of Provision)	166.52	-
(d)	Other Loans and Advances (includes deposits received and advances recoverable)	40.51	44.38
		<u>4,172.98</u>	<u>2,855.38</u>
(e)	Other Loans and Advances Considered Doubtful	160.48	160.48
	Less: Provision for doubtful advances	<u>160.48</u>	<u>160.48</u>
		-	-
	TOTAL	<u><u>4,172.98</u></u>	<u><u>2,855.38</u></u>



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

	As at 31 March, 2012	As at 31 March, 2011
CURRENT ASSETS		
14. CURRENT INVESTMENTS		
In Mutual Fund - Unquoted, fully paid up		
999400.360 Units of SBI SHF Ultra Short Term Fund(IP) -Daily Dividend Option	-	100.00
TOTAL	<u>-</u>	<u>100.00</u>
15. INVENTORIES		
(at lower of Cost and Net Realisable value)		
1. Raw Materials	1,324.19	1,935.40
2. Raw Materials-in-process	658.67	933.95
3. Raw Material in Transit	912.52	1,877.87
4. Semi-Finished Goods	3,026.91	3,820.55
5. Finished Goods	4,207.03	4,957.93
7. Stock-in-Trade	1,286.36	-
8. Stores and Spare Parts	766.18	791.03
9. Others (Scrap)	1,731.96	1,820.28
TOTAL	<u>13,913.82</u>	<u>16,137.01</u>
16. TRADE RECEIVABLES		
1. Outstanding for a period exceeding six months from the date they become due for payment (unsecured)		
(a) Considered good	3,391.35	618.26
(b) Considered doubtful	150.00	150.00
Less: Provision for doubtful debts	150.00	150.00
	-	-
2. Other Receivables (unsecured)		
Considered good Other Receivables	3,667.07	1,374.05
TOTAL	<u>7,058.42</u>	<u>1,992.31</u>
17. CASH AND CASH EQUIVALENTS		
1. Balances with Banks	7,859.27	7,458.07
2. Unclaimed Dividend	40.27	40.58
3. Margin Money	1,395.94	1,127.14
4. Cheques, Drafts on hand	96.31	96.20
5. Cash on hand	7.19	7.34
TOTAL	<u>9,398.98</u>	<u>8,729.33</u>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

(₹ in Lacs)

	As at 31 March, 2012	As at 31 March, 2011
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured and Considered good)		
1. Loans and Advances to related parties (Refer Note No. 32)	5,750.64	7,945.50
2. Balance with Port Trust, Customs and Excise	613.52	1,484.62
3. Advance to Suppliers	3,642.61	1,768.72
4. Advance to Employees	67.56	60.88
5. Inter Corporate Deposit	7,307.71	6,740.90
6. Export Incentive Receivable	469.49	1,419.45
7. VAT recoverable	1,915.05	1,464.10
8. Advances Others *	4,458.03	4,396.84
TOTAL	24,224.61	25,281.01
* includes ₹ 2141.05 lacs assignment of debts and ₹ 1775 lacs advances recoverable etc.		
19. Contingent Liabilities and Commitments (to the extent not provided for)		
1. Guarantees given by the Bank on behalf of the Company	3,973.60	1,098.11
2. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	4,151.43	3,926.00
TOTAL	8,125.03	5,024.11



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
20. REVENUE FROM OPERATIONS		
1. Sale of Products	47,467.29	49,848.16
2. Other Operating Revenues		
(a) Sales of Scrap	1,563.63	1,802.07
(b) Export Incentives	1,533.01	1,775.91
	<u>3,096.64</u>	<u>3,577.98</u>
TOTAL	<u>50,563.93</u>	<u>53,426.14</u>
21. OTHER INCOME		
1. Interest Income	1,197.11	1,224.89
2. Dividend Income	0.06	0.06
3. Net gain on sale of Investments	0.15	6.43
4. Surplus on Sale of Fixed Assets	-	0.64
5. Excess provision written back (Net)	22.13	17.70
6. Provision no longer required	-	74.62
7. Profit on sale of Raw Material & Stores (Net)	-	13.25
8. Net Gain on Foreign Currency Translation and Transaction	775.01	296.70
9. Other Non-Operating Income	206.12	32.53
	<u>2,200.58</u>	<u>1,666.82</u>
TOTAL	<u>2,200.58</u>	<u>1,666.82</u>
22. COST OF MATERIALS CONSUMED		
1. Hot Rolled Steel	24,952.07	32,942.26
2. G.P. Coil	1,048.52	-
3. Zinc and Zinc Alloy	2,220.39	4,124.20
4. Others	24.21	110.51
	<u>28,245.19</u>	<u>37,176.97</u>
TOTAL	<u>28,245.19</u>	<u>37,176.97</u>
23. PURCHASE OF STOCK IN TRADE		
1. H.R./C.R./G.P. Coil and GI Sheet	5,509.53	2,213.58
2. Pipes	848.63	294.09
3. Steel Products	934.21	-
4. M.S. Pipe, Tube and Bar	712.13	-
5. Other (Pig Iron, Sand Scrap and Masonry Drill Tip)	820.49	487.49
	<u>8,824.99</u>	<u>2,995.16</u>
TOTAL	<u>8,824.99</u>	<u>2,995.16</u>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

(₹ in Lacs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROGRESS AND STOCK-IN-TRADE		
Inventory at the end of the year:		
Finished Goods / Stock-in-Trade	5,493.39	4,957.93
Semi-Finished Goods	3,026.91	3,820.55
Scrap etc.	1,731.95	1,820.28
	<u>10,252.25</u>	<u>10,598.76</u>
Less: Inventory at the beginning of the year:		
Finished Goods / Stock-in-Trade	4,957.93	4,222.51
Semi-Finished Goods	3,820.55	2,659.62
Scrap etc.	1,820.28	1,148.71
	<u>10,598.76</u>	<u>8,030.84</u>
	(346.51)	2,567.92
Variation in excise duty on closing and opening stock of Finished Goods	27.37	(208.68)
TOTAL	<u>319.14</u>	<u>(2,359.24)</u>
25. EMPLOYEE BENEFITS EXPENSES		
1. Salaries and Wages	1,435.05	1,540.43
2. Contribution to Other Funds	86.67	74.94
3. Staff Welfare Expenses	126.46	135.54
TOTAL	<u>1,648.18</u>	<u>1,750.91</u>
26. FINANCE COST		
1. Interest Expenses	2,257.30	1,592.13
2. Other borrowing costs	913.06	792.35
TOTAL	<u>3,170.36</u>	<u>2,384.48</u>



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
27. OTHER EXPENSES		
Manufacturing Expenses		
1. Consumption Stores and Spares	680.73	773.43
2. Power, Fuel and Water	1,053.48	1,180.59
3. Repairs to: (Excludes Stores and Spares issued)		
(a) Buildings	28.48	36.16
(b) Machinery	42.35	49.06
4. Conversion, Octroi and other manufacturing expenses	430.07	515.12
	<u>2,235.11</u>	<u>2,554.36</u>
Selling and Distribution Expenses		
5. Freight, Forwarding and Handling Expenses	2,423.99	3,543.01
6. Commission	131.81	257.44
	<u>2,555.80</u>	<u>3,800.45</u>
Establishment Expenses		
7. Rent (Net)	53.41	39.35
8. Insurance	5.37	22.40
9. Rates and Taxes	22.21	27.01
10. Miscellaneous Expenditure	748.20	884.23
11. Payment to Auditors'		
(A) Statutory Auditors:		
(a) Audit Fees (excluding service tax)	11.80	11.71
(b) Other Services,	1.50	1.50
(c) for reimbursement of Expenses	0.16	0.07
(B) Cost Audit Fees	1.50	1.00
12. Other repairs	26.92	23.87
13. Prior period items	-	2.22
14. Loss on Fixed Assets sold/discarded	1.91	1.88
15. Bad debts, irrecoverable advances and claims written off	2.16	1.55
TOTAL	<u><u>5,666.05</u></u>	<u><u>7,371.60</u></u>



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

28. 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.



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(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 revalued 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.

29. (a) Subsidiaries

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

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



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

- (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.
30. The title deeds for land (freehold and leasehold), building, residential flats, licenses, agreements, loan documents, and some of the bank accounts etc. are in the process of being transferred in the name of the Company on amalgamation of Tungabhadra Holdings Private Limited. Stamp duty and other levies arising out of the Scheme of Amalgamation, if any, shall be accounted on determination and completion of transfer formalities.
31. 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 ₹ 478.50 lacs (previous year ₹ 491.39 lacs). The Company has taken legal and other steps necessary to protect its position in respect of these claims.
32. **Related Party Disclosures:**

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

- (a) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Birla Precision Technologies Ltd.	Enterprises Owned or significantly influenced by key management personnel or their relatives where transactions have taken place
2	Birla Power Solutions Ltd.	
3	Birla Global Corporate Pvt. Ltd.	
4	Birla Bombay Pvt.Ltd.	
5	Birla Cotsyn (India) Ltd.	
6	Godavari Corporation Pvt.Ltd.	
7	Shearson Investment & Trading Co. Pvt. Ltd.	
8	Birla Viking Travels Ltd.	
9	Birla Shloka Edutech Ltd.	
10	Birla International Pvt. Ltd.	
11	Nirved Traders Pvt. Ltd.	
12	Birla Infrastructure Ltd.	
13	Mounthill Investment Pvt. Ltd.	
14	Sonakshi Consultant Pvt. Ltd.	
15	Asian Distributors Pvt. Ltd.	
16	Melstar Information Technologies Ltd.	
17	Yash Society	
18	Birla Lifeservices Pvt. Ltd.	
19	Birla Kerala Vadyashala Pvt. Ltd.	
20	Birla Energy Infra Limited	
21	Birla Edutech Limited	
22	Birla Transasia Carpets Ltd.	
23	Birla Electricals Ltd.	
24	Shri Yash Birla -Chairman	Key Management Personnel
25	Shri M.S. Arora -Managing Director	



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Net Balance of Receivable, Payable, Deposits, Loan etc.		Balance Carried to Balance Sheet (Net)		Balance Carried to Balance Sheet (Net)		
		as at 31-03-2012		as at 31-03-2011		
		Receivable	Payable	Receivable	Payable	
i) Key Management Personnel		Shri Yash Birla – Chairman				
		Shri M.S. Arora – Managing Director				
ii) Enterprises Owned or significantly influenced by key management personnel or their relatives.	1	Birla Precision Technologies Ltd.	1,892.27	–	2,591.48	–
	2	Birla Power Solutions Ltd.	361.23	–	2,165.57	–
	3	Birla Global Corporate Pvt.Ltd.	–	54.56	8.24	–
	4	Birla Bombay Pvt.Ltd.	–	43.03	–	18.59
	5	Birla Cotsyn (India) Ltd.	335.60	–	264.69	–
	6	Godavari Corporation Pvt.Ltd.	1,235.68	–	1,119.74	–
	7	Shearson Investment & Trading Co.	388.70	–	351.31	–
	8	Birla Viking Travels Ltd.	10.40	–	–	–
	9	Birla Shloka Edutech Ltd.	–	123.45	–	123.45
	10	Birla International Pvt.Ltd. – Deposit	169.31	–	169.31	–
		– Other	281.34	–	281.35	–
	11	Nirved Traders Pvt.Ltd.	772.59	–	697.91	–
	12	Birla Infrastructure Pvt.Ltd.	1,261.22	–	1,224.46	–
	13	Mounhill Investment Pvt.Ltd.	50.91	–	50.91	–
	14	Sonakshi Consultant Pvt.Ltd.	60.58	–	60.58	–
	15	Asian Distributors Pvt. Ltd.	–	4.43	–	4.43
	16	Melstar Information Technologies Ltd.	2.56	–	2.56	–
	17	Birla Electrical Pvt.Ltd.	0.24	–	–	–
18	Yash Society	153.63	–	153.63	–	

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

(b) Transactions with related parties

(₹ in Lacs)

	Key Management Personnel		Enterprise owned and significantly influenced by Key Management personnel or their relatives	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
Sale of Goods	-	-	2,162.05	2,992.72
Purchase of Goods	-	-	1,714.16	333.32
Commission paid	-	-	-	-
Travel Agency	-	-	33.35	18.24
Service charges paid	-	-	240.00	240.00
Service charges received	-	-	196.09	0.42
Rent Paid	-	-	33.09	33.09
Inter Corporate Deposit - Paid	-	-	-	18.46
Interest received	-	-	522.42	537.96
Inter Corporate Deposit – Recd.	-	-	1,837.82	-
Other	-	-	70.91	-
Remuneration	130.78	184.57	-	-

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

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

(₹ in Lacs)

		2011-12	2010-11
1	Sale of Goods		
	Birla Precision Technologies Ltd.	2,162.05	2,379.34
2	Service charges		
	Birla Global Corporate Pvt.Ltd.	240.00	240.00
3	Purchase of Goods		
	Birla Power Solutions Ltd.	1,710.83	314.59
4	Inter Corporate Deposit – Received		
	Birla Power Solutions Ltd.	895.95	–
	Birla Precision Technologies Ltd.	941.87	–
5	Interest Received		
	Birla Power Solutions Ltd.	173.70	190.20
	Godavari Corporation Pvt.Ltd.	115.96	115.64
	Birla Precision Technologies Ltd.	83.94	83.71

33. (i) Assignment of Debts under Short Term loans and Advances represents debts 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.

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

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

(₹ in Crores)

Particulars	Amount
Projected Amount	131.00
Amount Spent till 31 st March, 2012	50.64
Balance amount to be spent	80.36

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

35. **Computation for Earning Per Share**

(₹ in Lacs)

	2011-12	2010-11
Profit for the Year	(82.43)	913.25
Weighted average Number of Equity Share	13,12,80,448	5,37,42,859
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
TOTAL	13,12,80,448	13,12,80,448
Earning per share	(0.06)	0.70



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

36. 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

(₹ in Lacs)

	Year to date figures for Current year 31.03.2012	Year to date figures for Previous year 31.03.2011
1 Segment Revenue		
a) In India	34,104.28	26,291.57
b) Outside India	16,459.99	27,134.57
Total	50,564.27	53,426.14
2 Carrying Cost of Assets by Location of Assets		
a) In India	57,319.79	51,871.18
b) Outside India	1,372.01	804.81
	58,691.80	52,675.99
Unallocated	14,862.65	14,639.69
Total	73,554.45	67,315.68
3 Addition to Assets and Intangible Assets		
a) In India	1,933.80	315.19
b) Outside India	-	-
Total	1,933.80	315.19

37. 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 and further notification dated 29th December, 2011.

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 loss relating to the financial year 2011-12 amounting to ₹ 387.82 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.

38. 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.

39. The financial statement for the year ended 31st March, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under the revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

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, 25th May, 2012

By Order of the Board

M.S. Arora

Managing Director

P.V.R. Murthy

Director

Harsha Kedia

Company Secretary



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 (₹ In lacs)	
		Zenith USA Inc.	Zenith Middle East Fze
1	Share Capital	2.28	257.31
2	Reserves and Surplus	(537.63)	(203.79)
3	Total Assets	1545.95	232.51
4	Total Liabilities	2081.30	179.00
5	Details of Investments		
	Government Securities	-	-
	Shares (excluding subsidiaries)	-	-
	Mutual Funds	-	-
6	Turnover and Other Income	4895.01	26.20
7	Profit Before Taxation	(252.52)	16.37
8	Provision for Taxation	-	-
9	Profit After Taxation	(252.52)	16.37
10	Proposed Dividend	-	-

Note: –

- a) Item No. 3 to 5 are translated at exchange rate as on 31st March, 2012 – US Dollars = ₹ 51.16.
b) Item No. 6 to 10 are translated at annual average exchange rate – US Dollars = ₹ 47.90.

ZENITH BIRLA (INDIA) LTD

Regd. Office: Dalamal House, 1st Floor, 206, Jamanalal 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 FIFTIETH ANNUAL GENERAL MEETING of the Company on Monday, 17th September, 2012 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 ATENDANCE SLIP AT THE MEETING

-----TEAR HERE-----

ZENITH BIRLA (INDIA) LTD

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

PROXY FORM

I/We _____ of _____ 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 Fiftieth Annual General Meeting of the Company to be held on Monday, the 17th September, 2012 at 3.30 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

D.P. ID*
Client ID*
* applicable for members holding shares in electronic form
Ledger Folio No.
NO. of Shares

Signature _____

Affix a
1 Rupee
Revenue
Stamp

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) LTD

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



Dear Shareholders,

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) or with Bigshare Services Private Limited.**

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 Registrar & 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