



THE YASH BIRLA GROUP

ZENITH BIRLA (INDIA) LIMITED



47th Annual Report 2008 - 2009



DIRECTORS

YASH BIRLA
M. S. ARORA
D.V. KAPUR
AUGUSTINE P. KURIAS
ANIRUDDHA BARWE
SANJAY BUDHIA
P. V. R. MURTHY

CHAIRMAN
MANAGING DIRECTOR (w.e.f. 27th July, 2009)

(Till 24th April, 2009)
(Addl. Director w.e.f. 27th July, 2009)

AUDITORS

DALAL & SHAH
Chartered Accountants

BANKERS

STATE BANK OF INDIA
PUNJAB NATIONAL BANK
BANK OF BARODA
ORIENTAL BANK OF COMMERCE
BANK OF INDIA

REGISTERED OFFICE

DALAMAL HOUSE
1ST FLOOR, 206 JAMNALAL BAJAJ MARG,
NARIMAN POINT, MUMBAI 400021.
TEL. :022-22821173/66168400
FAX : 022-22047835

WORKS

- a) Pipe Division
KHOPOLI, DIST. RAIGAD,
MAHARASHTRA - 410203
- b) Tool Division
 - i. 62/63, MIDC AREA,
SATPUR, NASHIK
MAHARASHTRA - 422007
 - ii B-15/3/1, MIDC AREA,
WALLUJ,
DIST. AURANGABAD,
MAHARASHTRA - 431133

REGISTRAR AND SHARE TRANSFER AGENTS

BIGSHARE SERVICES PVT. LTD.
E/2 ANSA INDUSTRIAL ESTATE
SAKIVIHAR ROAD, SAKI NAKA,
ANDHERI (E), MUMBAI 400072.
TEL. : 022-28470652/40430200
FAX :022-28475207
E.mail : info@bigshareonline.com

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Members are requested to note that only tea/coffee will be served during the 47th Annual General Meeting to be held on Thursday, 24th September, 2009 at 4.00 p.m. at Sunville Banquets & Conference Hall, Orchid Room, 2nd Floor, 9 Dr. A.B. Road, Worli, Mumbai 400018



NOTICE

Notice is hereby given that the Forty Seventh Annual General Meeting of the members of **ZENITH BIRLA (INDIA) LIMITED** will be held on Thursday, the 24th day of September, 2009 at 4.00 P.M. at Sunville Banquets & Conference Hall, Orchid Room 2nd Floor, 9 Dr. A. B. Road, Worli, Mumbai 400018, to transact the following business:

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2009, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a director in place of Shri A. R. Barwe, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration and in this regard 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 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Dalal & Shah, Chartered Accountants, Mumbai, the retiring auditors be and are hereby re-appointed as 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 and reimbursement of out-of-pocket expenses as the Board of Directors may fix in this behalf.”

Special Business:

5. 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 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri P. V. R. Murthy, who was appointed as an Additional Director on 27th July, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation under the provisions of the Article of Association of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other consent and approvals as may be required including of the Central Government, Shri M.S. Arora, who was appointed as an Executive Director at the Annual General Meeting of the Company held on 14th September, 2007 for a period of five years effective from 10th July, 2007, be and is hereby appointed as the Managing Director of the Company w.e.f. 27th July, 2009 till the expiry of his term i.e. 9th July, 2012.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and such alterations and modifications, if any, that may be effected by the Central Government in granting such approvals, consent of the Company be and is hereby accorded to the payment of enhanced remuneration including salary, allowances perquisites and benefits to Shri M.S. Arora as per the terms and conditions as set out hereunder, with effect from 27th August, 2009 till the expiry of his present term i.e. 9th July, 2012, notwithstanding that such remuneration is in excess of the limits specified in Part II of Schedule XIII of the Companies Act, 1956:

I. SALARY

Shri M. S. Arora shall be entitled to a salary of Rs. 25,20,000/- (Rupees Twenty Five Lakhs Twenty Thousand Only) per annum with such annual increase as may be decided by the Board of Directors from time to time.

II PERQUISITES

1. Shri M.S. Arora shall be entitled to perquisites and benefits such as House Rent Allowance, Furnishing Allowance, House Maintenance, gas, electricity, water, Medical Re-imburement, Leave Travel Concession for self & family, Car Maintenance and Drivers allowance, etc. and any other allowances and perquisites as per the policy / rules of the Company that may be in force, provided that the aggregate value of such allowances and perquisites shall not exceed Rs. 46,78,000/- (Rupees Forty Six Lakhs Seventy Eight Thousand Only) per annum. 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.



2. Shri M.S. Arora shall also be entitled to Company's contribution to Provident Fund, Superannuation Fund, Pension Fund, Gratuity, Encashment of Leave at the end of his tenure as Managing Director, as per the policies/ rules of the Company and the same shall not be included for the purposes of computation of perquisites.

III COMMISSION

Shri M.S. Arora shall be entitled to commission at the rate not exceeding 3% (three percent) of the Net Profit of the Company calculated under Sections 349 and 350 of the Companies Act, 1956.

RESOLVED FURTHER THAT the remuneration as mentioned above be paid to Shri M.S. Arora as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter, increase or vary the remuneration including salary, allowances, commission, perquisites and benefits, and other terms of appointment of Shri M.S. Arora and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri M.S. Arora from time to time, as deemed expedient or necessary and the terms of agreement shall be suitably modified to give effect to such alteration and/or variation."

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

M.S. Arora
Managing Director

Mumbai
Date: 27th August, 2009

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND 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 Register of Members and Share Transfer Books of the Company will remain close from Thursday, the 17th September, 2009 to Thursday, the 24th day of September, 2009 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the meeting.
3. The dividend on equity shares for the year ended 31st March, 2009, if declared at this meeting, will be paid:
 - (i) in respect of shares held in electronic form, on the basis of beneficial ownership, at the close of business hours on Wednesday, 16th September, 2009 as per the details furnished by depositories, and
 - (ii) to those members, holding shares in physical form, whose name appear in the Register of Members of the Company on Thursday, 24th September, 2009.
4. Pursuant to Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid/unclaimed dividend, deposits and interest warrants till the end of the financial year ended March 31, 2002, to the Investor Education and Protection Fund (IEPF) established by the Central Government.
5. 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. Big Share Services Pvt. Ltd. for consolidation into single folio.
6. 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.
7. Members, who wish to avail ECS Facility for the payment of dividend may send their duly completed form to the Company's Registrar & Share Transfer Agent for the shares held in physical form and to their respective Depository Participant for the shares held in dematerialized form.



Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Shri P. V. R. Murthy was appointed Additional Director on the Board of the Company with effect from 27th July, 2009 pursuant to the Section 260 of the Companies Act, 1956 and Article 144 of the Article of Association of the Company and holds office upto the date of this Annual General meeting.

The Company has received notice, along with requisite fee, from a member under Section 257 of the Companies Act, 1956, proposing the candidature of Shri P. V. R. Murthy as a Director of the Company under the provisions of Section 257 of the Act.

A brief resume of Shri P.V.R. Murthy, nature of his expertise, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in Report on Corporate Governance forming part of this Annual Report.

The Board recommends the Ordinary Resolution as set out in item no. 5 of the Notice for members' approval.

None of the Directors, except Shri P. V. R. Murthy is concerned and / or interested in the resolution.

Item No. 6

Shri M. S. Arora was appointed as an Executive Director at the Annual General Meeting of the Company held on 14th September, 2007 for a period of five years effective from 10th July, 2007 to 9th July, 2012.

The Board of Directors of the Company at its meeting held on 27th July, 2009 appointed Shri M. S. Arora as the Managing Director of the Company with effect from 27th July, 2009 and to hold office till 9th July, 2012, subject to the approval of the shareholders and all other applicable approvals. Since 27th July, 2009 Shri M.S. Arora as Managing Director received the same remuneration that he was receiving as the Executive Director.

The Remuneration Committee of the Board in its meeting held on 27th August, 2009 has recommended revision in remuneration and perquisites payable to Shri M. S. Arora during his tenure as Managing Director w.e.f. 27th August, 2009 till the expiry of his term i.e. 9th July, 2012.

Shri M. S. Arora, aged 47 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.

A brief resume of Shri M. S. Arora, the nature of his expertise, is provided in the Report on Corporate Governance forming part of this Annual Report as required under Clause 49 of the Listing Agreement and Schedule XIII.

The appointment of Shri M. S. Arora as Managing Director and revision of his remuneration as mentioned above are subject to the approval of shareholders of the Company and the Central Government. Accordingly, the Directors recommend the resolution set out in Item No. 6 of the convening notice.

None of the Directors, except Shri M. S. Arora is concerned and/ or interested in the proposed resolution.

A copy of the Supplementary Agreement executed between the Company and Shri M. S. Arora which amends the Agreement dated 10th July, 2007, in this connection shall be kept at the Registered Office of the Company and shall be open for inspection by the Shareholders on any working day till the date of the Annual General Meeting.

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 and cutting tools. The Company has presently two divisions viz. Pipes Division at Khopoli and Tools Division at Nashik and Aurangabad.

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 :-

(Rs. in Lacs)

Financial Year ended	2008-09	2007-08	2006-07
Net Sales	58296	46196	37612
Total Income	58426	47900	40629
Total Expenditure	56349	44329	36868
Profit/(Loss) before Tax	2077	2293	1928
Profit (Loss) after Tax	1537	1921	1666

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

(Rs. in lacs)

Financial Year ended	2008-09	2007-08	2006-07
Foreign Exchange Earnings (FOB value of Export)	25166	15535	9810

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

2) Past Remuneration :-

For the year 2008-09	(Rs. In Lacs)
Salary	16.20
Other Perquisites	36.87
Contribution to P.F.	1.94

3) Recognition or awards :-

Shri M.S. Arora, Managing Director, has been instrumental for the Company 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.

Shri M. S. Arora's in-depth knowledge of Company's product lines would be very valuable for the Company in the context of the present global slowdown, depressed market conditions and sluggish demand. With sufficient past experience in successfully managing the affairs of the Company, Shri M. S. Arora is best suited for the position of Managing Director.



5) Remuneration Proposed:-

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

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

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

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

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

III. OTHER INFORMATION

1) Reasons for loss or inadequate profit :-

The performance of the Company is affected due to the continuing global slowdown and it is anticipated that during the financial year 2009-2010, the remuneration of Shri M.S. Arora, as mentioned above, may exceed the ceiling limit of 5% of the net profits of the Company.

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

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

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

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

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

M. S. Arora
Managing Director

Mumbai
Date: 27th August, 2009.



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Forty Seventh Annual Report together with the Audited Statements of Accounts of your Company for the period ended 31st March, 2009

I. FINANCIAL RESULTS

	(Rs.in Crores)	
	Year ended 31.03.2009	Year ended 31.03.2008
Gross Income	628.95	530.65
Less : Excise Duty	44.70	51.64
Net Income	584.25	479.01
Profit/(Loss) Before Interest, Depreciation, Taxation And Expenses In Respect Of Earlier Years	36.78	35.71
Interest and Finance Expenses	11.00	8.11
Profit/(Loss) Before Depreciation, Taxation And Expenses In Respect Of Earlier Years	25.78	27.60
Depreciation	5.01	4.66
Profit/(Loss) for the Year Before Taxation and Expenses in respect of Earlier Years	20.77	22.94
Less: Expenses in respect of earlier years	0.01	0.01
Net Profit/(Loss) Before Tax (PBT)	20.76	22.93
Less: Provision for Taxation :		
Fringe Benefit Tax (FBT)	0.19	0.20
Current Year Tax	5.20	3.52
Profit After Tax (PAT)	15.37	19.21

2. DIVIDEND

In view of the good performance of the Company, your Directors are pleased to recommend a dividend of 6% i.e. Rs.0.60 per equity share for the financial year ended 31st March, 2009.

3. FINANCIAL HIGHLIGHTS AND OPERATIONS

During the year under review the gross turnover of the Company has increased by 18.46 % over the previous year. This increase has been on account of higher export realization and improved performance due to increase in sales specifically in oil & gas, agriculture & irrigation sector and infrastructure sectors.

During the year under review gross turnover increased from 530.65 crores to 628.95 crores. Your Company has managed to maintain its Earnings before Interest & Depreciation in the current year in spite of the recessionary climate which created business uncertainty across the globe. This was felt in the export sales where a huge demand dip was witnessed particularly in US & Middle East markets which contribute significantly to the companies top line.

The Earnings before Depreciation and Income Tax is maintained, in spite of the high interest regime prevailing in financial year 2009.

Profit after Tax for the financial year stands at Rs 15.37 crores as against 19.21 crores in the previous year mainly due to higher tax provisions.

4. PROPOSED DEMERGER OF INDIAN TOOL MANUFACTURERS, DIVISION OF THE COMPANY AND MERGER OF TUNGABHADRA HOLDINGS PRIVATE LIMITED WITH THE COMPANY

Your Company is engaged in the manufacturing of ERW welded steel pipes and specializes in a wide range of black and galvanized pipes. The tool division of the Company is engaged in manufacturing HSS cutting tools and is focused towards the auto / engineering segment. The Yash Birla Group has taken a policy decision to focus on its pipes business in Zenith Birla (India) Ltd (ZBIL) and is also considering the realignment of the above auto / engineering businesses from a perspective of future growth.

The Board of Directors at its meetings held on 22nd October, 2008 has approved the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956, inter-alia providing for demerger of tool division of the Company and merger of Tungabhadra Holdings Private Limited with the Company.

The Company has received 'In Principle' approval to the Scheme from Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Scheme has also been approved in the Court Convened Meeting by the members of the Company. Pending approval of the Scheme by the Hon'ble High Court of Judicature at Bombay, as well as completion of other necessary formalities in this regard, the Balance-Sheet as on 31st March, 2009 and the Profit and Loss Account for the year ended on that date do not reflect the adjustments and effects arising from the Scheme as envisaged, which would be considered as and when the Scheme is approved and implemented.

5. EXPORT PERFORMANCE

Your Company continues to remain a leading exporter of Steel Pipes to USA, Middle East and various other countries. Exports turnover increased by 70 % to Rs. 251.66 crores during the year under review. Your Company continues to remain net earner of the valuable foreign exchange.

6. EXPANSION PROJECT

The Company is implementing the expansion project for which the Company raised resources in 2006.

Benefits of the expansion project has started getting reflected in the financial performance of the Company, albeit gradually. Due to the general slow down in the economy, the Company is closely monitoring the developments in global market scenario. The Company will expedite the completion of the expansion project once the market scenario improves which can help the Company to realise maximum benefit from the expansion project by optimum utilization of resource.

7. SUBSIDIARY COMPANY

The Accounts for the wholly 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.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

9. 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 with the Stock Exchange and other statutory regulations. A separate report on Corporate Governance along with a Certificate of Compliance from the Auditors forms part of this report.

10. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act 1956, the Directors of the Company state as under that:-

1. In the preparation of annual accounts, applicable Accounting Standards have been followed except as mentioned in Note No. 4 (iii) (Annexure A) regarding valuation of finished and process stocks of Tools division as per the method explained therein, which has also been done as per consistent practice. These notes are appearing in the schedule 20 of the accounts.
2. The Directors had selected such accounting polices 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 period and of the profit or loss for the period except as mentioned in (i) above.
3. The Directors 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. The Directors had prepared Annual Accounts on a 'going concern' basis.

11. COST AUDIT

The reports of Cost Auditors in respect of audit of the cost records of the Pipes Division of the Company for the year ended 31st March, 2009 will be submitted to the Central Government in due course.

12. AUDITORS REMARKS

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



13. DIRECTORS

Shri Sanjay Budhia has resigned from the Board w.e.f. 24th April, 2009. The Board placed on record its sincere appreciation for the valuable services and guidance rendered during his association with the Company.

The Board at its Meeting held on 27th July, 2009 appointed Shri P.V.R. Murthy as Additional Director of the Company effective 27th July, 2009. Shri Murthy holds office upto the date of the forthcoming Annual General Meeting (AGM) but is eligible for appointment.

The Board at its Meeting held on 27th July, 2009 appointed Shri M. S. Arora as Managing Director of the Company effective 27th July, 2009. The appointment of Shri M. S. Arora is subject to the approval of the members at General Meeting and the terms of his remuneration is subject to the approval of the members and Central Government.

In terms of the provisions of the Companies Act, 1956 and the the Articles of Association of the Company, Shri A. R. Barwe retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Brief resume of the Directors proposed to be appointed/re-appointed including their other directorship are provided in the Report on Corporate Governance.

14. FIXED DEPOSITS

During the year under review, the Company has invited fresh Fixed Deposits from its shareholders and general public. As on March 31, 2009, the Company has fixed deposit of Rs.601.92 Lacs. There are no un-paid deposits (other than un-claimed), payable as of 31st March, 2009. Also there is no default in payment of interest and repayment of matured deposits.

15. UN-PAID/UN-CLAIMED DIVIDEND/DEPOSIT

Unpaid/Un-claimed dividend / deposits have been transferred to the Investors Education and Protection Fund in terms of requirement of Section 205A(5) / 205C of the Companies Act, 1956.

16. AUDITORS

M/s.Dalal & Shah, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Audit Committee recommends the re-appointment of M/s.Dalal & Shah, Chartered Accountants as Statutory Auditors of the Company.

17. PARTICULARS OF EMPLOYEES

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

18. PERSONNEL

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

19. ACKNOWLEDGEMENTS

During the financial year under review Industrial Relations continued to remain cordial. Your Directors wishes to place on record their sincere thanks to the continuing commitment and dedication of employees at all levels. The Directors would also like to thank to the various stakeholders such as Banks, Financial Institutions, various State and Central Governmental Authorities, Customers, Vendors and last but not least our valued Shareholders, who are supporting the management for all these years and made possible one of the very few industrial revival, a reality in the history of Corporate India. With best wishes for the coming festival season.

For and on behalf of the Board

Place: Mumbai
Date: 27th August, 2009

Dr. D. V. Kapur
Chairman of the Meeting

**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 2009)

A. CONSERVATION OF ENERGY: -

a) Energy Conservation Measures Taken:

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

- 1) Additional capacitors tank with automatic P.F. Controller unit have been provided and power factor achieved from 0.99 to unity.
- 2) Insulation updated for steam lines & vessels & arrangements improved for condensate collection and transfer to Boiler feed water tank.
- 3) Spray drying capacity increased by increasing ID & FD fan capacity which has resulted into lower electrical consumption per unit of production.
- 4) We have changed 24 Nos. 5 H.P. Crompton Greaves make Motors by energy efficient Siemens Motors for better efficiency and saving in energy by 30% in this area.
- 5) By Installing additional capacitor banks, Zenith Khopoli has achieved power factor improvement up to unity (1000) and getting maximum power factor rebate in energy bill.

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

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

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

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

Note: Energy audit of Khopoli is in process by "Centre of Energy Studies and Research".

B. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption as per Form B.

FORM "B"**Research and Development (R & D)**

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

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

2. Future Plan of Action

To develop further new value added products.

3. Expenditure on R & D:

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

4. Technology Absorption, Adaptation and Innovation: Nil

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Rs.in crores	
	2008-09	2007-08
Total Foreign Exchange earnings	251.66	155.36
Total Foreign Exchange outgo	61.62	26.00

D) PARTICULARS OF EMPLOYEES:

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forms part of the Directors Report for the year ended 31st March, 2009.

A. 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)	47	CEO & Executive Director*	23	15.03.2007	36,81,160	Man Industries Ltd.

* Appointed as Managing Director w.e.f. 27th July, 2009.



MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Business Overview:

Steel Pipes:

The segment is ever growing in line with the infrastructural growth of the economy and with the Indian economic growth forecasted at 6.5% the demand from this market segment is expected to be stable. The exports markets have witness huge demand deceleration however with the initiatives to expand and focus in the European and African markets are helping the company minimise its geographical risks. Further, the vacuum created by Chinese products in the American market offsets the slow down in demands for our products to a great extend.

Cutting Tools:

Cutting Tools manufactured by the Company is used by engineering industries, small or big. The growth of this industry is 8 – 12 % and this growth is likely to continue as India has become a manufacturing hub for auto and auto components.

b) Opportunities & Threats:

Opportunities:

- i) The Company's aggressive efforts to penetrate newer markets, both in domestic and exports, have been well received.
- ii) Vision to enter into ever growing demands of oil & gas sector is rather more justified, when the oil prices are likely to be buoyant thus creating more opportunity for investment in these sectors.
- iii) The auto and auto component industry is expected to grow at a good growth rate.
- iv) There is improvement demand in export markets as well.
- v) With the increase in volume of production we are trying to economize per piece cost.

Threats:

- i) The unprecedented steel price increase in the recent past poses continued volatility in the market and has affected the margins. Various steps have been taken by the company to rein the volatility of both steel and forex.
- ii) Our products being generic in nature are subject to continuous pressure on margins.
- iii) International manufacturers are also setting up manufacturing facility in India.

c) Risk Management:

- i) The products of various divisions are considered as "Standard Commodity Products" and therefore subject to global price competition. The Company continuously make efforts in improving production efficiency, cost reduction & brand building to mitigate the impact. It is considered opinion of the management that it has taken all possible steps to maintain and enhance the competitive position of the Company.
- ii) The Company is in the process of putting in place, an exhaustive risk identification, analysis and mitigation process.

d) Segment-wise Performance:

Segment-wise performance of the company during the financial year 2008-09 is given below:

Particulars	Pipes	Tools
Sales qty	86,974 MT	1,18,25,451 nos
	Rs.in Crores	
Income	557.76	69.89
Expenditure	531.02	64.86
PBIT	26.74	5.03
FOB Value of Exports	246.93	4.73

e) Financial Performance:

The Company's net income during the year was Rs.584.25 crores as against Rs.479.01 crores during the previous year. Profit After tax for the current year is Rs. 15.37 crores as compared to Rs.19.21 crores during the previous year. The gross cash inflow before working capital changes during the period was Rs. 36.83 crores as against Rs. 35.71 crores during the previous year.

**f) Outlook:**

- i) Supported by good domestic economic growth, backed by well established brand image, global reach and focused approach, the demand for the companies steel pipes & cutting tools shall continue to grow in future.
- ii) Company is also aggressively pursuing the plan to move up in value chain by diversifying/expanding into higher technology products used by Oil/Gas industry and Auto component industry. The company is also in the process of further improvising its performance by achieving organic & inorganic growth.

g) 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 approves their audit plans, reviews their report and also make necessary suggestions for its further improvements.

h) Related Party Transactions:

These have been discussed in detail in the notes to the accounts in the financial statement.

i) Human Resources:

The Company has focused on building the organization for developing human resources. More attempts is 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 alongwith 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.

j) Health & Safety:

The Company continuously focus 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.

k) Conclusion:

The restructuring exercise, which was broadly completed, has resulted into pursuing business in line with its core competence of steel pipes & cutting tools products. The benefits of restructuring have started reflecting into financial performances from the financial year under review.

Going forward, the Company intends to grow organically by optimizing current facilities and focusing on the new application in high growth industries like Oil/Gas & Automobile Components.

Cautionary Statement:

Some of the statements contained within this report may be forward looking in nature and may involve risks and uncertainties. Actual Result, 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 would continue to constantly upgrade management practices to conform to the norms of ideal corporate governance in the years to come.

I. Board of Directors:

a) Composition of Board:

At March 31, 2009, the Board of Directors consisted of 6 (six) Directors, out of which 1 (one) is a Executive Director, 2 (two) are Non -Executive, Non- Independent Directors and 3(three) are Independent Directors. The details of the Directors with regard to outside directorships and committee positions as on 31st March, 2009 are as follows:

Name of Directors	Executive/ Non-Executive/ Independent *	No. of Shares held	No. of Outside Directorship and Committee Memberships	
			Outside Directorships	Outside Committee Memberships
Shri Yashovardhan Birla	Non-Executive Non-Independent	119002	8	1
Shri M.S.Arora	Executive, Non- Independent	Nil	1	Nil
Dr. D. V. Kapur	Non-Executive, Independent	Nil	6	5
Shri Augustine P. Kurias	Non-Executive, Independent	Nil	Nil	Nil
Shri Aniruddha Barwe	Non-Executive, Independent	Nil	4	4
Shri Sanjay Budhia (resigned w.e.f. 24.04.09)	Non-Executive, Non-Independent	60000	2	1

* An independent director is a director who apart from Directors remuneration does not have any material pecuniary relationship or transaction with the company, its promoters or its management, or its subsidiaries, which in the judgment of the Board may affect their independence of judgment.

Note: The Directorship held by directors as mentioned above, do not include Alternate Directorship and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

The Board of Directors is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.

b) Non- Executive Directors' Compensation and disclosures :

Apart from sitting fees that are paid to the Non- Executive 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) Note on Directors Seeking Appointment/Re-appointment

I. **Shri Aniruddha Barwe**, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. He is 70 years old and MSc., CAIIB by qualification. He has more than 3 decades of experience in Banking, Foreign Exchange Management and Capital Markets with State Bank of India Group including as Managing Director of SBI Capital Markets Ltd. He is also on the Board of Jain Irrigations



Systems Ltd., MSPL Ltd., Kotak Mahindra Trustee Company Ltd. and Sigma Laboratories Ltd. He is member of the audit Committee of the Company. He is also the Chairman of the Audit Committee of Jain Irrigation System Ltd. and MSPL Ltd. and Chairman of the Remuneration Committee of Jain Irrigation System Ltd. He is also the member of the Audit Committee of Kotak Mahindra Trustee Co. Ltd., member of Remuneration Committee of MSPL Ltd. and member of Public Grievance Committee of Jain Irrigation System Ltd.

2. **Shri P. V. R. Murthy** was appointed as Additional Director of the Company with effect from 27th July, 2009. Shri P.V.R. Murthy is 57 years old and he is a Chartered Accountant and MBA by qualification and also possess a P.hd. in Accounts. He has more than 3 decade of experience as Finance professional.

His other directorship in Public Limited Companies are Birla Cotsyn (India) Limited, Birla Power Solutions Ltd., Birla Precision Technologies Ltd., Melstar Information Technologies Limited, Khamgaon Syntex Limited, Sanguine Media Limited., Birla Cement and Industries Ltd., Birla Edutech Limited and Birla Surya Ltd. He is the Chairman of the Shareholders Grievance Committee of Birla Cotsyn (India) Ltd., member of Audit Committee and Remuneration Committee of Birla Cotsyn (India) Limited, member of Audit Committee, Remuneration Committee and Shareholders/Investor Grievance Committee of Birla Power Solutions Ltd. and member of Audit Committee and Remuneration Committee of Birla Precision Technologies Ltd. He is also the member of the Audit Committee and Shareholders/Investors Grievance Committee of Melstar Information Technologies Limited.

3. **Shri M. S. Arora**, aged 47 years is a B.E (Mechanical) from REC, Bhopal by academic qualification. He has more than two decade of experience in the field of Operations, Marketing, Export and General Management. Prior to joining Zenith, he was a Chief Operating Officer of Man Industries Ltd. He has also held various senior level positions in Welspun Gujarat Stahl Rohren Ltd., P. S. L. Ltd. and Voltas Ltd. His other directorship include Birla Precision Technologies Ltd. and Zenith Middle East FZE. He is also a member of the Share Transfer and Investors Grievance Committee of Zenith Birla (India) Ltd.

d) Other Provisions as to Board and Committee

The Board meets atleast 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.

During the year ended 31st March, 2009, 6 Board Meetings were held on April 23, 2008, June 27, 2008, July 25 2008, September 15, 2008, October 22, 2008 and January 23, 2009 :

Attendance of Directors at Board Meetings and at the Annual General Meeting (AGM)

Name of Director	No. of Board Meetings Attended	Last Annual General Meeting Attended
Shri Yash Birla, Chairman	6	Yes
Shri M.S.Arora	6	Yes
Dr. D. V. Kapur	6	Yes
Shri Augustine P. Kurias	4	Yes
Shri Aniruddha Barwe	6	Yes
Shri Sanjay Budhia (resigned w.e.f. 24.04.09)	1	No

The information as specified in Annexure IA to Clause 49 of the Listing Agreement is regularly made available to the Board.

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

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

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



e) Code of Business Conducts and Ethics

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

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

A copy of the code has been put on the Company’s website www.zenithsteelpipes.com. All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Zenith Code of Business Conduct & Ethics for the financial year ended 31st March, 2009.

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

I hereby confirm that the Company has obtained all the members of the Board and management personnel, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and management personnel in respect of the financial year 2008-09.

Place : Mumbai
Date : 27th August, 2009

Sd/-
M.S. Arora
Managing Director

II. Audit Committee

Composition, meetings, 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. The Company Secretary acts as the Secretary to the Audit Committee.

The main objective of the Audit Committee is to review the Financial Statements, Audit, Internal Controls and Risk Management processes. The Committee also monitors any proposed changes in the Accounting Policy and appraises the Board of Directors with its observations and suggestions.

During the year ended 31st March, 2009, the Committee met 5 times on 23rd April, 2008, 27th June, 2008, 25th July, 2008, 22nd October, 2008 and 23rd January, 2009:

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

Name of the Member	Category	No. of Meetings Attended
Shri A. P. Kurias (Chairman)	Independent Non-Executive	3
Dr. D. V. Kapur	Independent Non-Executive	5
Shri A.R. Barwe	Independent Non-Executive	5

The Statutory Auditors and Internal Auditors attended the meetings on invitation from the Chairman.

Scope of Audit Committee:

The Audit Committee of the Board deals with all matters relating to financial reporting, audit, internal controls, risk management, related party transactions etc. and reports back to the Board on the matters, which among others, include:

- To review the quarterly/half yearly and Annual Financial Statements and to submit its comments/observations to the Board of Directors.
- To ensure that the financial statements are correct, reliable and in accordance with the Accounting Standards and other laws.
- To review the internal audit reports and to submit its suggestions and recommendations etc.
- To meet Statutory and Internal Auditors periodically and discuss their findings, suggestions and other related matters.
- To review the Auditors’ Report on the financial statements and to seek clarification thereon, if required, from the Auditors.



- f) To review the weaknesses in internal controls, if any, reported by the Internal and Statutory Auditors and report to the Board the recommendations relating thereto.
- g) To recommend a change in the Auditors, if in the opinion of the Committee the Auditors have failed to discharge their duties adequately.
- h) To review the Risk Management practice being followed by the management and to provide necessary guidance in this regard.
- i) To critically analyze the operating and capital budget and its periodical review vis a vis the actual performance.
- j) To ensure that there are no defaults committed in relation to Banks, Financial Institutions, Depositors and all other statutory obligations

III. *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, 2009 are as under:

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

Subsidiary Monitoring Framework

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

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

IV. *Shareholders/Investors Grievance Committee:*

The Investor Grievance Committee is empowered to oversee (a) Transfers of shares, (b) issue of duplicate/new/subdivided and consolidated Share Certificates and (c) Shareholders/Investors Grievance and its redressal. The Committee has met 41 times in the accounting period.

Name of the Member	Category	Position in Committee	No. of Meetings attended
Shri A. P. Kurias	Independent Non-Executive	Chairman	41
Shri M. S. Arora	Executive	Member	41

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

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

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non receipt of Certificates	33	33	--
Non receipt of Credit	9	9	-
Non receipt of De-mat rejected Certificates/ De-mat Credit	7	7	--
Non receipt of Dividend Warrants	85	85	-
Non receipt of Annual Report	8	8	-
Others	6	6	-
SEBI/Stock Exchange	1	1	-
Total	149	149	-



V. Remuneration Committee:

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

Name of Director	Remuneration paid during 1 st April, 2008 to 31 st March, 2009		
	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Total (Rs.)
Shri Yash Birla	42,000	Nil	42,000
Dr. D. V. Kapur	77,000	Nil	77,000
Shri Augustine P. Kurias	49,000	Nil	49,000
Shri Aniruddha Barwe	77,000	Nil	77,000
Shri Sanjay Budhia (resigned w.e.f. 24.04.09)	7,000	Nil	7,000
Shri M. S. Arora	Nil	36,81,160	36,81,160

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

VI. General Body Meetings

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

Year	AGM	Location	Date & Time
2007-2008	46 th	Patkar Hall, I, Nathibai Thackersey Road, Mumbai 400 020.	15.09.2008 at 4.00 p.m.
2006-2007	45 th	Patkar Hall, I, Nathibai Thackersey Road, Mumbai 400 020.	14.09.2007 at 11.00 a.m.
2005-2006	44 th	Patkar Hall, I, Nathibai Thackersey Road, Mumbai 400 020.	25.08.2006 at 4.00 p.m.

(b) Whether the Special Resolution were put through postal ballot last year – No.

(c) Are Special Resolutions proposed to be put through postal ballot this year – No.

VII. Disclosures

- 1) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries, or relatives, conflicting with Company's interest. Suitable disclosures as required by the Accounting Standard (AS18) - related party transactions, have been made in the Annual Report.
- 2) There is no pecuniary relationship or transactions of non-executive directors vis-a-vis the Company which has potential conflict with the interests of the Company at large.
- 3) No penalties or strictures have been imposed on the Company by the Stock Exchange, or SEBI, or any Statutory Authority on any matter related to capital markets during the last financial year.
- 4) The entire un-paid Interest / Dividend etc. have been transferred to the Investors Education and Protection Fund as per the provisions of the Companies Act, 1956.

VIII. Means of Communication

The Board of Directors of the Company approves and takes on record the Un-audited Quarterly Financial Results and Audited Annual Results in the Forms prescribed by the BSE & NSE where the shares of the Company are listed. The same are published within 48 hours in the National and Regional newspapers.



IX. Shareholders Information

- 1 Annual General Meeting proposed to be held
Date & Time : Thursday, the 24th September, 2009 at 4.00 p.m. at
Venue Sunville Banquets & Conference Hall, Orchid Room
2nd Floor, 9 Dr. A. B. Road, Worli, Mumbai 400018.
- 2 Financial Calendar for the year 2009-2010 (Proposed)
Accounting Year : April 1, 2009 to March 31, 2010
First Quarter Year : July, 2009
Second Quarter Year : October, 2009
Third Quarter Year : January, 2010
Fourth Quarter Year : April, 2010
Annual results : July/August, 2010
Mailing of Annual Report : July/August, 2010
Annual General Meeting : On or before 30th September, 2010
- 3 Book Closure Date : Thursday, 17th September, 2009 to Thursday, 24th
September, 2009 (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 2009-10 has been paid to Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

- 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 : INE318D01020
Equity Shares in Demat form
- iv. Depositories connectivity : NSDL and CDSL



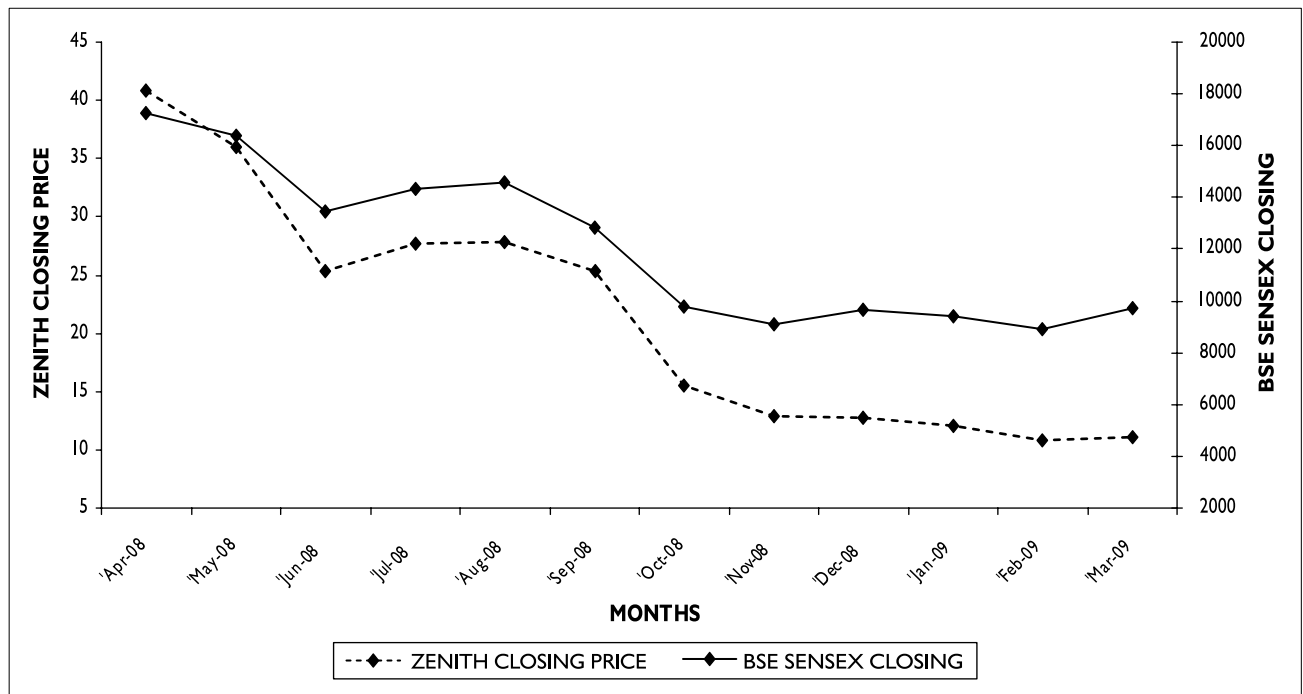
7. Stock Price Data :

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, 2009 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, 08	54.00	29.25	42.40	35.85	October, 08	27.30	12.60	26.50	11.50
May, 08	42.90	35.10	42.25	35.00	November, 08	20.00	11.30	17.95	11.25
June, 08	36.90	25.45	37.00	25.00	December, 08	16.40	10.90	16.10	10.58
July, 08	28.30	21.90	28.40	21.15	January, 09	15.80	11.75	15.75	11.51
August, 08	32.85	26.10	34.00	26.00	February, 09	14.00	10.70	14.40	10.61
September,08	36.00	24.75	34.00	24.50	March, 09	12.90	9.80	13.00	9.10

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



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. 28525207
e.mail: info@bigshareonline.com

Our Registrar & Transfer Agent, M/s Bigshare Services Private Limited recently launched Gen-Next Investor Module **i'Boss** the most advanced tool to interact with shareholders. Please login into **i' Boss** www.bigshareonline.com and help them to serve you better.



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.

10 Distribution of Shareholding as on 31st March, 2009

No. of Equity Shares held	No. of Shareholders	No. of Shares held	Percentage Shareholding
1 to 500	63523	3048378	7.61
501 to 1000	1003	792128	1.98
1001 to 2000	321	499049	1.25
2001 to 3000	69	176880	0.44
3001 to 4000	47	168449	0.42
4001 to 5000	31	146996	0.37
5001 to 10000	31	237555	0.59
10001 and above	92	35003109	87.34
Total	65117	40072544	100.00

11 Categories of Shareholding as on 31st March, 2009

Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	27	13443477	33.55
Domestic Companies	440	13693680	34.17
NRIs	175	61395	0.15
Banks/ FIs and Insurance Companies	52	357912	0.89
Mutual Funds	4	542	0.00
Resident Individual (Public)	64408	12068941	30.12
Clearing Members	11	446597	1.12
Total	65117	40072544	100.00

12. Dematerialization of shares and liquidity:

96.19% of the total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31.03.2009. 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

: The Company has not issued any GDR.

14. Plant Location

- a) Pipe Division
Tal Khopoli, Dist. Raigad,
Maharashtra – 410203
- b) Tool Division:
 - i) 62/63, MIDC Area, Satpur, Nashik
Maharashtra – 422007.
 - ii) B-15/31/1, MIDC Area
Waluj, Dist. Aurangabad,
Maharashtra – 431133.
- i) Investor Correspondence
Shri Vinay Desai
Secretarial Assistant
Vendant Commercial Complex, Bldg. No. S-2, 2nd Floor, Vartak
Nagar, Pokhran Road No. 1, Thane (West), Maharashtra – 400606.
Tel. No. 67933000 Fax No.67933111
e.mail: share@zenithsteelpipes.com

15. Address for Correspondence



CEO/CFO Compliance Certificate on the Audited Financial Statement for the year 2008-2009

The Board of Directors of Zenith Birla (India) Ltd.

Dear Sirs,

On behalf of the Management of the Company, we hereby certify that:

1. We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31st March, 2009 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. 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.
2. 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.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Statutory Auditors, Internal Auditors, Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Statutory Auditors, Internal Auditors and Audit Committee:
 - a. significant changes in internal control during the year;
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. 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.

Place: Mumbai
Date: 27th August, 2009

M. S. Arora
Managing Director

Sachin Sanghvi
Chief Financial Officer

CERTIFICATE

To
The Members of
ZENITH BIRLA (INDIA) LIMITED
MUMBAI.

We have examined the compliance of the conditions of Corporate Governance by **ZENITH BIRLA (INDIA) LIMITED** for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.37310

Mumbai, 27th August, 2009



REPORT OF THE AUDITORS TO THE MEMBERS

1. We have audited the attached Balance Sheet of **ZENITH BIRLA (INDIA) LIMITED** as at 31st March, 2009, the Profit and Loss Account annexed thereto and also the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) *Cost of finished goods and goods under process of Tools Division of the Company is determined by using the retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard AS - 2 on "Valuation of Inventories" issued by the Institute of Chartered Accountants of India. The impact of this on the profit for the year is not quantifiable;*
 - (b) Note No. 10 : relating to pending confirmation and reconciliation of Balances of Sundry Debtors, various Lenders, Sundry Creditors, Loans and Advances, Deposits given and its effects, if any, on the revenue, as detailed in the note, are as disclosed by the Books of Account;
5. *Subject to the matters referred to in Para 4 above :*
 - (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 the books of the Company;
 - (c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;
 - (d) In our opinion, the attached Balance Sheet of the Company as at March 31, 2009, the Profit & Loss Account and the Cash Flow Statement comply with the Accounting Standards referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable, except as regards valuation of finished goods and goods under process is determined by using the retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard AS-2 on "Valuation of Inventories" ;
 - (e) On the basis of written representation received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
6. Attention is invited to Note 11 in Schedule 20 of the notes to the accounts. Pending receipt of approval to the Scheme of Arrangement as detailed in the said note, the accounting effects of the Scheme has not been considered in the accounts for the year ended 31st March, 2009.
7. Without qualifying our opinion, we draw attention to Note 24 in Schedule 20 to the Accounts, relating to revision in accounting policy.
8. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes in the Schedule 20 and elsewhere in the Accounts, give the information required by the Companies Act, 1956, in the manner so required and *subject to matters referred to in Para 4 above, the effect whereof on the accounts is at present not ascertainable*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - [i] in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March , 2009;
 - [ii] in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - [iii] in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Mumbai, 27th August, 2009



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITOR'S REPORT TO THE MEMBERS OF ZENITH BIRLA (INDIA) LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- I (a) The Company has maintained records showing particulars including quantitative details and situation of fixed assets, which is in the process of updation. A substantial portion of the fixed assets have been physically verified by the management during the year and as explained to us there were no material discrepancies observed on such verification. Frequency of physical verification and procedures followed, were in our opinion reasonable having regard to the size of the Company and nature of its operations and assets.
(b) In our opinion, a substantial part of the assets has not been disposed off by the Company during the year.
- II. (a) The inventory (excluding stocks with third parties) has been physically verified by the management at reasonable intervals during the year and at the close of the year. In respect of inventory lying with third parties, these have been substantially confirmed by them. In our opinion, the frequency of verification is reasonable;
(b) As explained to us, the procedure followed by the Management for physical verification of inventory, are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
(c) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of the inventory as compared to book records and the same have been properly dealt with in the books of account;
- III. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956;
- IV. The Company has not granted any loans secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956;
- V. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal audit department of the Company during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the Company;
- VI. According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needs to be entered in the register required to be maintained under that section;
- VII. In respect of Deposits accepted during the year, the Company has complied with the provisions of Sections 58 A and 58 AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, framed there under. 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.
- VIII. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business;
- IX. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, in respect of the Company's products to which the said rules, wherever are made applicable and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete;
- X. According to the records of the Company, the Employees Provident Fund dues, investor education and protection fund, Employees' State Insurance dues, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other applicable material statutory dues have generally been regularly deposited during the period with appropriate authorities;
- XI. i) According to the records of the Company no undisputed amounts payable in respect of Employees Provident Fund dues, Employees' State Insurance dues, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and



other statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable;

- ii) According to the records of the Company and the information and explanations given to us upon our enquiries in this regards, disputed amounts payable in respect of Sales Tax, Income Tax, Customs Duty and Excise Duty / Cess unpaid as at the last day of the financial year, are as follows :-

Rs. in Lacs

	Statutes	FORUMS BEFORE WHOM PENDING				Total
		Commissioner Appeals	Tribunal	High Court	Supreme Court	
1	Custom	Nil	82.00	3.45	Nil	85.45
2	Excise	136.89	Nil	Nil	Nil	136.89
3	Income Tax	Nil	Nil	Nil	Nil	Nil
4	Sales Tax	46.95	78.88	Nil	Nil	127.83

- XII. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year;
- XIII. On the basis of the records examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions and banks as at the balance sheet date;
- XIV. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- XV. The Company has, in our opinion, maintained proper records and contracts with respect to its investments where timely entries of transactions have been made therein;
- XVI. According to the information and explanations given to us, and the representation made by the management, the Company has not given any guarantees for loans taken by others from banks or financial institutions;
- XVII. The Company has not raised any fresh Term Loans during the year;
- XVIII. As per the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised by the Company on short-term basis have been used for long term investment;
- XIX. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956;
- XX. As per the information and explanations given to us on our enquiries on this behalf there were no frauds on or by the Company which have been noticed or reported during the year;

In view of the nature of business carried on by the Company clause no (xiii) of CARO, 2003 is not applicable to the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Mumbai, 27th August, 2009



BALANCE SHEET AS AT 31ST MARCH, 2009

		(Rs.in Lacs)	
		as at	as at
		31.03.2009	31.03.2008
SCHEDULE			
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
(a) Capital	1	4,007.25	4,007.25
(b) Reserves and Surplus	2	18,529.77	17,495.26
		<u>22,537.02</u>	21,502.51
NET DEFERRED TAX LIABILITY (Refer Note No. 17)		158.70	-
LOAN FUNDS			
(a) Secured Loans	3	9,956.65	7,545.20
(b) Unsecured Loans	4	1,376.32	1,146.32
(c) Vehicle Loans	5	17.25	18.19
		<u>11,350.22</u>	8,709.71
TOTAL		<u>34,045.94</u>	<u>30,212.22</u>
II. APPLICATION OF FUNDS			
FIXED ASSETS			
(a) Gross Block	6	11,034.21	10,180.38
(b) Less: Depreciation		2,033.62	1,587.16
(c) Net Block		<u>9,000.59</u>	8,593.22
(d) Capital Work-in-Progress		2,956.26	1,722.75
		<u>11,956.85</u>	10,315.97
INVESTMENTS		759.89	259.89
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	8	11,617.03	10,311.17
(b) Sundry Debtors	9	5,373.70	6,553.55
(c) Cash and Bank Balances	10	2,107.55	1,840.91
(d) Loans and Advances	11	20,482.72	18,784.17
		<u>39,581.00</u>	<u>37,489.80</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	12	15,556.16	15,539.55
(b) Provisions	13	2,695.64	2,313.89
		<u>18,251.80</u>	<u>17,853.44</u>
NET CURRENT ASSETS		21,329.20	19,636.36
TOTAL		<u>34,045.94</u>	<u>30,212.22</u>
Notes forming part of the Accounts		20	

As Per the attached report of even date

By Order of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

M.S. ARORA
Managing Director

SHISHIR DALAL
Partner

AUGUSTINE P. KURIAS
Director

Mumbai, 27th August, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2009**

		(Rs.in Lacs)	
	SCHEDULE	For the year ended 31st March, 2009	For the year ended 31st March, 2008
INCOME			
Sale of Products and Export Incentives		62,765.84	51,360.56
Less : Excise Duty		4,469.86	5,164.16
		58,295.98	46,196.40
Other Income	14	129.72	1,142.30
		58,425.70	47,338.70
EXPENDITURE			
(Increase)/Decrease in Stocks	15	(377.36)	(562.09)
Materials Consumed		36,784.19	30,680.34
Purchase of Finished Goods for Trade		8,622.06	4,432.00
Manufacturing and Maintenance	16	2,903.45	3,297.44
Employees' Remuneration and Benefits	17	2,627.68	2,451.41
Administrative, Selling and Other Expenses	18	4,187.14	3,468.59
		54,747.16	43,767.69
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION			
Interest and Finance Expenses	19	3,678.54	3,571.01
PROFIT BEFORE DEPRECIATION AND TAXATION		1,100.04	810.85
Depreciation		2,578.50	2,760.16
PROFIT FOR THE YEAR BEFORE TAXATION		501.46	466.32
Less: Provision for Taxation		2,077.04	2,293.84
Current Tax (Net of MAT Credit)		235.33	351.00
Deferred Tax (Net)		275.78	-
Wealth Tax		0.77	0.78
Fringe Benefit Tax		18.90	20.70
		530.78	372.48
PROFIT FOR THE YEAR		1,546.26	1,921.36
Expenses in respect of earlier years		0.48	0.68
Taxation of Prior Period		8.30	-
		1,537.48	1,920.68
Balance of Profit as per last account		4,382.22	2,789.72
BALANCE AVAILABLE FOR APPROPRIATION		5,919.70	4,710.40
APPROPRIATION:			
Proposed Equity Dividend		240.44	80.15
Tax on Proposed Equity Dividend		40.86	13.62
Interim Dividend		-	200.36
Tax on Interim Dividend		-	34.05
Balance Carried to Balance Sheet		5,638.40	4,382.22
		5,919.70	4,710.40
Weighted average number of Equity Share outstanding during the year		40,072,544	40,072,544
Earning per Share of Rs. 10/- each (in Rupees)			
Basic \ Diluted		3.86	4.79
Notes forming part of the Accounts			
As Per the attached report of even date		20	
For and on behalf of		By Order of the Board	
DALAL & SHAH		M.S. ARORA	
Chartered Accountants		Managing Director	
SHISHIR DALAL		AUGUSTINE P. KURIAS	
Partner		Director	

Mumbai, 27th August, 2009



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	(Rs.in Lacs)	
	as at 31.03.2009	as at 31.03.2008
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
5,00,00,000 Equity Shares of Rs. 10/- each	5,000.00	5,000.00
TOTAL	5,000.00	5,000.00
ISSUED AND SUBSCRIBED:		
4,00,72,544 Equity Shares of Rs. 10/- each fully paid up	4,007.25	4,007.25
Note: 1. Of the above Equity Shares-		
(a) 4,36,444 Shares were allotted as fully paid up Bonus Share by capitalisation of Reserves and Share Premium Account.		
(b) 1,37,683 Shares were issued and allotted to the Shareholders of erstwhile. The Indian Tool Manufacturers Limited interms of Scheme of Amalgamation.		
(c) 48,019 Shares were issued on part conversion of loans into Equity.		
(d) 1,57,745 Shares were issued on part conversion of 13.5% Redeemable Convertible Debentures into Equity.		
(e) 50,552 Shares were issued and allotted to Term Lenders as per scheme of Rehabilitation Sanctioned by BIFR on 8th January, 1996.		
(f) 1,72,974 Equity Shares were issued and allotted to Term Lenders as per scheme of Rehabilitation Sanctioned by BIFR on 8th January, 1996.		
(g) 1,15,93,207 Equity Share were issued and allotted on Conversion of 15.5% C C P S at a premium of Rs. 11/- per shares based on the pricing formula as laid down in the Scheme of Rehabilitation approved by BIFR on 8th January, 1996.		
TOTAL	4,007.25	4,007.25
SCHEDULE 2		
RESERVES AND SURPLUS		
1. Share Premium Account		
As per last account	10,673.11	10,669.43
Less: Share Issue Expenses incurred during the year	-	(3.68)
	10,673.11	10,673.11
2. General Reserve:		
As per last account	2,439.93	2,444.59
Add: Deferred Tax Assets (Refer Note 17)	117.08	-
	2,557.01	2,444.59
Less: Transitional Liability for Gratuity	-	4.66
Less: Foreign Currency Translation Difference A/c (Refer Note No. 9)	338.75	-
	2,218.26	2,439.93
3. Surplus in Profit and Loss Accounts	5,638.40	4,382.22
TOTAL	18,529.77	17,495.26



(Rs.in Lacs)

as at
31.03.2009 as at
31.03.2008

SCHEDULE 3

SECURED LOANS

1. Working Capital Loans from Banks	4,861.65	3,548.20
2. Term Loan from Foreign Institution	5,095.00	3,997.00
TOTAL	9,956.65	7,545.20

Note:

- (i) Working Capital Loans from Banks are secured by hypothecation of inventories and or book debts and export incentives recoverable etc. and collaterally secured by way of first charges on the fixed assets.
- (ii) Term Loan is secured by (pending creation of necessary charges)
- (a) First charge (hypothecation) of all future movable assets including Plant & Machinery purchased out of this Term Loan with a second charge of these assets to existing working capital bankers, and
- (b) Second charge (hypothecation) on overall existing movable and immovable assets including Plant & Machinery.

SCHEDULE 4

UNSECURED LOANS

1. Fixed Deposit	601.92	640.07
2. The State Industrial and Investment Corporation of Maharashtra Ltd.	54.43	54.43
3. Inter Corporate Deposits	-	192.49
4. Due to bodies Corporate	413.64	103.00
5. Sales Tax Deferred Payment Loan	150.00	-
6. Interest accrued and due	156.33	156.33
TOTAL	1,376.32	1,146.32

SCHEDULE 5

VEHICLE LOANS

Loans secured against specific vehicles	17.25	18.19
TOTAL	17.25	18.19

SCHEDULE 6

FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST/BOOK VALUE AS AT 01-04-2008	ADDITIONS	DEDUCTIONS / ADJUSTMENTS	COST/BOOK VALUE AS AT 31-03-2009	UPTO 01-04-2008	DEDUCTIONS / ADJUSTMENTS	DEPRECIATION FOR THE PREIOD 01/04/2008 TO 31/03/2009	UPTO 31-03-2009	AS AT 31-03-2009	AS AT 31-03-2008
Land-Freehold	1,374.67	-	-	1,374.67	-	-	-	-	1,374.67	1,374.67
-Leasehold	387.75	-	-	387.75	19.24	-	5.92	25.16	362.59	368.51
Buildings +	4,749.03	51.19	-	4,800.22	410.98	-	129.95	540.93	4,259.29	4,338.05
Plant and Machinery	2,998.60	764.61	0.50	3,762.71	975.23	-	311.03	1,286.26	2,476.45	2,023.37
Furniture,Fixtures & Equipments	412.09	24.64	2.54	434.19	41.74	1.17	30.14	70.71	363.48	370.35
Vehicles	258.24	99.51	83.08	274.67	139.97	53.83	24.42	110.56	164.11	118.27
TOTAL	10,180.38	939.95	86.12	11,034.21	1,587.16	55.00	501.46	2,033.62	9,000.59	8,593.22
PREVIOUS YEAR'S TOTAL	9,817.06	365.92	2.60	10,180.38	1,121.63	0.78	466.32	1,587.16	8,593.22	8,695.43

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

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

(c) Rs. 4.40 lacs (Gross) in respect of office premises at Kolkata for which Conveyance Deed is yet to be executed.

Note: I. The Compy has on 31st December 2004, revalued the major items of Fixed Assets on the basis of the valuation report obtained from the qualified Government Engineers & Valuers. This has resulted in increase in gross block and net block by Rs. 6935.28 lacs and correspondingly to the Revaluation Reserve Account by the like amount.



(Rs.in Lacs)

as at
31.03.2009

as at
31.03.2008

SCHEDULE 7

**INVESTMENTS: AT COST / BOOK VAULE
OTHER THAN TRADE INVESTMENTS**

(A) LONG TERM

Quoted:

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

Unquoted:

I. IN SHARES:

(a) 1,000 Fully paid Shares (No par value) of Zenith (USA), Inc. New York, a wholly owned Subsidiary Company (Nominal value of Shares in US \$ 30,000)	2.28	2.28	
(b) 2 Fully paid Share of UAE Dirham 2.22 Million of Zenith Middle East FZE, a wholly owned Subsidiary of the Company, of which 1 Fully paid share of UAE Dirham 1.22 Million is pending for allotment.	257.31	257.31	
(c) 236 Fully paid Shares of US \$ 1,000 each of P.T. Horizon Syntex Indonesia, continue to be held in the name of erstwhile The Indian Tool Manufacturers Limited, the amalgamating Company 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		
Less: Provision for diminution in value	19.31		
	-	-	-

II. National Savings Certificates (Deposited with Government and Semi-Government authorities)

0.30 0.30

(B) CURRENT - AT LOWER OF COST AND FAIR VALUE

In Mutual Fund (Non Government Securities) (unquoted) 2985021 Units of SBI Magnum Insta Cash Fund - Daily Dividend Option

500.00 -

759.89 259.89

	Book Value	Market Value
	Rs.in Lacs	Rs.in Lacs
a) Aggregate of Quoted Investments	-	-
b) Aggregate of Unquoted Investments	759.89 (259.89)	N.A. (N.A.)



(Rs.in Lacs)

	as at 31.03.2009	as at 31.03.2008
SCHEDULE 8		
INVENTORIES		
1. Stores and Spare Parts, at cost / less written off for obsolescence	513.33	522.09
2. Raw Materials and Components, at cost/less written off for obsolescence	2,953.79	2,196.49
3. Raw Materials-in-process, at cost to date	832.71	1,690.07
4. Material in transit, at cost to date	1,331.84	252.83
5. Semi-finished Goods, at estimated cost	2,987.01	2,120.67
6. Finished Goods, at lower of cost or net realisable value (including lying with outside parties Rs. 149.65 lacs, Previous Year Rs. 334.10 lacs) (Refer Note No. 4(iii) of Accounting Policies)	2,353.17	2,724.86
7. Scrap etc. at estimated realisable value (including lying with outside parties Rs. 143.15 lacs, Previous year Rs. 309.69 lacs)	645.18	804.16
TOTAL	11,617.03	10,311.17

(As valued and certified by the Management)

SCHEDULE 9**SUNDRY DEBTORS-UNSECURED**

1. Outstanding over six months		
(a) Considered good	1,127.34	2,798.03
(b) Considered doubtful	48.96	48.96
Less: Provision	48.96	48.96
	-	-
2. Other Debts-Considered good	4,246.36	3,755.52
TOTAL	5,373.70	6,553.55

SCHEDULE 10**CASH AND BANK BALANCES**

1. Cash on hand (including Cheques on hand Rs. 115.99 lacs) (Previous year Rs. 35.68 lacs)	123.84	42.44
2. Remittance-in-Transit	39.97	57.76
3. <u>Scheduled Banks</u>		
i) In Current Accounts	1,143.87	928.28
ii) In Fixed Deposits (Including Interest Accrued)	152.71	143.74
iii) In Fixed Deposits (margin money) pledged with Banks	636.66	664.56
4. <u>Non-Scheduled Banks</u>		
i) In Current Accounts -		
a) The Muncipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 13.61 lacs Previous year Rs. 7.00 lacs)	10.13	2.59
b) Midland Bank, London	-	1.17
ii) In Fixed Deposits - The Muncipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 0.37 lacs Previous year Rs.0.37 lacs)	0.37	0.37
TOTAL	2,107.55	1,840.91



	as at 31.03.2009	as at 31.03.2008
SCHEDULE 11		
LOANS AND ADVANCES		
Unsecured, Considered Good, unless otherwise specified		
1. Loans to Companies		
Doubtful	160.48	160.48
Less: Provision	<u>160.48</u>	<u>160.48</u>
		-
2. Advances recoverable in cash or in kind or for value to be received (includes Rs. 0.15 lacs with Fund Manager (Previous year Rs.0.17 lacs)		
Good	19,344.83	17,862.65
Doubtful	51.42	51.42
Less: Provision	<u>51.42</u>	<u>51.42</u>
		-
3. Balance with Port Trust, Customs and Excise	617.84	467.61
4. Advance Tax	520.05	453.91
TOTAL	<u>20,482.72</u>	<u>18,784.17</u>

SCHEDULE 12
CURRENT LIABILITIES

1. Sundry Creditors and Acceptances		
(a) Micro and Small Enterprises (Refer Note No. 8) (to the extent identified by the Management)		-
*(b) Other (Includes Acceptances Rs. 10386.62 lacs (previous year Rs. 7003.88 lacs)	15,488.27	15,464.31
2. Interest accrued but not due	67.89	75.24
TOTAL	<u>15,556.16</u>	<u>15,539.55</u>

* There are no amounts to be transferred to Investor Education and Protection Fund.

SCHEDULE 13
PROVISIONS

1. Taxation	830.42	685.24
2. Fringe Benefit Tax	41.94	62.02
3. Gratuity	821.96	795.16
4. Leave Encashment	228.63	178.85
5. Contingencies	491.39	498.85
6. Proposed Equity Dividend	240.44	80.15
7. Dividend Tax on Proposed Equity Dividend	40.86	13.62
TOTAL	<u>2,695.64</u>	<u>2,313.89</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2009****(Rs.in Lacs)**

	For the year ended 31st March,2009	For the year ended 31st March,2008
SCHEDULE 14		
OTHER INCOME		
1. Miscellaneous Income	104.21	667.49
2. Sales Tax Refunds / Set off etc.	3.64	0.32
3. Surplus on Sale of Fixed Assets	0.05	-
4. Profit on Sale of Investment	-	51.45
5. Excess provision written back (Net)	14.36	5.49
6. Credit Balance Appropriated	-	8.48
7. Provision no longer required	7.46	-
8. Foreign exchange Gain\ (Loss) (Net)	-	409.07
TOTAL	129.72	1,142.30
SCHEDULE 15		
INCREASE/(DECREASE) IN STOCKS		
Closing Stocks :		
Finished Goods	2,229.97	2,724.86
Semi-Finished Goods	2,987.01	2,120.67
Scrap etc.	645.18	804.16
	5,862.16	5,649.69
Less:		
Opening Stocks :		
Finished Goods	2,724.86	3,293.83
Semi-Finished Goods	2,120.67	1,407.53
Scrap etc.	804.16	513.72
	5,649.69	5,215.08
	212.47	434.61
Excise Duty provision on year end Inventory of Finished Goods		
Opening Stocks	370.20	497.68
Closing Stocks	205.31	370.20
	164.89	127.48
TOTAL	377.36	562.09
SCHEDULE 16		
MANUFACTURING AND MAINTENANCE		
1. Stores and Spare Parts consumed	881.35	802.17
2. Power, Fuel and Water	756.77	686.62
3. Repairs to: (Excludes Stores & Spares issued)		
(a) Buildings	54.53	45.46
(b) Machinery	120.88	107.13
(c) Others	30.46	25.62
4. Conversion, Octroi and other manufacturing expenses	1,059.46	1,630.44
TOTAL	2,903.45	3,297.44



	(Rs.in Lacs)	
	For the year ended 31st March,2009	For the year ended 31st March,2008
SCHEDULE 17		
EMPLOYEES' REMUNERATION AND BENEFITS		
1. Salaries, Wages and Bonus, etc.	2,097.86	1,984.13
2. Contribution to Provident, Superannuation Funds and Employees' State Insurance, etc.	166.25	177.65
3. Gratuity Provision / Payment	145.85	77.30
4. Welfare Expenses	217.72	212.33
TOTAL	2,627.68	2,451.41
SCHEDULE 18		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
1. Rent (Net)	108.17	140.92
2. Insurance	16.22	18.31
3. Rates and Taxes	23.68	15.01
4. Miscellaneous Expenses	1,027.01	985.27
5. Freight, Forwarding and Handling Expenses etc.	2,469.82	1,905.74
6. Commission	309.26	357.50
7. Directors' Fees and Travelling Expenses	5.11	5.86
8. Auditors' Remuneration:		
(a) Statutory Auditors:		
(1) As Auditors Fees (excluding service tax)	5.00	5.00
(2) Certificate and Other Matters	2.25	6.15
(3) Expenses	0.21	0.30
(b) Cost Audit Fees	0.50	0.50
9. Loss on Fixed Assets sold/discarded	13.46	0.57
10. Loss on sale of Raw Material & Stores (Net)	6.63	4.44
11. Bad debts,irrecoverable advances and claims written off/ provided for	55.61	23.02
12. Foreign Exchange rate difference (Net)	144.21	-
TOTAL	4,187.14	3,468.59
SCHEDULE 19		
INTEREST AND FINANCE EXPENSES		
INTEREST		
1. On Fixed Loans	238.29	319.91
2. To Banks and Others	1,941.67	1,677.62
	2,179.96	1,997.53
3. Lease Rentals	-	0.23
	2,179.96	1,997.76
Less: Interest recoveries from parties (Gross) (Tax deducted at source Rs. 28.14 lacs, Previous Year Rs. 61.50 lacs)	1,108.44	1,230.08
	1,071.52	767.68
4. Cash Discount	28.52	43.17
TOTAL	1,100.04	810.85

SCHEDULE 20
NOTES FORMING PART OF THE ACCOUNTS

	(Rs. In Lacs)	
	March 31, 2009	March 31, 2008
1. Contingent Liabilities not provided for in respect of :- (Refer Note No. 7)		
a) Disputed Sales Tax Demands	12.49	14.69
b) Penal Interest on SICOM Loan	Not Ascertainable	
2. Estimated amount of contracts remaining to be executed on capital account - Net of Advance	2423.79	2829.97
3. The charge by way of hypothecation of inventories in favour of Bankers also extends to the guarantees aggregating to Rs. 1743.53 lacs (previous year Rs. 1453.34 lacs) given by the Bank on behalf of the Company.		
4. LICENSED & INSTALLED CAPACITY, PRODUCTION, STOCK AND TURNOVER.		

A. LICENSED & INSTALLED CAPACITY AND PRODUCTION :

Class of Goods	Qty.	Installed Capacity (Per Annum) (*)		Production	
		31.03.2009	31.03.2008	2008-2009	2007-2008
Steel Pipes	Tonnes	120000	120000	# 68109	# 87607
Drills	Nos.	19067000	19067000	10414362	10098312
Reamers	Nos.	175600	175600	69172	77194
Cutters	Nos.	126400	126400	49617	51280
Taps	Nos.	706400	706400	451024	517364
Tool Bits (on two shift basis)	Nos.	422300	422300	44188	57504
Hacksaw Blades	Nos.	-	-	238558	-

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

Includes 9234 MTs of Steel Pipes Rolled outside (Previous year 29824 MTs).

B. STOCKS & TURNOVER
(i) OPENING STOCK

Class of Goods	01.04.2008		01.04.2007	
	Qty. (MT)	(Rs.in lacs)	Qty. (MT)	(Rs.in lacs)
Steel Pipes (a)	9405	3,712.80	10698	3,705.38
Industrial Tools & Knives (b)	5	33.34	5	33.52
	Nos.		Nos.	
Drills	1452344	452.49	2327533	412.11
Reamers	15001	9.85	15155	31.60
Cutters	12053	7.93	26365	45.87
Taps	153730	81.15	229672	144.89
Tool Bits (on two shift basis)	10086	18.69	13847	16.70
Files	140861	48.44	-	-
TOTAL :		4,364.69		4,390.07

(a) Includes Semi-Finished Goods Rs. 1617.59 lacs (4368 MT)(previous year Rs.1074.01 lacs-3395 MT)

(b) Includes Semi-Finished Goods Rs. 22.24 lacs (previous year Rs. 22.24 lacs)



(ii) CLOSING STOCK

Class of Goods	31.03.2009		31.03.2008	
	Qty. (MT)	(Rs.in lacs)	Qty. (MT)	(Rs.in lacs)
Steel Pipes (a)	11170	3,867.08	9405	3,712.80
Industrial Tools & Knives (b)	5	32.73	5	33.34
	Nos.		Nos.	
Drills	1111313	404.34	1452344	452.49
Reamers	16113	44.79	15001	9.85
Cutters	19040	63.09	12053	7.93
Taps	151831	171.09	153730	81.15
Tool Bits (on two shift basis)	11739	14.63	10086	18.69
Hacksaw Blades	76268	14.48	-	-
Files	177205	67.02	140861	48.44
TOTAL :		4,679.25		4,364.69

(a) Includes Semi-Finished Goods Rs. 2427.05 lacs (7162 MT) (previous year Rs.1617.59 lacs-4368 MT)

(b) Includes Semi-Finished Goods Rs. 22.24 lacs (previous year Rs. 22.24 lacs)

(iii) TURNOVER AND EXPORT INCENTIVES ()**

Class of Goods	Units	2008-2009		2007-2008		Sundries (*)	
		Qty.	(Rs.in lacs)	Qty.	(Rs.in lacs)	2008-2009 Qty	2007-2008 Qty
Goods Manufactured :							
Steel Pipes	MT	86,974	43,556.55	93,954	36,276.94	-	4
Drills	Nos.	10,753,603	4,788.76	10,957,085	5,395.24	1,790	16,416
Reamers	Nos.	68,137	308.11	77,489	124.01	(77)	(141)
Cutters	Nos.	41,805	230.18	65,102	99.84	825	490
Taps	Nos.	452,925	923.02	589,570	714.56	(2)	3,736
Tool Bits (on two shift basis)	Nos.	42,515	119.72	61,066	136.40	20	199
Hacksaw Blades	Nos.	162,290	69.11				
Files	Nos.	304,176	254.42	280,994	162.08	-	-
Goods traded in :							
Miscellaneous			8,810.40		4,800.81		
TOTAL :			59,060.27		47,709.88		
Internal Consumption			2.93		1.61		
Sale of Scrap			1,003.93		1,210.29		
Export Incentives			2,698.71		2,438.78		
TOTAL :			62,765.84		51,360.56		

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

5. (a) Materials (including components) consumed

	2008-2009		2007-2008	
	Qty. (MT)	Value (Rs.in lacs)	Qty. (MT)	Value (Rs.in lacs)
Hot Rolled Steel	63625	23,052.35	82940	22,951.05
Zinc & Zinc Alloy	1901	1,747.23	2432	3,171.68
Semi-Finished Goods	-	9,113.60	-	1,845.23
Steel	891	2,741.95	704	2,564.53
Others	-	129.06	-	147.85
TOTAL		36,784.19		30,680.34

**(b) Goods Traded in - Purchases :**

	2008-2009	2007-2008
	Value (Rs.in lacs)	Value (Rs.in lacs)
Drills & Files	201.35	154.38
Micellaneous	8,420.71	4,277.62
TOTAL:	8,622.06	4,432.00

(c) IMPORTED & INDIGENOUS CONSUMPTION

	2008-2009		2007-2008	
	(Rs.in lacs)	%	(Rs.in lacs)	%
(i) Raw material (including components)				
Imported	3,827.92	10.41	2,274.72	7.41
Indigenous	32,956.27	89.59	28,405.62	92.59
TOTAL :	36,784.19	100.00	30,680.34	100.00
(ii) Spares				
Imported	17.71	3.00	17.97	3.38
Indigenous	571.65	97.00	514.14	96.62
TOTAL :	589.36	100.00	532.11	100.00

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

	Year ended 31-03-2009 (Rs.in lacs)	Year ended 31-03-2008 (Rs.in lacs)
(a) C.I.F. value of Imports :		
(i) Raw Material (including Canalised items)	5,251.39	1,852.38
(ii) Spare parts	277.86	69.65
	5,529.25	1,922.03
(b) Expenditure in Foreign Currency		
(i) Commission	251.03	268.73
(ii) Interest & Other Bank Charges	350.62	369.23
(iii) Other matters	31.26	40.23
	632.91	678.19
(c) Earnings in Foreign Currency :		
(i) F.O.B. value of exports (on the basis of bill of lading)	25,166.99	15,535.69

7. The outflow of the resources in respect of pending disputed matters would depend on the ultimate outcome of the disputes lying before various authorities amounting to Rs. 491.39 lacs (previous year Rs. 498.85 lacs). However these Contingent liabilities were fully adjusted against the Contingency Reserve in the year 2005-06.
8. There are no Micro and Small enterprises to whom the Company owes amounts which are outstanding for more than 45 days as at 31st March 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of and to the extent information available with the Company.
9. On exercising the option as per Ministry of Corporate Affairs notification dated 31st March, 2009 in respect of AS-11, eligible exchange difference loss pertaining to the year Rs. 1098 lacs has been capitalized (CWIP) in respect of Foreign Currency Loans. Further, Foreign Exchange gain of Rs. 339 lacs credited to Profit and Loss Account during the Previous Year Ended 31st March, 2008, has been reversed and adjusted to Capital account (CWIP) and reduced from General Reserve. As a result of this change, loss on foreign currency fluctuation is lower by Rs.1098 lacs and profit for the year higher by the like amount.
10. Pending reconciliations and in absence of confirmation received from certain lenders, Sundry Debtors, Sundry Creditors, Loans & Advances, Deposits and etc., balances are as per books of account only. Necessary adjustment, if any, which may affect revenue will be made on receipt of confirmation and reconciliation of such balances.



11. The Board of Director at its meeting held on 22nd October, 2008 approved Scheme of Arrangement (“Scheme”) under Section 391 to 394 of the Companies Act, 1956, interalia providing for demerger of Company’s Tools Division and Amalgamation of Tungabhadra Holding Private Limited with the Company. ‘In-principle’ approval to the Scheme has been received from Bombay Stock Exchange Limited and National Stock Exchange India Limited. The Scheme has also been approved in the Court convened meeting by the Shareholders on 29th May 2009.

Pending confirmation and approval of the Scheme from the Hon’ble High Court of Judicature at Bombay, as well as completion of other necessary formalities in this regard, the accounts do not reflect adjustments and effects arising from the Scheme as envisaged, which would be considered as and when the Scheme is finally approved and implemented.

12. **Managerial remuneration is as under: -**

(Rs.in Lacs)

	Managing Director (CEO & Executive Director till 27th July, 2009)		Ex-Executive Director
	2008-2009	(10-07-2007 to 31-03-2008)	(01-04-2007 to 08-06-2007)
Salary	32.35	23.50	1.56
Contribution to Provident Fund	1.15	0.84	0.16
Contribution to Superannuation Fund	-	-	0.27
Medical Assistance	0.15	0.50	-
Leave Travel Assistance	2.09	-	-
Gratuity (Provision)	0.92	0.92	-
Other perquisites	0.15	0.17	0.04
Total	36.81	25.93	2.03

13. Disclosure pursuant to Accounting Standard AS-15 “Employee Benefits”

A. Defined Contribution Plans:

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

(Rs.in Lacs)

	2008-2009	2007-2008
(a) Contribution to Employees Provident Fund and Pension fund	166.25	177.38
(b) Contribution to Employees Superannuation Fund	-	0.27
Total	166.25	177.65

B. Defined Benefit Plans:

I. Contribution to Gratuity.

Provision for Gratuity has been made in the accounts based on the report of Actuary as at 31st March 2009. Company does not have any funding arrangement and the liability discharged towards the employees in the year of retirement/ cessation of employment. Details under the AS-15, to the extent applicable is furnished below:

(Rs. in Lacs)

	2008-09	2007-08
(a) Changes in the Present Value of the Defined Benefits Obligation		
(i) Present value of Defined Benefit Obligation at the beginning of the year	807.94	760.21
(ii) Interest Cost	65.12	60.71
(iii) Current Service cost	37.27	34.89
(iv) Benefits paid	(92.80)	(105.07)
(v) Actuarial (Gain)/Loss	27.73	57.22
(vi) Present Value of Defined Benefit Obligation at the End of the year.	845.26	807.96
(b) Balance Sheet Reconciliation		
(i) Net Liability at the beginning of the year	718.40	750.02
(ii) Expense recognized	126.86	57.94
(iii) Net Liability at the end of the year.	845.26	807.96

(c) Amounts recognized in the Profit & Loss account		
(i) Current Service Cost	37.27	34.89
(ii) Interest Cost	65.12	60.71
(iii) Net Actuarial (Gain)/Loss	27.73	57.22
(iv) Expenses Recognised in the Statement of Profit and Loss A/c	126.86	57.94
(d) Actuarial Assumption		
(i) Discount rate	N.A	N.A
(ii) Expected rate of return on Plan Assets	8%	8%
(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.	4%	4%

II. Leave Encashment:

In accordance with AS-15, the Company has fully provided for its liability determined on the basis of Actuarial Valuation carried out as at the year-end.

14. In compliance with Accounting Standard 17 – “Segmental Reporting” issued by the Institute of Chartered Accountants of India, segmental disclosures are as follows:

PRIMARY BUSINESS SEGMENT

Financial information about the primary business segment is presented in the table given below:

(Rs.in Lacs)

		Year to date Figures for Current year 31.03.2009	Year to date Figures for Previous year 31.03.2008
1.	Segment Revenue		
	a) Pipes	55,776.66	44,447.18
	b) Tools	6,989.18	6,913.38
	Total :	62,765.84	51,360.56
	Less : Excise Duty	4,469.86	5,164.16
	Net Sales Income from Operation	58,295.98	46,196.40
2.	Segment Results Profit / (Loss) (before tax and Interest) from Segment		
	a) Pipes	2,674.24	2418.47
	b) Tools	502.84	686.22
	Total:	3,177.08	3,104.69
	Less: i) Interest	1,100.04	810.85
		2,077.04	2,293.84
	Less: Provisional for Taxation		
	Current Tax (Net of MAT credit)	235.33	351.00
	Deferred Tax (Net)	275.78	-
	Wealth Tax	0.77	0.78
	Fringe Benefit Tax	18.90	20.70
	Profit for the year	1,546.26	1,921.36
3.	Capital Employed (Segment Assets – Segment Liabilities)		
	a) Pipes	17,837	17,215
	b) Tools	4,700	4,287
	Total:	22,537	21,502

a) Segment assets and liabilities:

All segment assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances.



b) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to the segment. It does not include interest income on inter corporate deposits, profit on sale of investment, interest expense.

15. Related Party Disclosure as required by the Accounting Standard 18 (AS 18): -

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

(Rs. in Lacs)

[Balance (Net)=Receivable Payable / Deposits / Loans etc.]		Balance Carried to Balance Sheet (Net) as at 31-03-2009		Balance Carried to Balance Sheet (Net) as at 31-03-2008	
		Receivable	Payable	Receivable	Payable
i) Subsidiary	a) Zenith (USA) Inc.(Wholly owned) b) Zenith Middle East FZE (Wholly owned)	---	386.49	---	226.22
		321.71	---	---	118.49
ii) Key Management Personnel	Shri Yash Birla -Chairman Shri M.S. Arora -Managing Director (CEO & Executive Director till 27th July, 2009)				
iii) Enterprises Owned or significantly influenced by key management personnel or their relatives.	1. Dagger Forst Tools Ltd. 2. Birla Precision Technologies Ltd. 3. Birla Power Solutions Ltd. 4. Birla Accu Cast 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. 10. Viking Travels Pvt.Ltd. 11. Birla Shloka Edutech Ltd. 12. Birla International Pvt.Ltd.- Deposit Other 13. Nirved Traders Pvt.Ltd. 14. Birla Infrastructure Pvt.Ltd. 15. Mounthill Investment Pvt.Ltd. 16. Sonakshi Consultant Pvt.Ltd. 17. Asian Distributors Ltd.	---	15.46	---	107.87
		2.63	---	0.87	---
		2580.34	---	1803.96	---
		718.26	---	567.46	---
		63.16	---	---	6.97
		---	43.03	---	43.03
		---	1.47	---	1.47
		287.12	-	---	38.82
		101.77	---	---	0.54
		---	0.43	---	2.01
		---	48.45	1.36	---
		169.31	---	168.93	---
		704.02	---	969.17	---
		---	0.81	---	---
		894.66	---	981.01	---
		554.35	---	508.18	---
		548.46	---	503.34	---
		---	4.43	---	4.43

**(b) Transactions with related parties****(Rs. in Lacs)**

	Subsidiaries		Key Management Personnel		Enterprise owned and significantly influenced by Key Management personnel or their relatives	
	31-03-2009	31-03-2008	31-03-2009	31-03-2008	31-03-2009	31-03-2008
Sale of Goods	5618.12	5616.48	---	---	1880.26	2097.57
Purchase of Goods	---	---	---	---	440.42	7.92
Purchase of Electric Power	---	---	---	---	28.55	42.56
Commission paid	113.79	210.47	---	---	---	21.13
Travel Agency	---	---	---	---	13.85	8.78
Service charges	---	---	---	---	226.20	256.24
Rent Paid	---	---	---	---	7.93	41.78
Inter Corporate Deposit - Paid	---	---	---	---	964.57	1117.10
Interest	---	---	---	---	441.58	570.82
Inter Corporate Deposit – Recd.	---	---	---	---	---	100.00
Other	---	---	---	---	0.87	1.31
Remuneration	---	---	39.26	28.31	---	---

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

16. In compliance with AS 20-“Earning per Share” issued by the Institute of Chartered Accountants of India, the disclosures are as follows:

(Rs. in Lacs)

		31st March, 2009	31st March, 2008
Net Profit for the year attributable to Equity Shareholder	Rs.in Lacs	1,546.26	1,921.36
Average number of Equity Shares outstanding during the period	Nos.	4,00,72,544	4,00,72,544
Nominal value of ordinary share	Rs.	10.00	10.00
Basic /Diluted earnings per share	Rs.	3.86	4.79

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

(Rs.in Lacs)

Component	As on 01-04-2008	For the year Ended 31-03-2009	As on 31-03-2009
Foreign Exchange Gain / (Loss) as per AS-11 Notification.	---	(373.21)	(373.21)
Depreciation as per Book	---	328.95	328.95
Less: Depreciation as per Income Tax	---	114.44	114.44
Difference between Book and tax Depreciation	---	214.51	214.51
Deferred Tax (Liability) / Asset	---	(158.70)	(158.70)

Note: Deferred Tax Liability as on 31st March, 2009 of Rs. 158.70 lacs net of Deferred Tax Asset of Rs. 117.08 lacs upto 31st March, 2008, which has been adjusted against General Reserve.

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



19. During the year 2006-07 the Company made Follow on Public Issue and consequently raised Rs. 120.95 Crores (Net) in aggregate.

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

(Rs. in Crores)

Particulars	Projected Amount
Projected Amount	131.00
Amount Spent till 31 st March, 2009	50.64
Balance amount to be spent	80.36

Pending full utilization, the balance amount is held in Current/Fixed deposit /liquid assets accounts. Similarly the Company has also deployed the available surplus in reducing its working capital and cash credit utilization for ensuring the timely availability of resources when required.

20. Particulars of utilization of Secured Term Loan from Foreign Institution availed in the year 2006-07.

(Rs.in Crores)

Sr. No.	Particulars	Projected Amount
1.	Term Loan Received from Foreign Institution . Less: Eligible exchange difference loss	50.95 6.44 44.51
2.	Fund utilized for Upgradation of Existing Facility, Project Advances and Expenditure towards disbursement and Interest repayment thereon.	36.82
3.	Net Balance available (earmarked for equipment purchase, Term Loan repayment and Interest thereon).	7.66

21. Disclosures in respect of derivatives Instruments:

i) Derivative Instruments Outstanding as on 31st March, 2009

Rs. NIL

ii) Foreign Currency Exposure that are not hedged by forward contracts as at 31st March, 2009.

		Amount (USD) 2008-09	Amount (USD) 2007-08	Amount (EURO) 2008-09	Amount (EURO) 2007-08
1.	Term Loan	1,00,00,000	1,00,00,000	-	-
2.	Creditors	61,91,512	1,72,738	31,772	2,75,480
3.	Debtors	7,11,719	18,50,135	47,880	31,309
4.	Other Payable	9,72,523	6,47,014	-	-
	TOTAL	1,78,75,754	1,26,69,887	79,652	3,06,789

22. Figures less than Rs.500 have Been shown as actuals in brackets.

23. Corresponding comparative figures of the previous period have been regrouped, wherever necessary.

24. Significant Accounting Policies followed by the Company are stated in the Annexure "A" appended to the Schedule.

25. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 as compiled by the Company is attached in Annexure "B" to the Schedule.

26. Cash Flow Statement is attached in Annexure "C" to the Schedule.

As per our attached report of even date,

For and on behalf of

DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner

M.S. ARORA
Managing Director

AUGUSTINE P. KURIAS
Director

Mumbai, 27th August, 2009

**Annexure “A” referred to in Note No.24 in Schedule 20 of the Accounts for the year ended 31st March 2009.****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****I. Fixed Assets:****(a) 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.

(b) Depreciation/Amortisation:

- i) The Company provides depreciation on all its assets acquired after 30th June, 1987 on the Straight Line Method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on all assets acquired upto 30th June, 1987 is provided at the rates of depreciation prevalent at the time of acquisition of the assets in accordance with Circular No.1 of 1986(1/1/86-CL-V) dated 21-5-1986 issued by the Company Law Board.
- iii) Depreciation on assets revalued is also calculated at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, subject to (ii) mentioned above. The additional charge of depreciation on account of revaluation is withdrawn from Revaluation Reserve (to the extent not adjusted) and credited to Profit & Loss Account.
- iv) Cost of leasehold land is amortised over the period of lease.

2. Borrowing cost:

Borrowing costs that are attributable to acquisition of qualifying assets are capitalised as a part of total cost of such assets.

3. Investments:

Investments are stated at cost of acquisition or at book value in case of diminution in value.

4. Inventories:

- i)

a) Raw Material	At cost/at net realisable value
b) Stores & Spares parts	At cost/at estimated value
c) Semi-Finished Goods/Work-in-Process	At estimated cost
d) Finished Goods	Lower of cost or net realisable value
e) Material in transit	Cost to date
f) Industrial scrap	Estimated realisable value
- ii) The Cost of Raw Materials, Stores & Spares is determined on ‘First In First out’ or ‘Weighted Average Cost’ basis.
- iii) In case of Tools Division Cost of Finished Goods and under Process is determined by using the ‘retail method’, whereby the cost is computed by reducing from the sale value of the year end inventories the global gross margin.

5. 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) Liability on account of Excise Duty in respect of Goods manufactured is provided for.

6. 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.

7. Employee Benefits:

- A. 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.



B. 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) Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, which are Defined Benefit Plans, 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.

8. 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, is adjusted to the acquisition cost of such assets and depreciated over remaining useful life. (Refer Note No. 9).

9. Expenses on New Projects:

Expenses incurred on new projects are carried in the Accounts under the head Loans and Advances, such expenses are written off or charged to revenue in the year in which decision is taken not to pursue or the same is abandoned.

10. 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/expenditure 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 of its realisation. Deferred tax assets on account of other timing differences are recognised on the basis of reasonable certainty about its realisation.

11. Impairment of Assets:

- a) 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.
- b) 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.

12. 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.



**Annexure “B” referred to in Note No. 25 in Schedule 20 of the Accounts for the period ended 31st March 2009.
Part - IV of Schedule - VI to the Companies Act, 1956. Balance Sheet Abstract and Company’s General Business Profile.**

I. Registration Details

Registration No.	11773	State Code	11	Balance Sheet Date	31	03	2009
					Date	Month	Year

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

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

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

Total Liabilities	Total Assets				
34,04,594	34,04,594				
Sources of Funds :					
Paid-up Capital	Reserves & Surplus	Net Deferred Tax Liability	Secured Loans	Unsecured Loans	Hire Purchase Liability
4,00,725	18,52,977	15,870	9,95,665	1,37,632	1,725

Application of Funds :

Net Fixed Assets	Investments	Net Current Assets
11,95,685	75,989	21,32,920

IV. Performance of Company (Rs. in Thousand)

Turnover (Total Income)	Total Expenditure	Profit/Loss Before Tax	Profit/Loss After Tax
58,42,570	56,34,866	+ 2,07,704	+ 1,53,748
Earning per Shares Basic Rs. 3.86	Dividend Rate %		
	6		

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

Item Code No. (ITC Code)	Product Description
7306	STEEL PIPES
Item Code No. (ITC Code)	Product Description
8207	TOOLS



ANNEXURE “C” REFERRED TO IN NOTE NO. 26 IN SCHEDULE 20 OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009.

CASH FLOW STATEMENT

(Rs.in Lacs)

	For the year Ended 31.03.2009	For the year Ended 31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	2,068.26	2,293.16
Adjustment for :		
Depreciation (Net)	501.46	466.32
Loss/(Profit) on Sale of Assets	13.41	0.57
Interest and Finance Expenses	1,100.04	810.85
	1,614.91	1,277.74
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,683.17	3,570.90
Adjustment for :		
Trade and other receivables	(518.70)	(4,627.25)
Inventories	(1,305.86)	(347.43)
Trade Payables	218.18	1,214.12
	(1,606.38)	(3,760.56)
CASH GENERATED FROM OPERATIONS	2,076.79	(189.66)
Current Tax (Net of MAT Credit)	(235.33)	(351.00)
Wealth Tax	(0.77)	(0.78)
Fringe Benefit Tax	(18.90)	(20.70)
NET CASH FLOW FROM OPERATING ACTIVITIES	1,821.79	(562.14)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2,173.46)	(809.36)
Investments in Subsidiary Companies	-	558.96
Investment (Net)	(500.00)	117.86
Sale of Fixed Assets	17.71	1.25
NET CASH FLOW FROM INVESTING ACTIVITIES	(2,655.75)	(131.29)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid	(1,107.39)	(857.11)
Proceeding Share Capital and Premium thereon	(338.75)	(0.98)
Borrowings (Net of repayments)	2,640.51	(1,732.29)
Dividend paid	(93.77)	(281.30)
Interim Dividend paid	-	(234.41)
NET CASH FLOW FROM FINANCING ACTIVITIES	1,100.60	(3,106.09)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	266.64	(3,799.52)
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL 2008		
(Opening Balance)	1,840.91	5,640.43
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH 2009		
(Closing Balance)	2,107.55	1,840.91



**STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF
THE COMPANIES 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 2008 to 31st December 2008.	1000 Shares (No par value - Nominal value US\$ 30000)	100%	US\$ 3,683	US\$ (89,060)	N.A.	N.A.
Zenith Middle East FZE	1st April, 2008 to 31st March, 2009.	2 Share of UAE Dirhams 2.22 Million	100%	UAE Dhs. (3,24,385)	UAE Dhs. 2,267	N.A.	N.A.

By Order of the Board

M.S. ARORA
Managing Director

AUGUSTINE P. KURIAS
Director

Mumbai, 27th August, 2009.



DIRECTORS' REPORT

Zenith (USA) Inc.

20835 Sandstone Square
Sterling, VA 20165

The Directors are pleased to present their Annual Report and the Audited Statements of Accounts for the fiscal year ended December 31, 2008. Net Profit for the year was US \$ 3,683.

On behalf of the Board

PUSHKAR NATU
Director

22nd June, 2009.

11654, Plaza America Drive # 707
Reston, VA 20190
(703) 707-9878 (703) 904-8534 fax
darshancpa@cox.net

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheet of Zenith (USA) Inc. as of December 31, 2008, and related statement of Income, retained earnings & Cash Flows for the year then ended. These financial reports are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on my audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards, require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material mis-statement. 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 provide a reasonable basis for our opinion.

In our opinion, the financial reports referred to above present fairly, in all material respects, the financial position of Zenith (USA) Inc. as of December 31, 2008 and results of its operations and its cash flows for the year ended in conformity with generally accepted accounting principles.

Darshan S. Khalsa
Certified Public Accountant
22nd June, 2009.

**BALANCE SHEET AS AT 31ST DECEMBER, 2008.****Statement of Income and Retained Earnings for the year ended December 31, 2008.**

	(U.S.Dollar) 31/12/2008		(U.S.Dollar) 31/12/2008
ASSETS		REVENUE	
Current Assets		Sales	13,817,129
Cash at Banks	54,901	Insurance Claim	112,584
Accounts Receivables	2633,385	Cost of Goods Sold	<u>14,089,927</u>
Loan & Advance	15,202	Gross Profit	-160,214
Inventory		OPERATING EXPENSES	
Total Current Assets	<u>2,703,488</u>	Bank Service Charges	679
Fixed Assets		Bad Debts	2,693
Office Equipments	4,303	Business Promotion	3,242
Less : Accumulated Depreciation	<u>3,910</u>	Depreciation	472
Total Fixed Assets	<u>393</u>	Insurance	2,085
Other Assets		Interest on Loan	13,750
TOTAL ASSETS	<u>2,703,881</u>	Memberships	1,306
LIABILITIES AND		Miscellaneous Expenses	2,303
STOCKHOLDERS EQUITY		Payroll Taxes	8,427
Current Liabilities		Payroll Taxes – Unemployment	91
Account Payable - Trade	2,749,887	Postage & Delivery	1,099
Payroll and Payroll Tax Payable	<u>9,371</u>	Printing & Stationery	310
Total Current Liabilities	<u>2,759,258</u>	Professional Services	7,542
Stockholders Equity		Salary & Wages	145,000
Common Stock – No par Value		Survey Expenses	1,158
Authorized 1,000 Shares		Taxes & Licenses	8,455
Issued and outstanding		Telephone	2,959
1,000 Shares	30,000	Travel & Transportation	<u>8,974</u>
Retained Earnings	<u>-85,377</u>	Total Operating Expenses	210,545
Total Stockholders Equity	<u>-55,377</u>	OPERATING PROFIT/(LOSS)	(370,757)
TOTAL LIABILITIES AND		Commission Income	<u>374,440</u>
STOCKHOLDERS EQUITY	<u>2,703,881</u>	NET PROFIT / (LOSS)	3,683
		Retained Earnings as per	
		last Accounts	<u>89,060</u>
		Retained Earning as of	
		December 31, 2008	-85,377



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Zenith (USA) Inc. was incorporated under the law of the state of Delaware. The Company is a general trader in steel pipes and other products. Generally, it imports steel pipes from India and sells them to various customers throughout the United States of America.

Method of Accounting

Zenith (USA) Inc. prepares its financial statements on the accrual basis of accounting.

Revenue and cost recognition

Revenues on contracts are recognized only after shipment of the product has taken place. Contract costs include all direct material, labor, equipment, subcontractor costs etc.

Property and Equipment

Property and equipment, including significant improvements thereto, are recorded at cost. Expenses for repairs and maintenance are charged to expenses as incurred. Depreciation is recorded using accelerated and straight line methods of depreciation over the estimated useful lives of the assets.

Accounts Receivable

Accounts receivable – trade consists of contract billings outstanding on projects completed. All accounts are considered collectible; therefore no allowance for bad debts has been made.

Inventory

In 2007, management decided that all inventory would be disposed of. It was then able to make orders overseas and thus not maintain an inventory. This strategy has been successful and continued in 2008. Therefore, the value of the inventory at year end is Zero.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2008

	(U.S.Dollars)
Cash flow from operating Activities	31/12/2008
Net Profit	3,683
Depreciation and amortization	472
Change in operating assets and liabilities	
(Increase) / Decrease in :	
Increase in Account Receivable - Trade	(57,001)
Increase in Loans and Advances	(14,392)
Increase in account Payable	222,831
Increase in other payables	9,371
	164,964
CASH FLOW FROM FINANCING ACTIVITIES	
Decrease in Loans	(125,000)
Increase in Equipment -	
	39,964
Opening Cash Balance	14,937
Closing Cash Balance	54,901



INDEPENDENT AUDITORS' REPORT

Ref : PH / AR / Z 03 / 231

The Shareholder

ZENITH MIDDLE EAST FZE

Dubai - United Arab Emirates

We have audited the accompanying Balance Sheet of Zenith Middle East FZE Dubai, (the Establishment) as of March 31st, 2009 and the related statements of income, changes in shareholder's equity and cash flows for the period then ended.

Respective responsibilities of management and auditors

These Financial Statements are the responsibility of the Establishment's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis evidences 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 report provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view in all material respects, of the financial position of Zenith Middle East FZE -Dubai, as of March 31st, 2009 and the results of its operations, changes in equity and cash flows for the period then ended, in accordance with International Financial Reporting Standards and comply with the UAE Commercial Laws

Other matters

We also confirm that in our opinion proper books of account have been kept by the management of the establishment in accordance with the provision of Implementing Regulations 1/92 pursuant to Law No.9 of 1992 concerning the formation of legal establishments at the Jebel Ali Free Zone. We obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Implementing regulations or UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the Establishment have occurred during the year which would have had a material effect on the business of the Establishment or on its financial position.

For PAUL & HASSAN

Chartered Accountants

Dubai

25th August, 2009

HASSAN ABDULLA SALEH AL YASI

Audit License Number: 374



BALANCE SHEET AS AT 31 MARCH 2009

ASSETS	Notes	31.03.2009 AED	31.03.2008 AED
Non-current assets			
Property, plant and equipment	7	4,744	5,736
Pre-operative Expenses	8	1,426,065	1,426,065
		<u>1,430,809</u>	<u>1,431,801</u>
Current assets			
Trade and other receivables	9	1,630,671	1,637,376
Due from related parties	10	2,067,869	2,068,973
Cash and bank balances	11	237,727	561,447
		<u>3,936,267</u>	<u>4,267,796</u>
TOTAL ASSETS		<u>5,367,076</u>	<u>5,699,597</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,219,104	2,219,104
Retained earnings	12	-322,118	2,267
		<u>1,896,986</u>	<u>2,221,371</u>
Current liabilities			
Trade and other payables	13	3,470,090	3,478,226
Bank Borrowings	14	-	-
Due to related parties	10	-	-
		<u>3,470,090</u>	<u>3,478,226</u>
TOTAL EQUITY AND LIABILITIES		<u>5,367,076</u>	<u>5,699,597</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 MARCH 2009

	Notes	31.03.2009 AED	31.03.2008 AED
REVENUE			
Cost of sales	15	1,887,363	11,089,994
		<u>1,887,363</u>	<u>10,176,928</u>
GROSS PROFIT		<u>-</u>	<u>913,066</u>
Other operating income	16	2,000	6,472
TOTAL OPERATING INCOME		<u>2,000</u>	<u>919,538</u>
EXPENSES			
Administration, selling and general expenses	17	322,658	359,241
Finance charges	18	2,735	557,618
Depreciation	7	992	992
		<u>326,385</u>	<u>917,850</u>
NET PROFIT FOR THE PERIOD		<u>-324385</u>	<u>1687</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Share Capital AED	Retained earnings AED	Share Capital AED	Retained earnings AED
Opening Balance	2,219,104	2267	1,000,000	580
Share Allotment Money (pending Allotment)	-	-	1,219,104	-
Net profit for the period	-	-324385	-	1687
Balance as at 31.03.2009	2,219,104	-322,118	2,219,104	2,267

The accompanying notes form an integral part of these financial statements.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009**

	31.03.2009	31.03.2008
	AED	AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss for the period	-324385	1687
Adjustment for:		
Depreciation	992	992
Interest expenses	2,735	557,618
Operating profit before working capital changes	-320658	560296
Increase in trade and other receivables	6,705	448,849
Increase in trade and other payables	-8,136	2,848,774
Increase in due from related parties	1,104	14,335,957
Increase in due to related parties	-	(165,240)
Cash (used in) operation	(320,985)	18,028,637
Less) interest paid	(2,735)	(557,618)
Net cash from (used in) operating activities (A)	(323,720)	17,471,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(3,300)
Formation Expenses	-	-
Net cash (used in) investing activities (B)	-	(3,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital introduced	-	1219104
Increase in bank borrowings	-	(18,360,000)
Net cash from financing activities (C)	-	-17140896
Net increase in cash and cash equivalents (A+B+C)	(323,720)	326,823
Cash and cash equivalents at beginning of the period	561,447	234,624
Cash and cash equivalents at end of period (Note 19)	237,727	561,447
These Comprise the following:		
Cash in hand	-	-
Cash at bank	237,727	561,447

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009

1 LEGAL STATUS AND ACTIVITY :

Legal status : Zenith Middle East FZE (the Establishment) is a Free Zone Establishment incorporated in Jebel Ali Free Zone, Dubai according to the license number 03176 issued by the Department of Economic Development of the Government of Dubai under the implementing regulations No.1/99 issued pursuant to Law No.2 of 1986 of H.H. Shaikh Maktoum Bin Rashid Al Maktoum then ruler of Dubai and the UAE Federal Law NO. (8) of 1984 regarding commercial companies and its subsequent amendments.

Activity : The principal activity of the Establishment is trading in steel pipes & sheets, pumps, portable generators, electrical appliances, hardware, furniture, Yarn and carpets. The establishment is operating through its main office in Jebel Ali Free Zone, Dubai. Its registered office is P.O Box 16752, Jebel Ali, Dubai - U.A.E.

2 SHARE CAPITAL :

Authorised, issued and fully paid up capital of the establishment is AED 1,000,000/- represented by one shares of AED 1,000,000/- which held by Zenith Birla (India) Limited, Mumbai, India.

3 MANAGEMENT :

Mr. Krishnan Nandakumar has been appointed as the Manager of the establishment.

4 ACCOUNTING PERIOD :

The financial statements cover the period starting from 01.03.2007 till 31.03.2009

5 SIGNIFICANT ACCOUNTING POLICIES :

a. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), their interpretations and applicable requirements of UAE Law. These financial statements are presented in United Arab Emirates Dirham (AED) since that is the currency of the country in which the establishment is domiciled.

The preparation of financial statements in conformity with IFRS requires management to make judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the establishment's financial statements.

b. Basis of accounting

These financial statements, except for the provision for employee entitlements to annual leave salary, employee terminal benefits and air passage to their home country, are prepared under the accrual basis of accounting. Under the accrual basis of accounting transactions and events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Depreciation is calculated by the management with suitable basis and a part of the depreciation expenses is charged to the holding company since the company started using the assets during the period.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount and, where carrying values exceed this recoverable amount, assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of fixed assets that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of fixed assets.



Gains and losses on disposal of fixed assets, if any, are determined by reference to their carrying amount and are taken into account in determining net profit.

Repairs and renewals are charged to the statement of income when the expenditure is incurred.

The carrying values of the fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

d. Revenue recognition

Revenue from sale of good is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

e. Trade receivables

Revenue made on trade credit are included in “trade receivables”. Bad debts are written off as and when they arise and adequate provision is made for debts considered as doubtful of recovery.

f. Trade payables

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

g. Provision for employees’ end of service indemnity

A provision is recognized in the balance sheet when the establishment has a present legal or constructive obligation as a result of a past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Staff benefits such as leave salaries, air ticket and gratuity are accounted on cash basis as and when it is paid. Hence no provision is made for employees’ end of service indemnity as prescribed in the U.A.E. Labour Laws for accumulated period of service at the balance sheet date.

h. Revenue

Revenue represents the net amount invoiced for goods delivered by the establishment during the period.

i. Foreign currency transactions

Transactions in foreign currencies are converted to U.A.E Dirham at rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are converted to U.A.E Dirham at rates of exchange ruling at the balance sheet date. All gains and losses on exchange are taken to the statement of income and retained earnings.

j. Impairment of assets

The carrying amounts of the establishment’s assets are reviewed at the balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash -generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the income statement.

k. Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with maturity date of three months or less from the date of investment, if any.

6 GOING CONCERN :

These financial statements are prepared on a going concern basis which is assumed that the establishment will continue to operate as a going concern for the foreseeable future. As at the balance sheet date the current liabilities exceeded its current assets by AED 428,913/-. In order to support the continuance of the establishment’s operations, the Manager confirms that sufficient funds will be made available as may be necessary.

7 PROPERTY, PLANT AND EQUIPMENT :

Movement in property, plant and equipment are given on page number 18. Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining net profit. Repairs and renewals are charged to the statement of income when the expenditure incurred.

The carrying values of the fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

8 PRE OPERATIVE EXPENSES :

This represents the expense incurred in connection with the formation and other expenses prior to the start of operation. This will be charged to the revenue in 5 years starting from the subsequent years as decided by the Board of directors.



	31.03.2009	31.03.2008
	AED	AED
Cost		
At 31.03.2009	1426065	1426065
	<u>1,426,065</u>	<u>1,426,065</u>
9 TRADE AND OTHER RECEIVABLES :		
	31.03.2009	31.03.2008
	AED	AED
Trade receivables	1582121	1582121
Less : Provision for doubtful debts	-	-
	<u>1,582,121</u>	<u>1,582,121</u>
Deposits	26000	32705
Commissions receivable	-	-
Pre payments	22550	22550
	<u>1,630,671</u>	<u>1,637,376</u>
Ageing Analysis of trade receivables:		
Due for more than 90 days	Nil	Nil
Due for less than 90 days	Nil	Nil
	<u>-</u>	<u>-</u>
Geographical classification of trade receivables :		
Within United Arab Emirates	1582121	1582121
Outside United Arab Emirates	-	-
	<u>1,582,121</u>	<u>1,582,121</u>

Credit risk :

The establishment's credit risk is primarily attributable to its trade and other receivables. There is no significant concentration of credit risk with any single debtor or group of companies or to debtors outside the industry and the country in which the establishment operates. Adequate provision has been made for balances considered as doubtful of recovery.

The provision has been determined by reference to past default experience. The establishment does not have any debtors as on the 31.03.09. At the balance sheet date, top 3 customers contributes 73% of the total outstanding trade receivables.

The fair value of the trade receivables are not materially different from their balance shown in the balance sheet.

10 RELATED PARTY TRANSACTION :

The establishment has in the ordinary course of business, entered into trading and financial transactions with concerns which fall within the definition of related parties as contained in International Accounting Standard No. 24. The management believes that trading transactions are not materially different from those that could have been obtained from unrelated parties. The balances due from such parties which have been disclosed separately in the financial statements are unsecured, interest free and are repayable on call.

Due from related parties

	31.03.2009	31.03.2008
	AED	AED
Zenith Birla (India) Ltd	5372765	7261224
Zenith Birla (USA)	1887363	-
	<u>7,260,128</u>	<u>7,261,224</u>
Due to related parties		
Zenith Birla (India) Ltd	5192259	5192251
	-	-
	<u>5,192,259</u>	<u>5,192,251</u>

The nature of significant related party transactions and the amounts involved were as follows:



	31.03.2009	31.03.2008
	AED	AED
Loan from Zenith Birla (USA)	-	-
Loan from Zenith Birla (India) Ltd	5192251	5192251
Purchases from Zenith Birla (India) Ltd	1887363	8767204
Expenses borne by Zenith Birla (India) Ltd		
Advance against purchases to Zenith Birla (India) Ltd	5372765	7261224
	<u>12,452,379</u>	<u>21,220,679</u>
11 CASH AND BANK BALANCES :		
Cash in hand	-	-
Current accounts with banks	237727	561447
	<u>237,727</u>	<u>561,447</u>
12 RETAINED EARNINGS :		
Beginning balance	2267	580
Transfer from statement of income	-324385	1687
Ending balance	<u>-322118</u>	<u>2267</u>
13 TRADE AND OTHER PAYABLES :		
Advance from Tungabhadra Holdings Pvt. Ltd. against supply	3304800	3304800
Trade payables	151244	151244
Sundry payables	3046	9732
Accrued expenses	11000	12451
	<u>3,470,090</u>	<u>3,478,226</u>
14 BANK BORROWINGS :		
Export Finance from Standard Chartered Bank, London	-	-
	<u>-</u>	<u>-</u>
15 COST OF SALES :		
Purchases during the period	1887363	10073498
Direct expenses	-	103430
	<u>1,887,363</u>	<u>10,176,928</u>
16 OTHER INCOME :		
Commission received	-	2565
Miscellaneous Income	2000	3907
	<u>2,000</u>	<u>6,472</u>
17 ADMINISTRATION, SELLING AND GENERAL EXPENSES :		
Salaries and benefits	40150	174775
Rent	48484	44030
Postage and telephone	5461	25447
Vehicle expenses	-	14408
Office expenses	3295	2669
Printing and stationery	63	1350
Legal and license fee	6250	5800
Professional charges	11000	14000
Traveling and conveyance	340	4692
Business promotion	-	1679
Miscellaneous	207615	70391
	<u>322,658</u>	<u>359,241</u>



18 FINANCE CHARGES :

Bank charges	1670	9823
Interest on loan and other facilities	-	545967
Loss on currency fluctuations	1065	1828
	<u>2,735</u>	<u>557,618</u>

19 CASH AND CASH EQUIVALENTS :

Cash and bank balances	237727	561447
	<u>237,727</u>	<u>561,447</u>

20 ACCOUNTING ESTIMATES AND JUDGMENTS

The establishment makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on receivables

The establishment reviews its receivables to assess impairment at least on an annual basis. The establishment's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the income statement, the establishment makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

21 FINANCIAL INSTRUMENTS :

Fair value :

Financial assets of the establishment include cash and bank balances, deposits and trade receivables. Financial liabilities include trade and other payables, bank borrowings and due to related parties.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximate to their carrying values.

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at the balance sheet date.

Credit risk :

It is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with banks with good credit ratings. Concentration of credit risk with respect to trade receivables are limited due to the establishment's large number of customers that have a variety of end markets in which they sell. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the establishment's trade receivables.

Currency risk :

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The establishment's foreign exchange transactions are predominantly in US Dollar, Euro, Sterling Pounds. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham (AED) or US Dollars to which the AED is pegged.

Interest rate risk :

It is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The establishment's bank borrowings bears floating rate interest that prevails in the market.

Liquidity risk :

It is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

**22 NUMBER OF EMPLOYEES :**

During the period the concern employed two employees on an average.

23 PURCHASE COMMITMENTS :

	31.03.2009	31.03.2008
	AED	AED
Commercial letters of credit	Nil	Nil
Bank acceptance	Nil	Nil

24 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS :

	31.03.2009	31.03.2008
	AED	AED
Performance / Payment / Other Guarantees	Nil	Nil
Capital commitment	Nil	Nil

Except the ongoing service commitments in the normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on the establishment's account.

25 COMPARATIVE FIGURES :

No previous year's figures have been given since this is the first period of operation.

26 SUBSEQUENT EVENTS :

There were no significant events occurring after the balance sheet date that would have any material effect on the working or the financial statement of the establishment.

27 LEVEL OF PRECISION :

All figures are rounded off to nearest Arab Emirates Dirham (AED).

PROPERTY, PLANT AND EQUIPMENT : (Ref. Note 7)

	Office Equipment AED	Office Equipment AED
COST		
Opening Balance	7,149	7,149
Additions during the period	3,300	3,300
At 31.03.2009	<u>10,449</u>	<u>10,449</u>
DEPRECIATION		
Opening Balance	3,721	3,721
Charge for the period	1984	992
At 31.03.2009	<u>5,705</u>	<u>4,713</u>
NET BOOK VALUE		
At 31.03.2009	<u>4,744</u>	<u>5,736</u>
Opening Balance	<u>4,744</u>	<u>5,736</u>

AED /- of the depreciation has been charged to the holding company during the period.

In the opinion of the management , there are no indication of impairment losses.



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

To
THE BOARD OF DIRECTORS
ZENITH BIRLA (INDIA) LIMITED
MUMBAI

We have examined the attached Consolidated Balance Sheet of **ZENITH BIRLA (INDIA) LIMITED** and its Subsidiaries as at 31st March, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Zenith Birla (India) Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of foreign subsidiaries not audited by us, whose financial statements reflect total Assets of Rs. 196.40 Lakhs as at 31st March, 2009 and revenue of Rs. 6126.48 Lakhs, these financial statements have been certified by the Management and have been furnished to us and in our opinion, is so far as it relates to the said subsidiaries is based solely on these certified financial statements. Since the financial statements for the financial year ended 31st March 2009, which were compiled by the management were not audited, any adjustments to its balances could have consequential effects on the attached consolidated financial statements.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)21, "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India and on the basis of separate audited/certified financial statements of Zenith Birla (India) Limited and its subsidiaries included in the consolidated financial statements.

We report that on the basis of the information and explanations given to us and on the consideration of audited/certified financial statements of Zenith Birla (India) Limited and its aforesaid subsidiaries, we are of the opinion that the said Consolidated Financial Statements give a true and fair view :-

- (a) in case of Consolidated Balance Sheet of the Consolidated State of Affairs of Zenith Birla (India) Limited and its subsidiaries as at 31st March, 2009;
- (b) in case of the Consolidated Profit and Loss Account of the Consolidated results of the operations of Zenith Birla (India) Limited and its subsidiaries for the year then ended; and
- (c) in case of the Consolidated Cash Flow Statement of the Cash Flow of Zenith Birla (India) Limited and its subsidiaries, for the year then ended.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.37310

Mumbai, 27th August, 2009.

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009****(Rs.in Lacs)**

		SCHEDULE	as at 31.03.2009	as at 31.03.2008
I. SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
(a) Capital	1		4,007.25	4,007.25
(b) Reserves and Surplus	2		18,466.59	17,485.18
			<u>22,473.84</u>	<u>21,492.43</u>
NET DEFERRED TAX LIABILITY (Refer Note No. 13)			158.70	-
LOAN FUNDS				
(a) Secured Loans	3		9,956.65	7,545.19
(b) Unsecured Loans	4		1,376.31	1,146.32
(c) Vehicle Loans	5		17.25	18.19
			<u>11,350.21</u>	<u>8,709.70</u>
TOTAL			<u>33,982.75</u>	<u>30,202.13</u>
II. APPLICATION OF FUNDS				
FIXED ASSETS				
(a) Gross Block	6		11,037.68	10,183.85
(b) Less: Depreciation			2,036.12	1,589.32
(c) Net Block			<u>9,001.56</u>	<u>8,594.53</u>
(d) Capital Work-in-Progress			2,956.26	1,722.75
			<u>11,957.82</u>	<u>10,317.28</u>
INVESTMENTS			7	500.30
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	8	11,677.12		10,311.17
(b) Sundry Debtors	9	5,656.42		9,141.73
(c) Cash and Bank Balances	10	2,334.86		1,932.82
(d) Loans and Advances	11	<u>21,674.32</u>		<u>19,751.13</u>
		41,342.72		<u>41,136.85</u>
Less:				
CURRENT LIABILITIES AND PROVISIONS				
(a) Liabilities	12	17,122.45		18,938.41
(b) Provisions	13	2,695.64		<u>2,313.89</u>
		19,818.09		<u>21,252.30</u>
NET CURRENT ASSETS			21,524.63	19,884.55
TOTAL			<u>33,982.75</u>	<u>30,202.13</u>
Notes forming part of the Accounts		20		

As Per the attached report of even date

By Order of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

M.S. ARORA
Managing Director

SHISHIR DALAL
Partner

AUGUSTINE P. KURIAS
Director

Mumbai, 27th August, 2009



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2009

(Rs.in Lacs)

	SCHEDULE	For the year ended 31st March,2009	For the year ended 31st March,2008
INCOME			
Sale of Products and Export Incentives		63,121.56	51,682.68
Less : Excise Duty		4,469.86	5,164.16
		<u>58,651.70</u>	<u>46,518.52</u>
Other Income	14	181.16	1,163.40
		<u>58,832.86</u>	<u>47,681.92</u>
EXPENDITURE			
(Increase)/Decrease in Stocks	15	(437.44)	(502.33)
Materials Consumed		36,784.19	28,835.11
Purchase of Finished Goods for Trade		9,101.99	6,473.95
Manufacturing and Maintenance	16	2,903.45	3,297.44
Employees' Remuneration and Benefits	17	2,706.92	2,528.46
Administrative, Selling and Other Expenses	18	4,146.12	3,383.36
		<u>55,205.23</u>	<u>44,015.99</u>
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION			
		<u>3,627.63</u>	<u>3,665.93</u>
Interest and Finance Expenses	19	1,101.88	896.70
PROFIT BEFORE DEPRECIATION AND TAXATION			
		<u>2,525.75</u>	<u>2,769.23</u>
Depreciation		501.80	466.51
PROFIT FOR THE YEAR BEFORE TAXATION			
		<u>2,023.95</u>	<u>2,302.72</u>
Less: Provision for Taxation			
Current Tax (Net of MAT Credit)		235.33	351.00
Deferred Tax (Net)		275.78	-
Wealth Tax		0.77	0.78
Fringe Benefit Tax		18.90	20.70
		<u>530.78</u>	<u>372.48</u>
PROFIT FOR THE YEAR			
		<u>1,493.17</u>	<u>1,930.24</u>
Expenses in respect of earlier years		0.48	0.68
Taxation of Prior Period		8.30	-
		<u>1,484.39</u>	<u>1,929.56</u>
Balance of Profit as per last account		4,372.14	2,793.22
Less: Related to Erstwhile Subsidiary		-	22.46
BALANCE AVAILABLE FOR APPROPRIATION			
		<u>5,856.53</u>	<u>4,700.32</u>
APPROPRIATION:			
Proposed Equity Dividend		240.44	80.15
Tax on Proposed Equity Dividend		40.86	13.62
Interim Dividend		-	200.36
Tax on Interim Dividend		-	34.05
Balance Carried to Balance Sheet		5,575.23	4,372.14
		<u>5,856.53</u>	<u>4,700.32</u>
Weighted average number of Equity Share outstanding during the year		<u>40,072,544</u>	<u>40,072,544</u>
Earning per Share of Rs. 10/- each (in Rupees)			
Basic / Diluted		3.70	4.82
Notes forming part of the Accounts			
	20		

As Per the attached report of even date

By Order of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

M.S. ARORA
Managing Director

SHISHIR DALAL
Partner

AUGUSTINE P. KURIAS
Director

Mumbai, 27th August, 2009

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009****(Rs.in Lacs)**

		as at 31.03.2009	as at 31.03.2008
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED:			
5,00,00,000 Equity Shares of Rs. 10/- each		<u>5,000.00</u>	5,000.00
	TOTAL	<u>5,000.00</u>	<u>5,000.00</u>
ISSUED AND SUBSCRIBED:			
4,00,72,544 Equity Shares of Rs. 10/- each fully paid up		4,007.25	4,007.25
Note: 1. Of the above Equity Shares-			
(a) 4,36,444 Shares were allotted as fully paid up Bonus Share by capitalisation of Reserves and Share Premium Account.			
(b) 1,37,683 Shares were issued and allotted to the Shareholders of erstwhile The Indian Tool Manufacturers Limited interms of Scheme of Amalgamation.			
(c) 48,019 Shares were issued on part conversion of loans into Equity.			
(d) 1,57,745 Shares were issued on part conversion of 13.5% Redeemable Convertible Debentures into Equity.			
(e) 50,552 Shares were issued and allotted to Term Lenders as per Scheme of Rehabilitation sanctioned by BIFR on 8th January,1996.			
(f) 1,72,974 Equity Shares were issued and allotted to Term Lenders as per Scheme of Rehabilitation sanctioned by BIFR on 8th January,1996.			
(g) 1,15,93,207 Equity Share were issued and allotted on Conversion of 15.5% C C P S at a premium of Rs. 11/- per shares based on the pricing formula as laid down in the Scheme of Rehabilitation approved by BIFR on 8th January, 1996.			
	TOTAL	<u>4,007.25</u>	<u>4,007.25</u>
SCHEDULE 2			
RESERVES AND SURPLUS			
1. Share Premium Account			
As per last account	10,673.11		10,669.43
Less: Share Issue Expenses incurred during the year	-		(3.68)
		<u>10,673.11</u>	<u>10,673.11</u>
2. General Reserve:			
As per last account	2,439.93		2,444.59
Add:: Deferred Tax Asets (Refer Note 13)	117.08		-
	<u>2,557.01</u>		<u>2,444.59</u>
Less: Transitional Liability for Gratuity	-		4.66
Less: Foreign Currency Transaction Difference A/c (Refer Note No. 5)	<u>338.75</u>		-
		<u>2,218.26</u>	<u>2,439.93</u>
3. Surplus in Profit and Loss Accounts		5,575.22	4,372.14
	TOTAL	<u>18,466.59</u>	<u>17,485.18</u>



SCHEDULE 3

SECURED LOANS

	as at 31.03.2009	(Rs.in Lacs) as at 31.03.2008
1. Working Capital Loans from Banks	4,861.65	3,548.19
2. Term Loan from Foreign Institution	5,095.00	3,997.00
TOTAL	9,956.65	7,545.19

Note:

- (i) Working Capital Loans from Banks are secured by hypothecation of inventories and or book debts and export incentives recoverable etc. and collaterally secured by way of first charges on the fixed assets.
- (ii) Term Loan is secured by (pending creation of necessary charges)
- (a) First charge (hypothecation) of all future movable assets including Plant & Machinery purchased out of this Term Loan with a second charge of these assets to existing working capital bankers, and
- (b) Second charge (hypothecation) on overall existing movable and immovable assets including Plant & Machinery.

SCHEDULE 4

UNSECURED LOANS

1. Fixed Deposit	601.92	640.07
2. The State Industrial and Investment Corporation of Maharashtra Ltd.	54.43	54.43
3. Inter Corporate Deposits	-	192.49
4. Due to bodies Corporate	413.64	103.00
5. Sales Tax Deffered Payment Loan	150.00	-
6. Interest accrued and due	156.32	156.33
TOTAL	1,376.31	1,146.32

SCHEDULE 5

VEHICLE LOANS

Loans secured against specific vehicles

	17.25	18.19
TOTAL	17.25	18.19

SEHEDULE 6

FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	Cost/book Value As At 01-04-2008	Additions	Deductions / Adjustments	Cost/book Value As At 31-03-2009	Upto 01-04-2008	Deductions / Adjustments	Depreciation For The Preiod 01/04/2008 To 31/03/2009	Upto 31-03-2009	As At 31-03-2009	As At 31-03-2008
Land-Freehold	1,374.67	-	-	1,374.67	-	-	-	-	1,374.67	1,374.67
-Leasehold	387.75	-	-	387.75	19.24	-	5.92	25.16	362.59	368.51
Buildings +	4,749.03	51.19	-	4,800.22	410.98	-	129.95	540.93	4,259.29	4,338.05
Plant and Machinery	2,998.60	764.61	0.50	3,762.71	975.24	-	311.03	1,286.27	2,476.44	2,023.36
Furniture,Fixtures & Equipments	415.56	24.64	2.54	437.66	43.89	1.17	30.48	73.20	364.46	371.67
Vehicles	258.24	99.51	83.08	274.67	139.97	53.83	24.42	110.56	164.11	118.27
TOTAL	10,183.85	939.95	86.12	11,037.68	1,589.32	55.00	501.80	2,036.12	9,001.56	8,594.53
PREVIOUS YEAR'S TOTAL	9,820.17	366.28	2.60	10,183.85	1,123.59	0.78	466.51	1,589.32	8,594.53	8,696.57

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

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

(c) Rs. 4.40 lacs (Gross) in respect of office premises at Kolkata for which Conveyance Deed is yet to be executed.

Note: 1. The Company has on 31st December 2004, revalued the major items of Fixed Assets on the basis of the valuation report obtained from the qualified Government Engineers & Valuers.

This has resulted in increase in gross block and net block by Rs. 6935.28 lacs and correspondingly to the Revaluation Reserve Account by the like amount.



(Rs.in Lacs)

		as at 31.03.2009	as at 31.03.2008
SCHEDULE 7			
INVESTMENTS: AT COST / BOOK VAULE			
OTHER THAN TRADE INVESTMENTS - LONG TERM			
(A) LONG TERM			
Quoted:			
4,35,350 Fully paid Equity Shares of Rs.10/-each of Birla Transasia Carpets Limited.		63.69	
Less: Provision for diminution in value		<u>63.69</u>	
		-	-
Unquoted:			
I. IN SHARES:			
236 Fully paid Shares of US \$ 1,000 each of P.T. Horizon Syntex Indonesia, continue to be held in the name of erstwhile The Indian Tool Manufacturers Limited, the amalgamating Company 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	
Less: Provision for diminution in value		<u>19.31</u>	
		-	-
II. National Savings Certificates (Deposited with Government and Semi-Government authorities)		0.30	0.30
(B) CURRENT			
In Mutual Fund (Non Government Securities) (Unquoted) 2985021 Units of SBI Megnum Insta Cash Fund - Daily Dividend Option		500.00	-
		<u>500.30</u>	<u>0.30</u>
	TOTAL		
	Book Value	Market Value	
	Rs.in Lacs	Rs.in Lacs	
a) Aggregate of Quoted Investments	-	-	
	-	-	
b) Aggregate of Unquoted Investments	500.30	N.A	
	(0.30)	(N.A)	



	(Rs.in Lacs)	
	as at 31.03.2009	as at 31.03.2008
SCHEDULE 8		
INVENTORIES		
1. Stores and Spare Parts, at cost / less written off for obsolescence	513.33	522.08
2. Raw Materials and Components, at cost/less written off for obsolescence	2,953.79	2,196.49
3. Raw Materials-in-process, at cost to date	832.71	1,690.07
4. Material in transit, at cost to date	1,331.84	252.83
5. Semi-finished Goods, at estimated cost	2,987.01	2,120.67
6. Finished Goods, at lower of cost or net realisable value (including lying with outside parties Rs. 149.65 lacs, Previous Year Rs. 334.10 lacs) (Refer Note No. 6(iii) of Accounting Policies)	2,413.25	2,724.86
7. Scrap etc. at estimated realisable value (including lying with outside parties Rs. 143.15 lacs, Previous year Rs. 309.69 lacs)	645.19	804.17
TOTAL	11,677.12	10,311.17
(As valued and certified by the Management)		
SCHEDULE 9		
SUNDRY DEBTORS-UNSECURED		
1. Outstanding over six months		
(a) Considered good	1,127.34	2,798.03
(b) Considered doubtful	48.96	48.96
Less: Provision	48.96	48.96
	-	-
2. Other Debts-Considered good	4,529.08	6,343.70
TOTAL	5,656.42	9,141.73
SCHEDULE 10		
CASH AND BANK BALANCES		
1. Cash on hand (including Cheques on hand Rs. 115.99 lacs) (Previous year Rs. 35.68 lacs)	123.83	42.43
2. Remittance-in-Transit	39.98	57.77
3. <u>Scheduled Banks</u>		
i) In Current Accounts	1,371.18	1,020.19
ii) In Fixed Deposits (Including Interest Accrued)	152.71	143.74
iii) In Fixed Deposits (margin money) pledged with Banks	636.66	664.56
4. <u>Non-Scheduled Banks</u>		
i) In Current Accounts -		
a) The Muncipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 13.61 lacs Previous year Rs. 7.00 lacs)	10.13	2.59
b) Midland Bank, London	-	1.17
ii) In Fixed Deposits - The Muncipal Co-op Bank Limited Mumbai (Maximum balance due during the year Rs. 0.37 lacs Previous year Rs.0.37 lacs)	0.37	0.37
TOTAL	2,334.86	1,932.82



	(Rs.in Lacs)	
	as at 31.03.2009	as at 31.03.2008
SCHEDULE 11		
LOANS AND ADVANCES		
Unsecured, Considered Good, unless otherwise specified		
1. Loans to Companies		
Doubtful	160.48	160.48
Less: Provision	160.48	160.48
	-	-
2. Advances recoverable in cash or in kind or for value to be received (includes Rs. 0.15 lacs with Fund Manager (Previous year Rs.0.17 lacs)		
Good	20,536.43	18,829.60
Doubtful	51.42	51.42
Less: Provision	51.42	51.42
	-	-
3. Balance with Port Trust, Customs and Excise	617.84	467.62
5. Advance Tax	520.05	453.91
TOTAL	21,674.32	19,751.13
SCHEDULE 12		
CURRENT LIABILITIES		
1. Sundry Creditors and Acceptances		
(a) Micro and Small Enterprises (Refer Note No. 4) (to the extent identified by the Management)	-	-
*(b) Other	17,054.56	18,863.17
(Includes Acceptances Rs. 10386.62 lacs (previous year Rs. 7003.88 lacs)		
2. Interest accrued but not due	67.89	75.24
TOTAL	17,122.45	18,938.41
* There are no amounts to be transferred to Investor Education and Protection Fund.		
SCHEDULE 13		
PROVISIONS		
1. Taxation	830.42	685.24
2. Fringe Benefit Tax	41.94	62.02
3. Gratuity	821.96	795.16
4. Leave Encashment	228.63	178.85
5. Contingencies	491.39	498.85
6. Proposed Equity Dividend	240.44	80.15
7. Dividend Tax on Proposed Equity Dividend	40.86	13.62
TOTAL	2,695.64	2,313.89



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2009

(Rs.in Lacs)

	For the year ended 31st March,2009	For the year ended 31st March,2008
SCHEDULE 14		
OTHER INCOME		
1. Miscellaneous Income	155.64	679.03
2. Sales Tax Refunds / Set off etc.	3.64	0.32
3. Surplus on Sale of Fixed Assets	0.05	-
4. Profit on Sale of Investment	-	51.45
5. Excess provision written back (Net)	14.37	5.50
6. Credit Balance Appropriated	-	8.48
7. Provision no longer required	7.46	-
8. Foreign exchange Loss (Net)	-	418.62
TOTAL	181.16	1,163.40
SCHEDULE 15		
INCREASE/(DECREASE) IN STOCKS		
Closing Stocks :		
Finished Goods	2,290.05	2,724.86
Semi-Finished Goods	2,987.01	2,120.67
Scrap etc.	645.19	804.17
	5,922.24	5,649.69
Less:		
Opening Stocks :		
Finished Goods	2,724.86	3,353.59
Semi-Finished Goods	2,120.67	1,407.54
Scrap etc.	804.17	513.72
	5,649.69	5,274.85
	272.55	374.85
Excise Duty provision on year end Inventory of Finished Goods		
Opening Stocks	370.20	497.68
Closing Stocks	205.31	370.20
	164.89	127.48
TOTAL	437.44	502.33
SCHEDULE 16		
MANUFACTURING AND MAINTENANCE		
1. Stores and Spare Parts consumed	881.35	802.17
2. Power, Fuel and Water	756.77	686.62
3. Repairs to: (Excludes Stores & Spares issued)		
(a) Buildings	54.53	45.46
(b) Machinery	120.88	107.13
(c) Others	30.46	25.62
4. Conversion, Octroi and other manufacturing expenses	1,059.46	1,630.44
TOTAL	2,903.45	3,297.44



(Rs.in Lacs)

	For the year ended 31st March,2009	For the year ended 31st March,2008
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SCHEDULE 17**EMPLOYEES' REMUNERATION AND BENEFITS**

1. Salaries, Wages and Bonus, etc.	2,177.10	2,061.18
2. Contribution to Provident, Superannuation Funds and Employees' State Insurance, etc.	166.25	177.65
3. Gratuity Provision / Payment	145.85	77.30
4. Welfare Expenses	217.72	212.33
TOTAL	2,706.92	2,528.46

SCHEDULE 18**ADMINISTRATIVE, SELLING AND OTHER EXPENSES**

1. Rent (Net)	114.17	145.92
2. Insurance	17.17	19.39
3. Rates and Taxes	28.83	18.22
4. Miscellaneous Expenses	1,074.06	1,017.57
5. Freight, Forwarding and Handling Expenses etc.	2,486.20	1,976.16
6. Commission	208.04	158.68
7. Directors' Fees and Travelling Expenses	5.11	5.86
8. Auditors' Remuneration:		
(a) Statutory Auditors:		
(1) As Auditors Fees (excluding service tax)	5.98	6.58
(2) Certificate and Other Matters	2.25	6.15
(3) Expenses	0.21	0.30
(b) Cost Audit Fees	0.50	0.50
9. Loss on Fixed Assets sold/discarded	13.46	0.57
10. Loss on sale of Raw Material & Stores (Net)	6.63	4.44
11. Bad debts,irrecoverable advances and claims written off/provided for	56.84	23.02
12. Foreign Exchange rate difference (Net)	126.67	-
TOTAL	4,146.12	3,383.36

SCHEDULE 19**INTEREST AND FINANCE EXPENSES****INTEREST**

1. On Fixed Loans	238.29	319.91
2. To Banks and Others	1,943.51	1,763.47
	2,181.80	2,083.38
3. Lease Rentals	-	0.23
	2,181.80	2,083.61
Less: Interest recoveries from parties (Gross) (Tax deducted at source Rs. 28.14 lacs, Previous Year Rs. 61.50 lacs)	1,108.44	1,230.08
	1,073.36	853.53
4. Cash Discount	28.52	43.17
TOTAL	1,101.88	896.70



SCHEDULE 20

CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS

I. Subsidiaries

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

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

(Rs.in Lacs)

31.03.2009 **31.03.2008**

2. (a) Contingent Liabilities not provided for in respect of :- (Refer Note No. 3)

i) Disputed Sales Tax Demands	12.49	14.69
ii) Penal Interest on SICOM Loan	Not Ascertainable	

(b) Estimated amount of contracts remaining to be executed on capital account

– net of advance	2423.79	2829.97
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(c) The charge by way of hypothecation of inventories in favour of Bankers also extends to the guarantees aggregating to Rs. 1743.53 lacs (previous year Rs. 1453.34 lacs) given by the Bank on behalf of the Company.

- The outflow of the resources in respect of pending disputed matters would depend on the ultimate outcome of the disputes lying before various authorities amounting to Rs. 491.39 lacs (previous year Rs. 498.85 lacs). However these Contingent liabilities were fully adjusted against the Contingency Reserve in the year 2005-06.
- There are no Micro and Small enterprises to whom the Company owes amounts which are outstanding for more than 45 days as at 31st March 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of and to the extent information available with the Company.
- On exercising the option as per Ministry of Corporate Affairs notification dated 31st March, 2009 in respect of AS-11, eligible exchange difference loss pertaining to the year Rs. 1098 lacs has been capitalized (CWIP) in respect of Foreign Currency Loans. Further, Foreign Exchange gain of Rs. 339 lacs credited to Profit and Loss Account during the Previous Year Ended 31st March, 2008, has been reversed and adjusted to Capital account (CWIP) and reduced from General Reserve. As a result of this change, loss on foreign currency fluctuation is lower by Rs.1098 lacs and profit for the year higher by the like amount
- Pending reconciliations and in absence of confirmation received from certain lenders, Sundry Debtors, Sundry Creditors, Loans & Advances, Deposits and etc., balances are as per books of account only. Necessary adjustment, if any, which may affect revenue will be made on receipt of confirmation and reconciliation of such balances.
- The Board of Director at its meeting held on 22nd October, 2008 approved Scheme of Arrangement (“Scheme”) under Section 391 to 394 of the Companies Act, 1956, interalia providing for demerger of Company’s Tools Division and Amalgamation of Tungabhadra Holding Private Limited with the Company. ‘In-principle’ approval to the Scheme has been received from Bombay Stock Exchange Limited and National Stock Exchange India Limited. The Scheme has also been approved in the Court convened meeting by the Shareholders on 29th May 2009.

Pending confirmation and approval of the Scheme from the Hon’ble High Court of Judicature at Bombay, as well as completion of other necessary formalities in this regard, the accounts do not reflect adjustments and effects arising from the Scheme as envisaged, which would be considered as and when the Scheme is finally approved and implemented.

**8. Managerial remuneration is as under: -****(Rs.in Lacs)**

	Managing Director (CEO & Executive Director till 27th July, 2009)		Ex-Executive Director
	2008-2009	(10-07-2007 to 31-03-2008)	(01-04-2007 to 08-06-2007)
Salary	32.35	23.50	1.56
Contribution to Provident Fund	1.15	0.84	0.16
Contribution to Superannuation Fund	-	-	0.27
Medical Assistance	0.15	0.50	-
Leave Travel Assistance	2.09	-	-
Gratuity (Provision)	0.92	0.92	-
Other perquisites	0.15	0.17	0.04
Total	36.81	25.93	2.03

9. Disclosure pursuant to Accounting Standard AS-15 “Employee Benefits”**A. Defined Contribution Plans:**

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

(Rs.in Lacs)

	2008-2009	2007-2008
(a) Contribution to Employees Provident Fund and Pension fund	166.25	177.38
(b) Contribution to Employees Superannuation Fund	-	0.27
	166.25	177.65

B. Defined Benefit Plans:**I. Contribution to Gratuity.**

Provision for Gratuity has been made in the accounts based on the report of Actuary as at 31st March 2009. Company does not have any funding arrangement and the liability discharged towards the employees in the year of retirement/ cessation of employment. Details under the AS-15, to the extent applicable is furnished below:

	2008-09	2007-08
(a) Changes in the Present Value of the Defined Benefits Obligation		
(i) Present value of Defined Benefit Obligation at the beginning of the year	807.94	760.21
(ii) Interest Cost	65.12	60.71
(iii) Current Service cost	37.27	34.89
(iv) Benefits paid	(92.80)	(105.07)
(v) Actuarial (Gain)/Loss	27.73	57.22
(vi) Present Value of Defined Benefit Obligation at the End of the year.	845.26	807.96
(b) Balance Sheet reconciliation		
(i) Net Liability at the beginning of the year	718.40	750.02
(ii) Expense recognized	126.86	57.94
(iii) Net Liability at the end of the year.	845.26	807.96



(c) Amounts recognized in the Profit & Loss account		
(i) Current Service Cost	37.27	34.89
(ii) Interest Cost	65.12	60.71
(iii) Net Actuarial (Gain)/Loss	27.73	57.22
(iv) Expenses Recognised in the Statement of Profit and Loss A/c	126.86	57.94
(d) Actuarial Assumption		
(i) Discount rate	N.A	N.A
(ii) Expected rate of return on Plan Assets	8%	8%
(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.	4%	4%

II. Leave Encashment:

In accordance with AS-15, the Company has fully provided for its liability determined on the basis of Actuarial Valuation carried out as at the year-end.

10. In compliance with Accounting Standard 17 – “Segmental Reporting” issued by the Institute of Chartered Accountants of India, segmental disclosures are as follows:

PRIMARY BUSINESS SEGMENT

Financial information about the primary business segment is presented in the table given below:

(Rs. in Lacs)

	Year to date figures for Current period 31.03.2009	Year to date figures for Previous period 31.03.2008
1. Segment Revenue		
a) Pipes	55,776.66	44,447.18
b) Tools	6,989.18	6,913.38
c) Other	355.72	322.12
Total :	63,121.56	51,682.68
Less : Excise Duty	4,469.86	5,164.16
Net Sales Income from Operation	58,651.70	46,518.52
2. Segment Results Profit / (Loss) (before Tax and Interest) from Segment	2,674.24	2,418.47
a) Pipes	502.84	686.22
b) Tools	(51.25)	94.73
c) Others		
Total:	3,125.83	3,199.42
Less: Interest	1,101.88	896.70
	2,023.95	2,302.72
Less: Provision for Taxation		
Current Tax (Net of MAT credit)	235.33	351.00
Deferred Tax (Net)	275.78	-
Wealth Tax	0.77	0.78
Fringe Benefit Tax	18.90	20.70
Total Profit / (Loss) after Tax	1,493.17	1,930.24
3. Capital Employed (Segment Assets – Segment Liabilities)		
a) Pipes	17,837	17,215
b) Tools	4,700	4,287
c) Others	(63)	(10)
Total:	22,474	21,492



a) **Segment assets and liabilities:**

All segment assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances.

b) **Segment revenue and expenses:**

Segment revenue and expenses are directly attributable to the segment. It does not include interest income on inter corporate deposits, profit on sale of investment, interest expense.

11. Related Party Disclosure as required by the Accounting Standard 18 (AS 18): -

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

(Rs. in Lacs)

[Balance (Net)=Receivable Payable / Deposits / Loans etc.]		Balance Carried to Balance Sheet (Net) as at 31-03-2009		Balance Carried to Balance Sheet (Net) as at 31-03-2008	
		Receivable	Payable	Receivable	Payable
i) Key Management Personnel	Shri Yash Birla -Chairman Shri M.S. Arora -Managing Director (CEO & Executive Director till 27th July, 2009)				
ii) Enterprises Owned or significantly influenced by key management personnel or their relatives.	1. Dagger Forst Tools Ltd. 2. Birla Precision Technologies Ltd. 3. Birla Power Solutions Ltd. 4. Birla Accu Cast 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. 10. Viking Travels Pvt.Ltd. 11. Birla Shloka Edutech Ltd. 12. Birla International Pvt.Ltd.- Deposit Other 13. Nirved Traders Pvt.Ltd. 14. Birla Infrastructure Pvt.Ltd. 15. Mounthill Investment Pvt.Ltd. 16. Sonakshi Consultant Pvt.Ltd. 17. Asian Distributors Ltd.	--- 2.63 2580.34 718.26 63.16 --- --- 287.12 101.77 --- --- 169.31 704.02 --- 894.66 554.35 548.46 ---	15.46 --- --- --- --- 43.03 1.47 - --- 0.43 48.45 --- --- 0.81 --- --- --- 4.43	--- 0.87 1803.96 567.46 --- --- --- --- --- --- 1.36 168.93 969.17 --- 981.01 508.18 503.34 ---	107.87 --- --- --- 6.97 43.03 1.47 38.82 0.54 2.01 --- --- --- --- --- --- 4.43



(b) Transactions with related parties

(Rs. in Lacs)

	Key Management Personnel		Enterprise owned and significantly influenced by Key Management personnel or their relatives	
	31-03-2009	31-03-2008	31-03-2009	31-03-2008
Sale of Goods	---	---	1880.26	2097.57
Purchase of Goods	---	---	440.42	7.92
Purchase of Electric Power	---	---	28.55	42.56
Commission paid	---	---	---	21.13
Travel Agency	---	---	13.85	8.78
Service charges	---	---	226.20	256.24
Rent Paid	---	---	7.93	41.78
Inter Corporate Deposit - Paid	---	---	964.57	1117.10
Interest	---	---	441.58	570.82
Inter Corporate Deposit – Recd.	---	---	---	100.00
Other	---	---	0.87	1.31
Remuneration	39.26	28.31	---	---

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

12. In compliance with AS 20-“Earning per Share” issued by the Institute of Chartered Accountants of India, the disclosures are as follows:

(Rs. in Lacs)

		31st March, 2009	31st March, 2008
Net Profit for the year attributable to Equity Shareholder	Rs.in Lacs	1,493.17	1,930.24
Average number of Equity Shares outstanding during the period	Nos.	4,00,72,544	4,00,72,544
Nominal value of ordinary share	Rs.	10.00	10.00
Basic /Diluted earnings per share	Rs.	3.70	4.82

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

(Rs.in Lacs)

Component	As on 01-04-2008	For the year Ended 31-03-2009	As on 31-03-2009
Foreign Exchange Gain / (Loss) as per AS-11 Notification.	---	(373.21)	(373.21)
Depreciation as per Book	---	328.95	328.95
Less: Depreciation as per Income Tax	---	114.44	114.44
Difference between Book and Tax Depreciation	---	214.51	214.51
Deferred Tax (Liability) / Asset	---	(158.70)	(158.70)

Note: Deferred Tax Liability as on 31st March, 2009 of Rs. 158.70 lacs net of Deferred Tax Asset of Rs. 117.08 lacs upto 31st March, 2008, which has been adjusted against General Reserve.

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

15. During the year 2006-07 the Company made Follow on Public Issue and consequently raised Rs. 120.95 Crores (Net) in aggregate.

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

(Rs. in Crores)

Particulars	Projected Amount
Projected Amount	131.00
Amount Spent till 31 st March, 2009	50.64
Balance amount to be spent	80.36

Pending full utilization, the balance amount is held in Current/Fixed deposit /liquid assets accounts. Similarly the Company has also deployed the available surplus in reducing its working capital and cash credit utilization for ensuring the timely availability of resources when required.

16. Particulars of utilization of Secured Term Loan from Foreign Institution availed in the year 2006-07.

(Rs.in Crores)

Sr. No.	Particulars	Projected Amount
1.	Term Loan Received from Foreign Institution . Less: Eligible exchange difference loss	50.95 6.44 44.51
2.	Fund utilized for Upgradation of Existing Facility, Project Advances and Expenditure towards disbursement and Interest repayment thereon.	36.82
3.	Net Balance available (earmarked for equipment purchase, Term Loan repayment and Interest thereon).	7.66

17. Disclosures in respect of Derivatives Instruments:

- i) Derivative Instruments outstanding as on 31st March, 2009 Rs. NIL
- ii) Foreign Currency Exposure that are not hedged by forward contracts as at 31st March, 2009.

		Amount (USD) 2008-09	Amount (USD) 2007-08	Amount (EURO) 2008-09	Amount (EURO) 2007-08
1.	Term Loan	1,00,00,000	1,00,00,000	-	-
2.	Creditors	61,91,512	1,72,738	31,772	2,75,480
3.	Debtors	7,11,719	18,50,135	47,880	31,309
4.	Other Payable	9,72,523	6,47,014	-	-
	TOTAL	1,78,75,754	1,26,69,887	79,652	3,06,789

18. The unrealized profit in respect of stock could not be eliminated in absence of the relevant information.

19. Figures less than Rs.500 have been shown as actuals in brackets.

20. Corresponding comparative figures of the previous period have been regrouped, wherever necessary.

21. Significant Accounting Policies followed by the Company are stated in the Annexure "A" appended to the Schedule.

22. Cash Flow Statement is attached in Annexure "B" to the Schedule.

As Per the attached report of even date

By Order of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

M.S. ARORA
Managing Director

SHISHIR DALAL
Partner

AUGUSTINE P. KURIAS
Director

Mumbai, 27th August, 2009



Annexure "A" referred to in Note No.21 in Schedule 20 of the Accounts for the year ended 31st March 2009.

CONSOLIDATED STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 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 issued by the Institute of Chartered Accountants of India, and those of foreign subsidiary have been prepared in accordance with the local laws and the applicable Accounting Standards / Generally Accepted Accounting Principles.

2. 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) In 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.

3. Fixed Assets:

(a) 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.

(b) Depreciation/Amortisation:

- i) The Company provides depreciation on all its assets acquired after 30th June, 1987 on the Straight Line Method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on all assets acquired upto 30th June, 1987 is provided at the rates of depreciation prevalent at the time of acquisition of the assets in accordance with Circular No. I of 1986(1/1/86-CL-V) dated 21-5-1986 issued by the Company Law Board.
- iii) Depreciation on assets revalued is also calculated at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, subject to (ii) mentioned above. The additional charge of depreciation on account of revaluation is withdrawn from Revaluation Reserve (to the extent not adjusted) and credited to Profit & Loss Account.
- iv) Cost of leasehold land is amortised over the period of lease.

4. Borrowing cost:

Borrowing costs that are attributable to acquisition of qualifying assets are capitalised as a part of total cost of such assets.

5. Investments:

Investments are stated at cost of acquisition or at book value in case of diminution in value.

6. Inventories:

- i)

a) Raw Material	At cost/at net realisable value
b) Stores & Spares parts	At cost/at estimated value
c) Semi-Finished Goods/Work-in-Process	At estimated cost
d) Finished Goods	Lower of cost or net realisable value
e) Material in transit	Cost to date
f) Industrial scrap	Estimated realisable value
- ii) The Cost of Raw Materials, Stores & Spares is determined on 'First In First out' or 'Weighted Average Cost' basis.
- iii) In case of Tools Division Cost of Finished Goods and under Process is determined by using the 'retail method', whereby the cost is computed by reducing from the sale value of the year end inventories the global gross margin.

**7. 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) Liability on account of Excise Duty in respect of Goods manufactured is provided for.

8. 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.

9. Employee Benefits:

A. 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.

B. 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) Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, which are Defined Benefit Plans, 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.

10. 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 revalourised 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, is adjusted to the acquisition cost of such assets and depreciated over remaining useful life. (Refer Note No. 5).

11. Expenses on New Projects:

Expenses incurred on new projects are carried in the Accounts under the head Loans and Advances, such expenses are written off or charged to revenue in the year in which decision is taken not to pursue or the same is abandoned.

12. 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/expenditure 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 of its realisation. Deferred tax assets on account of other timing differences are recognised on the basis of reasonable certainty about its realisation.

13. Impairment of Assets:

- a) 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.
- b) 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.

14. 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.



ANNEXURE "B" REFERRED TO IN NOTE NO. 22 IN SCHEDULE 20 OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2009.
CASH FLOW STATEMENT

	(Rs.in Lacs)	
	For the year Ended 31.03.2009	For the year Ended 31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	2,015.16	2,302.04
<u>Adjustment for :</u>		
Depreciation (Net)	501.80	466.51
Loss/(Profit) on Sale of Assets	13.41	0.57
Interest	1,101.88	896.70
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,617.09	1,363.78
<u>Adjustment for :</u>		
Trade and other receivables	1,562.12	(6,608.56)
Inventories	(1,365.95)	(287.67)
Trade Payables	(1,614.39)	3,751.27
CASH GENERATED FROM OPERATIONS	2,214.03	520.86
Current Tax (Net of MAT Credit)	(235.33)	(351.00)
Wealth Tax	(0.77)	(0.78)
Fringe Benefit Tax	(18.90)	(20.70)
NET CASH FLOW FROM OPERATING ACTIVITIES	1,959.03	148.38
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2,173.46)	(809.72)
Investment (Net)	(500.00)	112.92
Sale of Fixed Assets	17.71	1.25
NET CASH FLOW FROM INVESTING ACTIVITIES	(2,655.75)	(695.55)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid (Refer Note 7 of working sheet attached)	(1,109.23)	(942.96)
Proceeding Share Capital and Premium thereon	(338.75)	(29.45)
Borrowings (Net of repayments)	2,640.51	(1,732.28)
Dividend paid	(93.77)	(281.30)
Interim Dividend paid	-	(234.41)
NET CASH FLOW FROM FINANCING ACTIVITIES	1,098.76	(3,220.40)
NET INCREASE IN CASH AND CASH EQUIVALENTS	402.04	(3,767.57)
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL 2008		
(Opening Balance)	1,932.82	5,700.39
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH 2009		
(Closing Balance)	2,334.86	1,932.82

ZENITH BIRLA (INDIA) LIMITED

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

ATTENDANCE SLIP

DP. Id*

Folio No.

CLIENT Id*

NAME AND ADDRESS OF THE SHAREHOLDER _____

No. of Share(s) held _____

I/We hereby record my/our presence at the FORTY SEVENTH ANNUAL GENERAL MEETING of the Company at Sunville Banquets & Conference Hall, Orchid Room, 2nd Floor, 9 Dr. A.B. Road, Worli, Mumbai 400018 on Thursday, the 24th September, 2009 at 4.00 P.M.

Signature of the Member/Proxy present _____

*Applicable for investors holding shares in Electronic Form.

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

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

ZENITH BIRLA (INDIA) LIMITED

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

PROXY FORM

I/We _____

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

hereby appoint _____ of _____

_____ in the district of _____ or

failing him _____ of _____

in the district of _____ as my/our proxy to attend and vote for me/our behalf at the Forty Seventh Annual General Meeting of the Company to be held on Thursday, the 24th September, 2009 at 4.00 P.M.

Signed this _____ day of _____ 2009.

FOR OFFICE USE ONLY

PROXY NO.

LEGER FOLIO

NO. OF SHARES

Signature _____

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.

BOOK-POST

*If undelivered, please return to:
The Secretarial Department*

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