



THE YASH BIRLA GROUP

ZENITH BIRLA (INDIA) LIMITED



Annual Report 2009 - 2010



Chairman's Note

Year 2010 marks the Golden Jubilee year of the Company.

As we celebrate the 50th year of existence of the Company in 2010, it is a matter of great pride to reflect on and recognize the enormous progress made by Zenith over the years. There have been good times and difficult times over its history. However, Zenith has many achievements to its credit which are significant milestones.

All this would not have been possible without the unflinching support of our shareholders, customers, banks and financial institutions, suppliers, vendors and business partners, employees, government and all those associated with the Company, directly or indirectly. I would like to convey my appreciation and gratitude to all.

The Board of Directors has recommended a final dividend of Rs. 2/- per share on the expanded Share Capital of the Company, as on date. This includes Rs. 1.40 per share, as a special dividend, for commemorating the Company's Golden Jubilee year. The Board has also decided to further reward the shareholders by way of 1 Bonus Share for every 5 Equity Shares held in the Company as on the Record Date to be fixed in this behalf.

We desire to excel our past performance and expand our horizons. Looking ahead, I believe the best is yet to come.

Yash Birla
Chairman

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CORPORATE INFORMATION

Company Identification Number: L29220MH1960PLC011773

Type of business: Manufacturing of Steel Pipes

Authorised Capital: Rs. 155.50 crores

Paid-up Capital: Rs. 53.74 crores (as on 31.03.2010)

Par Value/ Share: Rs. 10/- each

• **Registrar & Share Transfer Agent**

Bigshare Services Pvt. Ltd

E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai 400 072

Tel: 022-28470652/ 40430200, Fax: 022-28475207

Email: info@bigshareonline.com

• **Board of Directors**

Shri Yash Birla	(Chairman)
Shri M.S. Arora	(Managing Director)
Dr. D.V. Kapur	(Director)
Shri Augustine P. Kurias	(Director)
Shri Aniruddha Barwe	(Director)
Shri P.V.R. Murthy	(Director)

• **Auditors**

M/s. Dalal & Shah, Chartered Accountants

• **Registered Office**

Dalamal House,
1st Floor, 206, J.B. Marg,
Nariman Point, Mumbai 400 021
Tel: 022-66168400
Fax: 022-22047835

• **Corporate Office**

Vedant Commercial Complex,
Building No. S-2, 2nd Floor, Vartak Nagar,
Pokhran Road No. 1,
Thane (W)-400 606
Tel: 022-67933000
Fax: 022-67933111

• **Bankers**

State Bank of India
Punjab National Bank
Bank of Baroda
Oriental Bank of Commerce
Bank of India

• **Subsidiaries**

Zenith (USA) Inc.
Zenith Middle East FZE

• **Stock Exchanges where the Company's securities are listed**

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

• **Works**

Khopoli unit:

Tal. Khopoli
Dist Raigad,
Maharashtra 410203

Murbad Unit:

Survey (Gut) No. 440/441,
Village Nhave, Taluka Murbad,
Dist. Thane,
Maharashtra

Tarapur Unit:

G-38/39, Tarapur Industrial Area,
Village Saravali, Taluka Palgar,
Dist. Thane,
Maharashtra

Members are requested to note that only tea/coffee will be served during the 48th Annual General Meeting to be held on Monday, 2nd August 2010 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.



NOTICE

Notice is hereby given that the Forty Eighth Annual General Meeting of the members of **ZENITH BIRLA (INDIA) LIMITED** will be held on Monday, the 2nd day of August, 2010 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, 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 Augustine P. Kurias, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, (Registration no. 000038N) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company in place of M/s. Dalal & Shah, Chartered Accountants, the retiring Auditors of the Company, who have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company on their retirement at this Annual General Meeting.

RESOLVED FURTHER THAT the Statutory Auditors be paid such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors, plus reimbursement of out of pocket expenses.”

SPECIAL BUSINESS:

5. **Increase in Authorised Share Capital and Amendment of Memorandum of Association of the Company:**

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 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the Authorized Capital of the Company be and is hereby increased from Rs. 155,50,00,000/- (Rupees One Hundred Fifty Five Crores Fifty Lacs only) divided into 15,55,00,000 (Fifteen Crores Fifty Five Lacs) Equity Shares of Rs. 10/- each (Rupees Ten Only) to Rs. 355,50,00,000/- (Rupees Three Hundred Fifty Five Crores Fifty Lacs only) divided into 35,55,00,000 (Thirty Five Crores Fifty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

- V. The Share Capital of the Company is Rs. 355,50,00,000/- (Rupees Three Hundred Fifty Five Crores Fifty Lacs only) divided into 35,55,00,000 (Thirty Five Crores Fifty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each with power to increase and reduce the Capital, to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Companies Act, 1956, for the time being in force and the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided by the regulations of the Company.

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



6. Amendment of Articles of Association of the Company:

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

“RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the existing Articles of Association of the Company be and is hereby altered by substituting the existing Article 4 with the following Article:

4. The Authorized Share Capital of the Company is Rs. 355,50,00,000/- (Rupees Three Hundred Fifty Five Crores Fifty Lacs only) divided into 35,55,00,000 (Thirty Five Crores Fifty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each capable of being increased or reduced in accordance with the Company's regulations and the legislative provisions for the time being in force in this behalf and power to divide the shares in the Capital for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privilege and/or conditions.

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

7. Issue and allotment of Bonus Shares:

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 applicable provisions of the Companies Act, 1956, Article 191 of the Articles of Association of the Company and in accordance with the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the Regulations”) and subject to such other necessary approvals, permissions and sanctions, as may be required and subject to such terms, conditions or modifications as may be specified while according such approvals, which terms, conditions or modifications may at the discretion of the Board be agreed to, the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution), be and is hereby authorized to capitalize a sum not exceeding Rs. 21,62,99,840/- out of the Company's Share Premium Account or General Reserve Account or such other accounts as are permissible to be utilized for the purpose, as per the audited accounts of the Company for the financial year ended 31st March, 2010 and that the said amount be transferred to the Share Capital Account and be applied for the issue and allotment of equity shares not exceeding 2,16,29,984 equity shares of Rs. 10/- each as Bonus Shares credited as fully paid up, to the eligible members of the Company holding equity shares of Rs. 10/- each whose names appear in the Company's Register of Members on such date (“Record Date”) as the Board may determine, in the proportion of ONE new fully paid equity share of Rs. 10/- each for every FIVE equity shares of Rs. 10/- each held in the Company as on the Record Date and that the new Bonus Shares so issued and allotted shall be treated for all purposes as an increase of the nominal amount of the equity capital of the Company held by each such member and not as income.

RESOLVED FURTHER THAT:

- (a) the new equity shares of Rs. 10/- each to be issued and allotted as Bonus Shares shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing fully paid up equity shares of the Company.
- (b) the share certificates for Bonus Shares be delivered to the shareholders who hold the existing equity shares in physical form and the respective beneficiary accounts be credited with the Bonus Shares, for such shareholders who hold the existing equity shares in dematerialized form, within the prescribed period.
- (c) In case any member's holding in the Company is such that the member becomes entitled to a fraction of an equity share of the Company, the Company shall round off the said entitlement to the nearest integer.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Bonus Shares so allotted on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Regulations and other applicable laws.



RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Bonus Shares without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto and for matters connected herewith or incidental hereto expressly by the authority of this resolution”.

8. Waiver of recovery of excess remuneration:

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

“RESOLVED THAT subject to the approval of the Central Government, approval be and is hereby accorded for waiver of recovery of excess remuneration of an amount Rs. 27.18 lacs paid to Shri M.S. Arora, Managing Director of the Company during the financial year 2009-10.”

9. Increase in Remuneration of Managing Director:

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 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, Managing Director as per the terms and conditions as set out hereunder, with effect from 1st April, 2010 till the expiry of his present term i.e. 9th July, 2012, notwithstanding that such remuneration is in excess of the limits specified in Part II of Schedule XIII of the Companies Act, 1956:

I. Salary/ Perquisites/Benefits/Allowance

1. Shri M. S. Arora shall be entitled to a salary, perquisites, allowances & benefits not exceeding Rs. 1.10 crores per annum.
2. Perquisites, benefits and allowance includes House Rent Allowance, Furnishing Allowance, House Maintenance, gas, electricity, water, Medical Re-imbursement, Leave Travel Concession for self & family, Car Maintenance and Drivers allowance, etc. and any other perquisites, benefits & allowances as per the policy / rules of the Company that may be in force. Allowances and perquisites shall be valued as per the Income Tax Rules, wherever applicable and in the absence of any such Rules, the perquisites shall be evaluated at actual costs to the Company.
3. Shri M.S. Arora shall also be entitled to Company's contribution to Provident Fund, Superannuation Fund, Pension Fund, Gratuity, Encashment of Leave at the end of his tenure as Managing Director, as per the policies/ rules of the Company and the same shall not be included for the purposes of computation of perquisites.

II COMMISSION

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

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

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

Mumbai
Date: 24th June, 2010

M.S. Arora
Managing Director



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 closed from 9th July, 2010 to 12th July, 2010 (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, if declared at the meeting, will be paid within 30 days from the date of the Annual General Meeting to those members whose names appear in the Company's Register of Members on 8th July, 2010; in respect of the shares held in dematerialized form, the dividend will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
4. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Bigshare Services Pvt. Ltd. for consolidation into single folio.
5. Members are requested to promptly notify 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.
6. 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, AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 4 - Appointment of Statutory Auditors:

M/s. Dalal & Shah, Chartered Accountants, Mumbai, the present auditors who retire at this Annual General Meeting have informed the Company that they do not wish to seek re-appointment as Statutory Auditors of the Company at the forthcoming Annual General Meeting.

Based on the recommendation of the Audit Committee, the Board of Directors proposes the appointment of M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, as the Statutory Auditors of the Company in place of M/s. Dalal & Shah, Chartered Accountants, the retiring Auditors of the Company, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

The member's approval is being sought for the appointment of M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board of Directors to determine the remuneration payable to the Statutory Auditors.

None of the Directors are concerned or interested in the said resolution.

The Board recommends the resolution as mentioned in Item no.4 of the notice.

Item No. 5 and 6- Increase in Authorized Share Capital and alteration of Memorandum and Articles of Association of the Company:

The Company proposes to augment its requirement of funds for meeting further capital expenditure and working capital by way of further issue of shares. It is therefore deemed appropriate to increase the Authorized Share Capital of the Company from Rs. 155.50 crores to Rs. 355.50 crores and consequently to alter the Memorandum and Articles of Association of the Company as set out at item no. 5 & 6 of the accompanying notice.



In accordance with the provisions of the Companies Act, 1956, the Company is seeking the approval of the shareholders for increase in the authorized share capital and for alteration in Capital Clause V of Memorandum of Association and Article 4 of the Articles of Association.

None of the Directors are concerned or interested in the said resolution.

The Board recommends the resolutions as mentioned in Item no.5 & 6 of the notice.

Item No. 7 - Issue and allotment of Bonus Shares:

The Board of Directors at its meeting held on 24th June, 2010 has decided to reward the shareholders, in the Golden Jubilee year of the Company, by way of bonus issue. The Board has, subject to the approval of the members of the Company, approved the issue of bonus shares in the ratio of 1:5, i.e. ONE new fully paid up equity share of Rs. 10/- each for every FIVE fully paid up equity shares of Rs. 10/- each held in the Company, to the eligible members of the Company as on the Record Date to be fixed by the Board for this purpose.

The Bonus Shares shall be issued pursuant to the applicable provisions of the Companies Act, 1956, Article 191 of the Articles of Association of the Company, the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to such other approvals, if any required, after capitalizing the required sum from the Company's Share Premium Account/General Reserve Account/or such other accounts as are permissible to be utilized for the purpose.

The Bonus Shares so allotted shall rank *pari passu* in all respect and shall carry the same rights as the existing fully paid up equity shares of the Company.

In case any member's holding in the Company is such that the member becomes entitled to a fraction of an equity share of the Company, the Company shall round off the said entitlement to the nearest integer.

The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their respective shareholding in the Company.

The Board recommends the resolution as mentioned in Item no.7 of the notice.

Item No. 8 - Waiver of recovery of excess remuneration:

During the financial year 2009-10, Shri M.S. Arora, Managing Director, was entitled to salary & perquisites not exceeding Rs. 58.62 lacs as per the shareholders resolution. However, the actual amount of salary & perquisites paid/provided to Shri M.S. Arora during the financial year 2009-10 was Rs. 85.80 lacs. As a result, excess remuneration paid/provided to Shri M.S. Arora during the financial year 2009-10 amounts to Rs. 27.18 lacs, and hence requires approval of the shareholders for waiver of recovery of excess remuneration paid. As the total remuneration paid to Shri M.S. Arora during the financial year 2009-10 has exceeded the limits as specified in Part II of Schedule XIII of the Companies Act, 1956, the waiver of recovery of excess remuneration paid is also subject to the approval of Central Government.

None of the Directors except Shri M.S. Arora, are concerned or interested in the said resolution.

The Board recommends the resolution as mentioned in Item no.8 of the notice.

Item No. 9 - Increase in Remuneration of Managing Director:

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

The Remuneration Committee and the Board of Directors of the Company in their meeting held on 24th June, 2010 have recommended increase in remuneration of Shri M. S. Arora w.e.f. 1st April, 2010, subject to the approval of the shareholders of the Company and the Central Government / other statutory authorities.

Shri M. S. Arora, aged 48 years is a qualified BE (Mechanical) from REC, Bhopal. He has more than two decades of experience in the field of Operations, Marketing, Export and General Management. Prior to joining the Company, he was the Chief Operating Officer of Man Industries Ltd. He has also held various senior level positions in Welspun Gujarat Stahl Rohren Ltd., PSL Limited and Voltas Limited. The Company has benefited from his rich and varied experience and continues to do so.



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

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

The Board recommends the resolution as mentioned in Item no. 9 of the notice.

INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION

1) Nature of Industry :

The Company manufactures black welded and galvanized steel pipes.

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

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

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

Not applicable

4) Financial Performance based on given indicators:

(Rs. in Lacs)

Financial Year ended	2009-10	2008-09	2007-08
Net Sales	48016.02	58295.98	46196.40
Total Income	50485.37	58425.70	47900.79
Total Expenditure	48488.74	56348.66	45606.95
Profit before Tax	1996.63	2077.04	2293.84
Profit after Tax (after prior period adjustments)	1195.86	1537.48	1920.68

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

(Rs. in lacs)

Financial Year ended	2009-10	2008-09	2007-08
Foreign Exchange Earnings (FOB value of Export)	19822.03	25166.99	15535.69

6) Foreign Investments or collaborators, if any:

The Company has the following two wholly owned subsidiaries:

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

II. INFORMATION ABOUT THE APPOINTEE:

1) Background details:

Shri M. S. Arora, aged 48 years is a qualified BE (Mechanical) from REC, Bhopal. He has more than two decades of experience in the field of Operations, Marketing, Export and General Management. Prior to joining the Company, he was the Chief Operating Officer of Man Industries Ltd. He has also held various senior level positions in Welspun Gujarat Stahl Rohren Ltd., PSL Limited and Voltas Limited. He was appointed as the CEO & Executive Director of the Company w.e.f. 10th July, 2007 and Managing Director w.e.f. 27th July, 2009.

2) Past Remuneration :

For the year 2009-10	(Rs. In Lacs)
Salary	73.14
Commission	60.48
Perquisites, allowances, etc	18.90
Total	152.52