



THE YASH BIRLA GROUP

ZENITH BIRLA (INDIA) LIMITED



Annual Report 2011 - 2012

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ATTENDANCE SLIP AND PROXY FORM



CORPORATE INFORMATION

- **Board of Directors**

Shri Yashovardhan Birla	(Chairman)
Shri M. S. Arora	(Managing Director)
Shri P. V. R. Murthy	(Non Executive & Non-Independent Director)
Shri D. V. Kapur	(Independent Director)
Shri Augustine P. Kurias	(Independent Director)
Shri Anoj Menon	(Independent Director)

- **Company Secretary & Compliance Officer**

Mrs. Harsha Kedia

- **Auditor**

M/s Thakur, Vaidyanath Aiyar & Co., Chartered Accountants

- **Bankers**

State Bank of India
Punjab National Bank
Bank of Baroda
Oriental Bank of Commerce
Bank of India
Axis Bank
Shamrao Vittal Co-operative Bank

- **Works**

Khopoli Unit

Tal. Khopoli
Dist Raigad
Maharashtra 410203

Murbad Unit

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

Tarapur Unit

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

- **Registered Office**

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

Corporate Office

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

- **Registrars & Share Transfer Agents**

Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai 400 072
Tel: 022-28470652/ 40430200
Fax: 022-28475207
Email: investor@bigshareonline.com



NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of the members of **ZENITH BIRLA (INDIA) LIMITED** will be held on Monday, 17th day of September 2012 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri D. V. Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri A. P. Kurias, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** M/s. Thakur, Vaidyanath Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 000038N) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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



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

I. Salary/ Perquisites/Benefits/Allowance

- i. Shri M. S. Arora shall be entitled to a salary, perquisites, allowances & benefits not exceeding Rs. 1.25 crores per annum.
- ii. Perquisites, benefits and allowance includes House Rent Allowance, Education Allowance, Servant Allowance, Flexible Allowance, Re-imbursement of Newspaper/Magazines/Journals Expenses, Medi-claim insurance premium Re-imbursement for self & Family, Medical allowance, Leave Travel Concession for self & family etc. and any other perquisites, benefits & allowances as per the policy / rules of the Company that may be in force. Allowances and perquisites shall be valued as per the Income Tax Rules, wherever applicable and in the absence of any such Rules, the perquisites shall be evaluated at actual costs to the Company.
- iii. Shri M. S. Arora shall also be entitled to Company's contribution to Provident Fund, Encashment of Leave at the end of his tenure as Managing Director, as per the policies/ rules of the Company and the same shall not be included for the purposes of computation of perquisites.
- iv. Shri M. S. Arora shall also be entitled to Gratuity at the rate of one month's salary for each completed year of service.

II. Commission

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

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

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

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

Place : Mumbai
Date : 13th August, 2012

Harsha Kedia
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND TO VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business under Item No. 5 and 6 is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the meeting.
4. Pursuant to Clause 49 of the Listing Agreement the details of the Directors seeking appointment / re- appointment at the ensuing Annual General Meeting is provided in the Corporate Governance Report.
5. In case of joint holders, attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.



6. The Register of Members and Share Transfer Books of the Company will remain close from 11th September, 2012 to 17th September, 2012 (both days inclusive).
7. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Bigshare Services Pvt. Ltd. for consolidation into single folio.
8. Members are requested to promptly notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
9. Members are requested to:
 - a. Bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - b. Complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - c. Send their questions at-least 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.

10. Important communication – Support Green Initiative

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

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

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

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No: 5

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

(Rs. In lacs)

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



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

(Rs. In lacs)

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

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

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

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

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

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

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

Item No: 6

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

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

Subject to the approval of the shareholders of the Company and any other regulatory authorities, as may be required, the Remuneration Committee and the Board of Directors of the Company in their meeting held on 25th May, 2012 have re-appointed Shri M.S. Arora as Managing Director of the Company for a period of 3 years w.e.f. 10th July, 2012.

Shri M. S. Arora, aged 50 years is a qualified BE (Mechanical) from REC, Bhopal. He has more than two decades of experience in the field of Operations, Marketing, Export and General Management. Prior to joining the Company, he was the Chief Operating Officer of Man Industries Ltd. He has also held various senior level positions in Welspun Gujarat Stahl Rohren Ltd., PSL Limited and Voltas Limited. The Company has benefited from his rich and varied experience and continues to do so.

The re-appointment of Shri M. S. Arora as mentioned above is subject to the approval of shareholders of the Company and any other regulatory authorities, as may be required.



Accordingly, the Board of Directors recommends the resolution set out at item No. 6 of the Notice for approval of the members.

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

INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION

1) Nature of Industry :

The Company manufactures black welded and galvanized steel pipes.

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

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

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

Not applicable

4) Financial Performance based on given indicators :

(Rs. in Lacs)

Financial Year ended	2011-12	2010-11	2009-10
Net Sales	46136.43	49430.20	48016.02
Total Income	48421.83	51078.52	50485.37
Total Expenditure	48157.81	49561.91	48488.74
Profit before Tax	264.02	1516.61	1996.63
Profit after Tax (after prior period adjustments)	153.71	1088.42	1195.86

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

(Rs. in lacs)

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

6) Foreign Investments or collaborators, if any :

The Company has the following two wholly owned subsidiaries:

1) Zenith (USA) Inc. in U. S. A., and

2) Zenith Middle East FZE in U.A.E.

II. INFORMATION ABOUT THE APPOINTEE

1) Background details :

Shri M. S. Arora, aged 50 years is a qualified BE (Mechanical) from REC, Bhopal. He has more than two decades of experience in the field of Operations, Marketing, Export and General Management. Prior to joining the Company, he was the Chief Operating Officer of Man Industries Ltd. He has also held various senior level positions in Welspun Gujarat Stahl Rohren Ltd., PSL Limited and Voltas Limited.

2) Past Remuneration :

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

3) Recognition or awards :

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



4) Job Profile and his suitability :

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

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

5) Remuneration Proposed :

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

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

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

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

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

III. OTHER INFORMATION

1) Reasons for loss or inadequate profit :

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

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

The Company is aggressively pursuing its business plans to move up in value chain by diversifying/expanding into location and additional product range. The Company is also in the process of improving its performance by achieving organic & inorganic growth.

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

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

IV. DISCLOSURES

1. Shri M. S. Arora does not hold any interest in the capital of the Company, directly or indirectly or through any other statutory structures. Further, Shri M. S. Arora does not have any direct or indirect interest nor is he related to any other directors or promoters of the Company at any time during last two years before or on the date of appointment.
2. Shri M. S. Arora is also Managing Director of Birla Precision Technologies Limited and he draws remuneration of Rs. 75 lacs per annum from there.

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

Place : Mumbai
Date : 13th August, 2012

Harsha Kedia
Company Secretary



DIRECTORS' REPORT

To the Members,

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

1. FINANCIAL RESULTS

(Rs. in lacs)

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

2. FINANCIAL HIGHLIGHTS

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

3. DIVIDEND

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

4. EXPORT PERFORMANCE

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

5. EXPANSION PROJECT

Your Company is setting up Saw Mill (Spiral Mill) project and also contemplating expansion in its existing ERW pipe range for bigger diameter pipes at such location as may be decided by Board.

6. SUBSIDIARY COMPANY

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