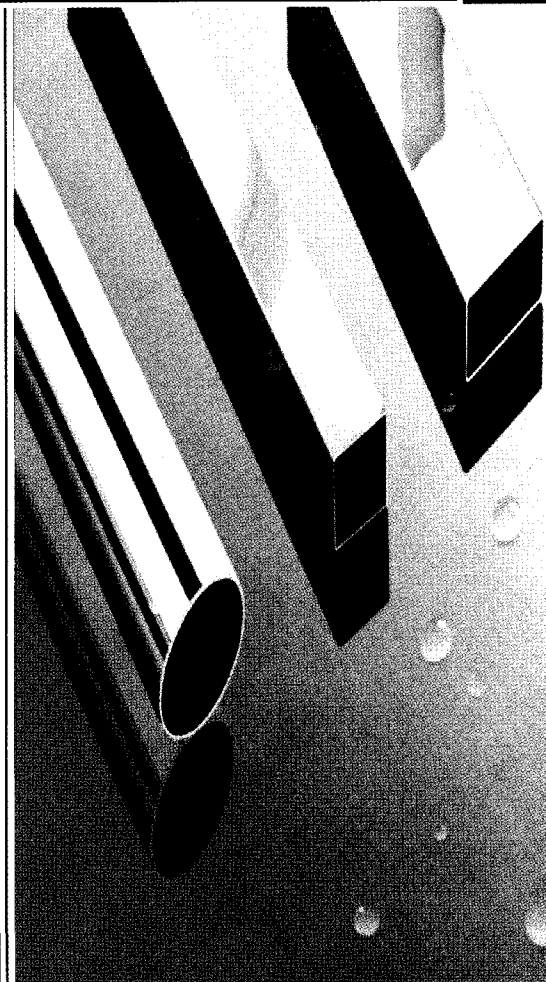


2009

# ANNUAL REPORT



**GOOD LUCK STEEL TUBES LIMITED**

**BOARD OF DIRECTORS**

Mr. Mahesh Chand Garg	Chairman
Mr. Ramesh Chand Garg	Whole Time Director
Mr. Anil Kumar Garg	Whole Time Director
Mr. Vijender Kumar Tyagi	Independent Director
Mr. Rahul Goel	Independent Director
Mr. Anurag Agarwal	Independent Director

**STATUTORY AUDITOR**

M/s Sanjeev Anand & Associates

**COMPANY SECRETARY**

Mr. Abhishek Agrawal

**BANKERS**

ING Vysya Bank Ltd.  
Bank of Baroda  
Punjab National Bank

Union Bank of India  
Barclays Bank

**WORKS**

A 42 & 45, Industrial Area,  
Sikandrabad,  
Distt. -Bulandshahar (U. P.)

A-51, Industrial Area,  
Sikandrabad,  
Distt. -Bulandshahar (U. P.)

Khasra No. 2839, Dhoom  
Manik Pur, Dadri,  
Distt.- G. Budh Nagar (U.P.)

**REGISTRAR & TRANSFER AGENT**

Mas Service Limited  
T -34, 2<sup>nd</sup> Floor,  
Okhla Industrial Area, Phase – II, N. Delhi – 110 020  
Ph.: 011 – 2638 7281,282,283  
Fax: 011 – 2638 7384

**COMPANY ADDRESS**

Registered Office :  
5/102, Sikka Complex,  
Community Centre, Preet Vihar,  
Viaks Marg, Delhi – 11 00 92  
[www.goodlucksteel.com](http://www.goodlucksteel.com)

Corporate Office:  
Good Luck House,  
II – F, 166-167, Nehru Nagar,  
Ambedkar Road, Ghaziabad – (U.P.)

**CONTENTS**

<b>PARTICULARS</b>	<b>Page No.</b>
Chairman's Massage	1
Performance Highlights	3
Director's Report	6
Management Discussion And Analysis	11
Report On Corporate Governance	15
Auditor's Report	25
Balance Sheet	31
Profit & Loss Account	32
Cash Flow Statement	33
Schedule, forming part of Balance Sheet and Profit & Loss Account	35
Balance Sheet Abstract & Company's General Business Profile	52

## CHAIRMAN'S MESSAGE

Dear Shareholders,

It is the matter of immense pleasure to start my message that in spite of global meltdown, we closed fiscal 2009 reporting Annual Revenue of Rs. 490 cr., a year on year growth of 43% and the profit after tax of Rs. 12.50 cr., a year on year growth of 40%.

The Company's Growth has occurred within a challenging economic climate. The world economy has faced slowdown during the previous year which is yet to be finished. The financial crisis that brought back the painful memories of the great depression of the 1930's affected the Indian economy as well.

In spite of global economic crisis, your company has demonstrated leadership, remained disciplined in execution and faced a volatile market with a positive 'can do' attitude.

We believe that tough times don't last, tough people do. At a time like this we constantly remind ourselves that our collective endeavour as an organisation is to build business for the long haul. In the past too, there have been sharp swing in business cycles and there will more of these in future. But we have firm believe in ourselves and we assure you that each time we will come out of the storm fitter and stronger.

In the period of slowdown, which started in United states followed by Western Europe and United Kingdom and affected the entire world, when all the market players were firing their employees in order to cut their cost to survive in the market, we have valued them as our key resources and we owe a large part of our success to them. We have thought of leaders across the company. A majority of our people tap into each other knowledge base and collaborate effectively to achieve a shared vision.

Dear friends, 2008-09 has been yet another year of solid performance for 'GOODLUCK'. We achieved important financial and operating goals and continued to build the base for our future. Your company's performance has been more than satisfactory even in this slowdown, when giant were struggling to survive and mega were sinking, we sailed through the storm and the magical figure of Rs. 500 cr. escaped from us narrowly. However, we succeeded in posting profit before tax of



Rs. 19.17 Cr. higher than Rs. 5.4 Cr. in comparison of previous year and net profit up by Rs. 3.58 Cr. which is indeed commendable.

'Goodluck' is scaling new heights by gaining momentum, emerging stronger, efficiently and consistently recording high growth rates and profit resulting in high return. A feat facilitated by steadily investing in our gross block, expanding our product offering, focusing on market segments that offers the greatest potential for growth & profitability, branching out into new geographies, implementing operational excellence progresses, strengthening our presence in valued segment and at the same time embarking on diving growth through volumes.

Though, the difficult & challenging time has not over, next 12 – 18 months are likely to be difficult but we have faith in ourselves, our colleagues, our customers, our suppliers, bankers and shareholders and firmly believe that with the support of all, we will emerge more strongly and scale new heights in the coming years.

Thanking You

M. C. Garg  
(Chairman)

**PERFORMANCE HIGHLIGHTS**

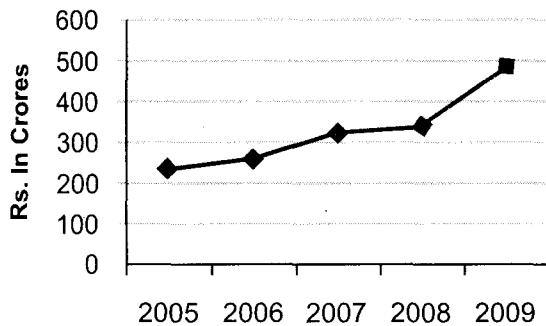
**Production  
up by 14%**

**Revenue  
up by  
43%**

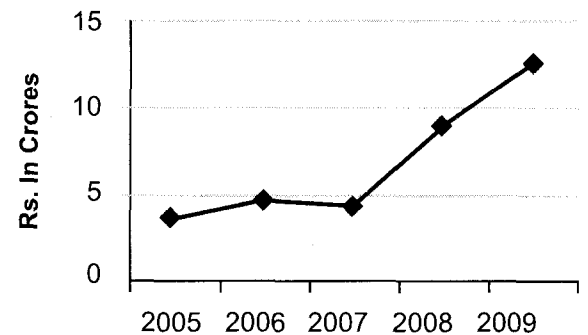
**Profit up by  
40%**

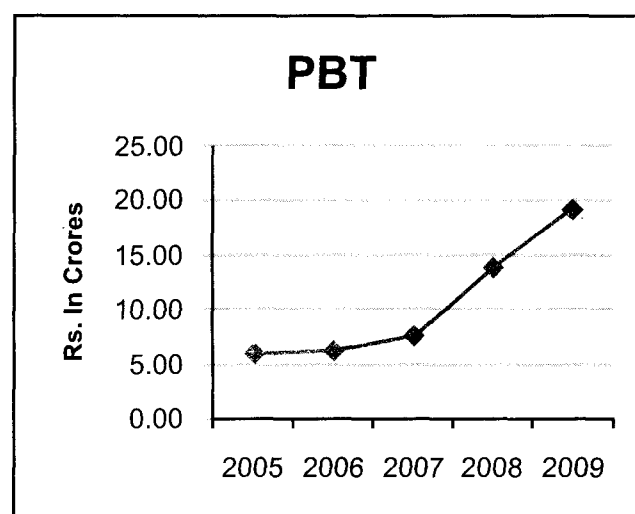
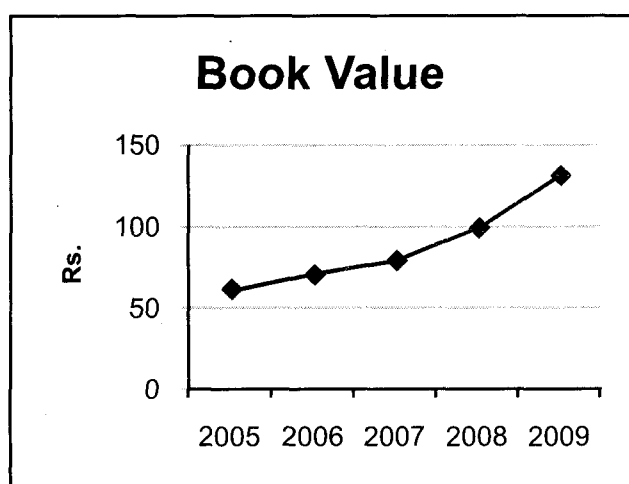
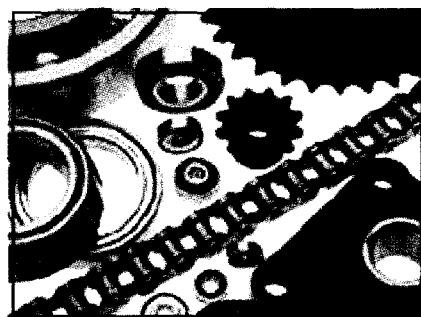
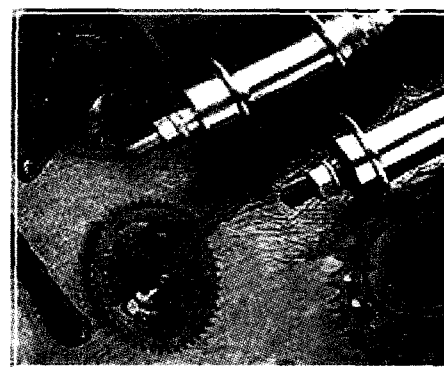
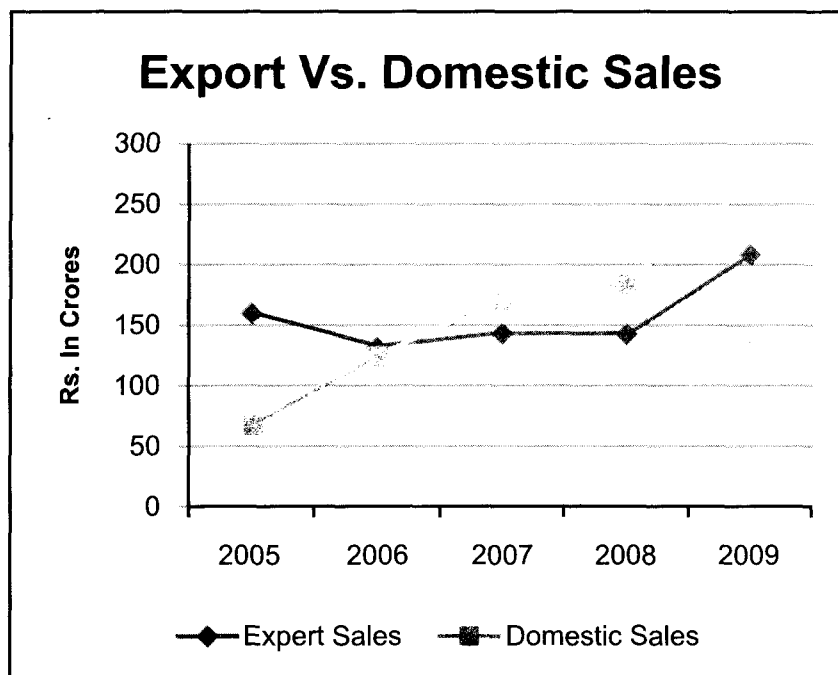
**YEAR 2009**

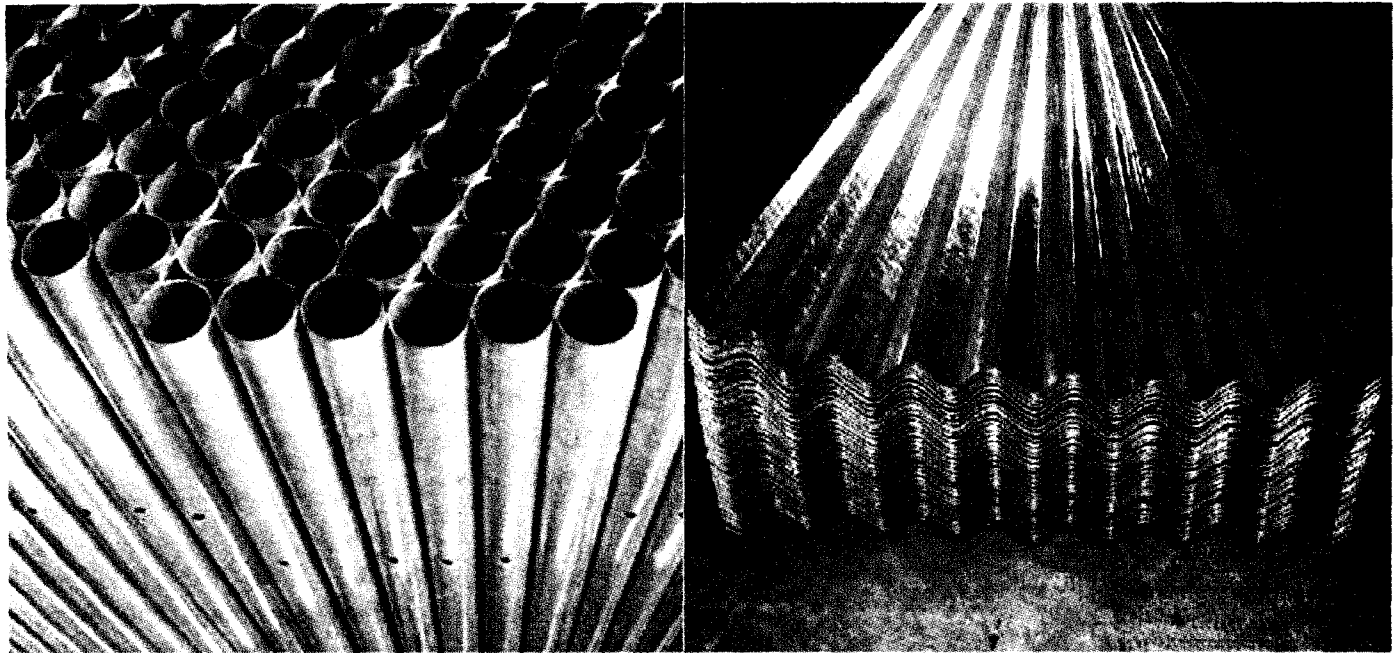
**Total Sales**



**PAT**







## KEY FINANCIAL INDICATORS

(Rs. In crores)

Particulars	2005	2006	2007	2008	2009
Gross Operational Income	249.32	288.97	358.64	380.73	533.74
Other Income	11.29	5.13	6.73	10.53	8.30
Total Income	238.01	261.91	321.70	342.1	490.16
Total Expenditure	232.01	255.70	314.11	328.32	470.99
PBDIT	9.88	10.61	14.63	26.55	34.57
Profit Before Tax	6.00	6.21	7.59	13.78	19.17
Profit After Tax	3.71	4.69	4.35	8.97	12.55
Share Capital	3.69	3.69	3.69	3.69	3.69
Earning Per Share (Rs.)	10.05	12.7	11.77	24.27	33.88
Book Value Per Share (Rs.)	61.52	70.68	79.03	99.78	131.89



## DIRECTOR'S REPORT

**Dear Members,**

Your Directors have pleasure in presenting the Twenty Third Annual Report of your Company along with the Audited Statement of Accounts for the year ended 31 March 2009.

### 1. FINANCIAL RESULTS

Rs. In Crores

Sl. No.	Particulars	Current Year 2008-09	Previous Year 2007-08
1.	Domestic Sales	266.39	184.05
2.	Export Sales	208.18	142.96
3.	Total Income	490.16	342.10
4.	Total Expenses	455.59	315.55
5.	Profit before Int., Dep. & Taxes	34.57	26.55
6.	Interest	12.27	10.10
7.	Depreciation	3.13	2.67
8.	Profit before tax	19.17	13.78
9.	Taxes	6.62	4.80
10.	Profit after Tax	12.55	8.98
11.	Prior Period Adjustment	0.04	0.01
12.	Profit b/f from Previous Year	25.46	18.29
13.	Profit Available for Appropriation	37.97	27.26
14.	<b>Appropriation :</b>		
	General Reserve	2.00	0.50
	Dividend on Eq. Shares	0.56	1.11
	Tax on Dividend	0.10	0.19
15.	Balance Carried to Balance Sheet	35.31	25.46

The Company continued to see profitable growth in the financial year 2008-09 across all markets in existing and new areas of business.

For the year ended March 31, 2009, the Company earned a total income of Rs. 490.16 crore, an increase of 43.27% over previous year's Rs. 342.10 crore.

The net profit of the Company for the year increased to Rs. 12.55 crore as compared to Rs.8.98 crore in the previous year.

### 2. DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend for approval of the Members a Final Dividend of Rs. 0.30 (15%) per share on 18721250 Equity Shares of Rs. 2/- each of the Company for the financial year 2008-09. The Final Dividend on the Equity Shares, if declared as above, would involve an outflow of Rs. 0.56 crore towards dividend and Rs. 0.10 crore towards dividend tax, resulting in a total outflow of Rs. 0.66 crore.

### 3. SHARE CAPITAL

Pursuant to the approval of the shareholders, in their Extra Ordinary General Meeting held on 30<sup>th</sup> May, 2009, the company has reissued 52100 forfeited Equity Shares of Rs. 10 each to a strategic investor on preferential basis and further the company has also sub divided its each equity share of Rs. 10 into five Equity Shares of Rs. 2. This matter was also approved by the shareholders in the above said General Meeting. 19<sup>th</sup> June, 2009 was fixed as the record date.

The Board is of the view that this move will enable the small investors to invest in the company and will improve liquidity of the company's Equity Share in the market.

#### 4. DELISTING

As per the resolution passed by the shareholders in last Annual General Meeting, the company's Equity Share has been delisted from the Ahmedabad Stock Exchange and application with Jaipur Stock Exchange is pending.

The Company's Equity share shall remain listed with Bombay Stock Exchange.

#### 5. DIRECTORS

Smt. Pushpa Garg and Smt. Kanak Lata have resigned from the Directorship of the company. The Board in its meeting dated 18.02.2009 has accepted their resignation. The Board places on record its sincere appreciation of the services rendered by them during their tenure.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Rahul Goel and Mr. Anurag Agrawal, retire by rotation and being eligible, offer themselves for re-appointment.

#### 6. AUDITORS

M/s. Sanjeev Anand & Associates, Chartered Accountants, who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Act upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

#### 7. FIXED DEPOSIT

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

#### 8. PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not

applicable to the company as there was no person in the employment of the company who is in receipt of an aggregate remunerations of Rs. 24,00,000/- or more per annum where employed through out the year or Rs. 2,00,000/- or more per month, where employed for part of the year.

#### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure 'A' to the Directors' Report.

#### 10. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance and Management Discussion and Analysis together with a Certificate from the Company's Auditors on compliance, forming part of the Directors' Report is attached to this report.

#### 11. DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956 the Directors' Responsibility Statement is given hereunder :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of

affairs of the Company at the end of the financial year March 31, 2009 and of the Profit of the Company for that period;

- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

## 12. APPRECIATION

Your Directors take this opportunity to express their sincere appreciation for the excellent support and

cooperation extended by the shareholders, customers, suppliers, bankers and other business associates. Your Directors gratefully acknowledge the ongoing co-operation and support provided by Central and State Governments and all Regulatory bodies.

*Your Directors place on record their deep appreciation for the exemplary contribution made by employees at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.*

On behalf of the Board of Directors

Ghaziabad, 30th June, 2009

**M. C. GARG**  
Chairman

## ANNEXURE A

INFORMATION AS PER SECTION 217(1)(E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2009

**CONSERVATION OF ENERGY :**

Your company has always been conscious of the need to conserve energy and has always attempted various measures for the same wherever possible to achieve reduction in the cost of production. The Company has taken various measures on suggestions of experts in the areas where reduction of fuel and oil conservation is possible.

The details regarding present energy consumption including captive generation are furnished below as per Form A of the Annexure to the Rules :

**FORM A**

<b>A. Power and Fuel Consumption</b>	<b>2008 - 2009</b>	<b>2007- 2008</b>
1. Electricity		
(a) Purchased		
Unit (in thousand) KWH	10343.47	9077.41
Total Amount(Rs. In Lakh)	50861248	398.48
Rate/unit (Rs.)	4.91	4.38
(b) Own Generation		
(i) Through Diesel Generator		
Unit (in thousand)	2108.4	381.72
Units per ltr.of diesel oil	2.80	2.80
Cost/units	10.94	10.28

**B. Consumption per unit of Production**

	2008 - 2009	2007- 2008
Production (MT)	90912.94	79756.57
Electricity	136.96	118.60

**RESEARCH AND DEVELOPMENT (R & D) :**

There was a concerted effort in moving towards a more application orientated approach to both manufacturing as well as sales. The plants also managed to achieve substantial process improvements that resulted in lower rejections, rework and therefore in higher yields.

**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

During the year under review, the total foreign exchange earning and outgo of the company are as follows :

(Rs. In Lakh)

Particulars	Current Year	Previous Year
Out go (CIF value of Imports)	78.99	120.14
Out go (Expenditure)	239.14	93.23
Earnings (F.O.B. value of Exports)	19794.91	12963.36

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Overview

The financial year 2008-09 was marked with the advent of recession across the economies around the world coupled with liquidity and credit crisis which led to extreme volatility in the financial markets and the commodity prices. Indian industry has been impacted by these macro-economic factors, especially during the second half of the year, although the extent was milder compared to the developed economies. Despite the global economic slowdown, India's gross domestic product ("GDP") managed to grow at 6.7% which remains one of the highest growth rates in the world.

### 2. Economy

The Indian economy managed 6.7 per cent economic growth in 2008-09 despite the manufacturing sector recording a dismal performance. A 5.8 per cent growth rate during the last quarter of the fiscal, at a time when most developed economies have shrunk, puts India among the top-most growing nations. The growth rate during 2008-09 is lower than the nine per cent in the preceding fiscal, but not as low as expected by certain analysts and quite in the range projected by the RBI: 6.5-7 per cent. However, manufacturing growth turned negative at 1.4 per cent in the fourth quarter, pulling down Q4 GDP growth to 5.8 per cent from 8.6 per cent during the corresponding period of the previous year.

Agriculture posted 1.6 per cent growth in 2008-09 against 4.9 per cent in 2007-08, even as it bettered performance in the fourth quarter of the last fiscal to 2.7 per cent against 2.2 per cent in the same period in the previous fiscal. The Central Statistical Organisation had pegged GDP growth at 7.1 per cent for 2008-09 in its advance estimates.

GDP, that gauges the economics activities of the country, has been a sharp correction world over in the last one year. However India is able to maintain a

decent GDP growth rate of 6.7%, mainly because it is majorly depended on domestic demand rather than exports.

The GDP of most of the regions has turned to negative from the third quarter of CY08. However, though India and China have witnessed a slowdown in their economic activities, their GDP growth is still in the positive territory and above 5%. China and India would thus be the major demand drivers going ahead.

Apart from India, globally a lot of stimulus packages have been announced off lately to boost the deteriorating economic conditions. The Stimulus packages announced so far amount to 2.6 % of the world GDP.

These packages announced cater to varied needs from tax cuts to auto bailout packages, to boost construction and infrastructure sector, and to meet the liquidity needs. We therefore believe that these packages if not able to generate incremental demand, will at least helps sustain demand at current level thereby stabilizing the steel prices at the current level.

We therefore believe that the stimulus packages announced so far is likely to uplift the economic activities, thereby generating the demand for basemetals, steel and iron ore. Steel prices seem to have consolidated at the current levels in india as well as Euro-Zone.

### 3. Steel Industry

Steel which is majorly used in the construction sector had witnessed a severe slump in demand in the last one year, due to the global economic downturn the global crude steel production plunged to 1329 Million MT in the same year.

The global crude steel production dropped to 1329 Million MT in CY08, as steel producers had cut down their production to be in line with the waning

demand. Monthly steel production had made a high of 120 Million MT in May 08, after which the production started its downfall. A lot of production cuts were announced in the last two quarters to match this severe slump in demand.

Monthly steel production dropped from the peak of 120 Million MT in August to a low of 83 Million MT in Feb09. However now this scenario seems to have improved with crude steel production rising to 95.6 Million MT in May 09, Though down by 21 % YoY, but on a MoM basis the growth rate is substantial, an increase of 8%.

This increase in production is mainly contributed by the developing countries like India and China. Indian steel Industry due to its inherent strength of lower cost of production and government support, in the form of stimulus packages, has been emerged as the 3rd largest steel producing nation in the world after China and Japan in the first five months of CY 09. This increase in production is mainly because of the strong demand in the domestic market.

The Indian HRC, main raw material for our products, prices had been seen a sharp correction, falling from a high of Rs. 45000/tonne to a low of Rs. 25000/tonne. However after consolidating at the lower levels the steel prices now seem to have taken a U-TURN. They have now increased by Rs. 4000-5000/tons to Rs. 29750/tonne in the last few months. We believe that the steel prices are likely to sustain at the current levels as it is backed by huge demand. Also as the demand will increase it will incentivize the small and marginal players who had shut down their operations to resume their production activities, thereby increasing the supply also. Further hike in the steel prices will therefore be capped at the current levels by increase in supply from the small players.

In the Euro-Zone also, the steel prices seem to have consolidated. The Northern European HRC prices have bounced back from their lows of \$463/tonne to \$553 /tonne, a jump to 19%, but we believe that the steel prices are unlikely to reach higher levels in Euro-Zone as the economic scenario still looks frail.

However the restocking activity to be adopted by the industry players as steel inventory clears, is likely to provide a support level to the steel prices at current levels. We thus believe that though European steel prices are yet to see a sharp breakout, but the worst seems to be over.

Domestically the steel demand seems to have revived on the back of good sales numbers reported by the major Indian steel producers like SAIL.

Steel makers especially private ones have been posting impressive growth numbers since the first quarter of CY09. Tata steel's crude steel production in April-june period went up by 20% YoY and JSW Steel's output increased by 45% YoY to 14.09 lakh tones state –controlled steel makers like Steel Authority of India (SAIL) posted a modest 3.73 % YoY increase in saleable steel production and Rashtriya Ispat Nigam Ltd (RINL) a 2.09% YoY jump in its finished steel production. For the first Quarter ended June 09 the sales volume of the top three steel companies like SAIL, Tata Steel and JSW steel is likely to rise by 19% YoY to 5.6 Mn MT.

According to the Indian Steel ministry, production of finished steel in Q1FY10 went up by 3.4 % YoY to 13.98 Mn MT from 13.53 Mn MT in the same quarter last fiscal. Steel Consumption moved upto 12.83 Mn MT, up 5.2% YoY from 12.2 Mn MT in the corresponding quarter of FY09, indicating revival in demand.

We therefore believe that the "WORST IS BEHIND" for the Indian Steel producers. Though we do not expect the steel prices to rebound sharply from the current levels but, further downfall is unlikely. We therefore maintain a POSITIVE stance on the Indian Steel Dynamics.

#### 4. Opportunity and threat

Steel dynamics are likely to change significantly in India, in favour of higher steel consumption. India being a developing economy the steel consumption in India is set to rise substantially. Though India is growing at a decent rate, but its per capita steel

consumption is still very low compared to other emerging economics. In comparison to Brazil and China where the per capita steel consumption is 116 kgs and 309 kgs respectively, India's per capita steel consumption is only 47 kgs. India thus has a very great potential in increasing its steel consumption. Prior to 1990, the per capita steel consumption grew to 18 kgs, however post the economic reforms introduced by the government after 1990, the per capita steel consumption grew to 47 kgs in 2007. China has witnessed a significant jump in its per capita steel consumption from 98 kgs in 2000 to 309 kgs in 2007, due to its rapid infrastructure development. Similarly India is also likely to witness a multifold growth in its per capita steel consumption, given the government thrust on Infrastructure development.

In the Union Budget 2008-09 the government has put a lot of stress on infrastructure expenditure, which augurs well for the steel sector. The government has increased allocation in the flagship schemes, nearly Rs. 70,000 crs has been earmarked on schemes such as Jawaharlal Nehru Urban Renewal Mission (JNURM), Pradhan Mantri Gram Sadak Yojana (PMGSY), Indira Awas Yojana, Bharat Nirman and national Highways and Railways. Such incremental spending by the government for infrastructure development is likely to boost the demand for steel further.

Also in order to incentivise the industry players, In the Union Budget 2009-10, the government did not roll back the excise duty for the automobile and steel sector. This is likely to help the industry players to weather this recessionary trends and continue their journey on the recovery track.

Further, the Indian government has deferred the imposition of increasing the safeguard duty on the HRC imports which is currently at 5%. If this duty is not imposed then, the domestic steel prices which are currently at a higher premium to the global prices can witness a downfall.

In the current global melt down, China is one of the fastest growing economies in the world. China is a

leading player in the world steel industry with production and consumption constituting about 40% of the world. Any slow down in the Chinese economy is expected to create surplus to be exported to world markets creating further pressure on demand and prices. In view of the massive increase in capacities created in China, the production outpaced the demand and China became the net exporter of steel.

## 5. Operational and Financial Performance

The company's total income, which comprises sales, Job work charges, Interest income and other misc. income has been increased by 148.06 cr. in comparison to the last year. The growth rate is around 43 %. With the increase in the income of the company our expenditure has also been increased but not on the same line, so we have also succeeded in registering a rise of around 30% in our profit before Depreciation, Interest and Taxes. Our profit before tax and after tax both has been increased by 39%. We have posted a net increase of Rs. 3.58 crores in the profit after tax. Our performance is also reflected in the Book value of the shares of the company which has gone up by 32%. As on 31.03.2009 the book value of each share of Rs. 10/- was around Rs. 132. The Earning per share for the year ended on 31.03.2009 stands at Rs. 33.88 per share of Rs. 10 each as compared to Rs. 24.27 in the previous year.

## 6. Segment wise and Production wise Performance

The company is continuously performing in an upward direction. During the year the company's production has been increased by 11,156 MT. Out of a range of products pipes/tubes and structures are the main contributor. We have produced more than 50,000 MT of pipes & tubes while structures & poles has been produced around ten thousand MT during the year which was only around six thousand MT in the last financial year.

## 7. Risk and Concern

Your company's risk management strategy encompasses the proper and in-depth identification,



assessment, and prioritization of risks followed by the speedy mobilization of resources to minimize, monitor and control the profitability of unfortunate events. Your company has following major risk exposure :

#### **Foreign Exchange Risk**

Your Company is exposed to fluctuations in exchange rates of Indian Rupee, US Dollar, British Pound, Euro due to revenues earned or expenditure incurred in such currencies. Additionally, debt portfolio of your Company includes a mix of foreign currency and rupee denominated debt, which carry risk of movements in foreign currencies against Indian Rupee. Your Company uses various tools such as forward contracts to periodically hedge currency risk in accordance with its foreign exchange risk management policy.

#### **Commodity Price Risk**

Your Company is exposed to the risk of fluctuation in the prices of raw materials as well as finished goods in all its products. However, the risk is mitigated well considering the inventory levels and normal correlation in the prices of raw materials and finished goods.

#### **Technology Risk**

One of the biggest risk before the company is to ensure that its plants are equipped with upto date technologies that can give its cost competitiveness and R & D leadership.

### **8. Internal Control System and their Adequacy**

Your Company has adequate internal control systems for business processes across various profit and cost

centres, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations etc.

Clearly defined roles and responsibilities for all managerial positions have been institutionalised. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems.

The Management Information System (MIS) is the backbone of your Company's control mechanism. All operating parameters are monitored and controlled regularly. Any material change in the business outlook is reported to the Board of Directors.

### **9. Human Resources Development and Industrial Relations**

Our HR strategy ongoingly focuses on enhancing stakeholder value through superior organization and people capability. Today, more than ever before, talent is at a premium, thanks to globalization and the multi-polar world, both of which afford unique opportunities. We have made a good investment not only attracting but developing and retaining our human capital over the long term.

We believe our people are our biggest strength. We have further strengthened our endeavour, in the times of a slowdown, to aggressively establish performance oriented culture that rewards best performance and distinguishes the best performers from the others. I would like to acknowledge all our performers who deliver results.

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. The company's activities are carried out in accordance with good corporate practices and Company is constantly striving to better them and adopt the best practices. The company aims at achieving transparency, accountability and equity in all facets of its operations and in all interactions with stakeholders, including shareholders, employees, government, lenders and other constituents, while fulfilling the role of a responsible corporate representative committed to good corporate practices. This report is prepared in conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

### 2. BOARD OF DIRECTORS

The Board of Directors comprises of 6 Directors, of which 3 are Independent and non-executive. The Chairperson is an executive and a Promoter of the Company. The number of Independent Directors is 3 which is one half of the total number of Directors as stipulated in the listing agreement.

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

The information as required under Annexure 1A to Clause 49 is being made available to the Board. The details of composition of the Board, the attendance record of the Directors at the Board Meetings held during the financial year ended on 31.03.2009 and the last Annual General Meeting (AGM), and the details of their other Directorships and Committee Chairmanships and Memberships are given here below :

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM (Yes/No)	No. of Directorships in other public Ltd Cos.	No. of Chairmanship/Membership of Committees in other Public Ltd. Cos.**	
						Chairmanship	Membership
Sh. M.C. Garg	Non Independent, Executive Chairman	12	10	Yes	-	-	-
Sh. R. C. Garg	Non Independent, Executive Director	12	11	Yes	-	-	-
Sh. A. K. Garg	Non Independent, Executive Director	12	10	Yes	-	-	-
Smt. Pushpa Garg	Non Independent, Non Executive Director	11*	3	Yes	-	-	-

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM (Yes/No)	No. of Directorships in other public Ltd Cos.	No. of Chairmanship/Membership of Committees in other Public Ltd. Cos.**	
						Chairmanship	Membership
Smt. Kanak Lata	Non Independent, Non Executive Director	11*	4	Yes	-	-	-
Sh. Vijender Kr. Tyagi	Independent, Non Executive Director	12	6	No	-	-	-
Sh. Rahul Goel	Independent, Non Executive Director	12	6	No	-	-	-
Sh. Anurag Agrawal	Independent, Non Executive Director	12	7	Yes	-	-	-

**Notes :-**

1. During the Financial Year 2008-09, twelve Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 07.04.08, 26.06.08, 28.07.08, 23.08.08, 15.09.08, 24.10.08, 31.10.08, 04.12.08, 15.12.08, 30.01.09, 18.02.09 and 20.02.2009.
2. \* No. of Board Meetings indicated is with reference to date of appointment/resignation of the Directors.
3. \*\* Only two Committees, namely, Audit Committee and Shareholders'/Investors' Grievance Committee have been considered.

**Code of Conduct**

The Company has framed Code of Conduct which is applicable to all Directors and members of Senior Management. Pursuant to this Code all the Directors & Senior Management have affirmed compliance with this Code for the year ended March 31, 2009. A declaration of compliance of this Code signed by CMD is annexed as Annexure to this report.

**3. AUDIT COMMITTEE**

The Audit Committee has been constituted in terms of the clause 49 of the listing Agreement and in line with the provisions of the Companies Act, 1956. Due to the resignation of Ms Kanak Lata from the Directorship of the company and in order to follow better Corporate Governance the Board has reconstituted the structure of the committee. The Audit Committee, reconstituted by the Board, consist of three members, out of which two are Non-Executive and Independent Directors. The Committee had met 5 times on 26.06.08, 28.07.08, 24.10.08, 30.01.09 and 18.02.09 during the year ended on March 31, 2009. The Attendance details for the Committee meetings are as follows :

NAME OF THE MEMBER	CATEGORY	NO. OF MEETINGS	
		HELD	ATTENDED
Mr Anuarag Agarwal	Chairman	1*	1
Mr Vijender Tyagi	Member	1*	1
Mr M C Garg	Member	5	5
Mr. R. C. Garg	Ceased	4*	4
Smt. Kanak Lata	Ceased	4*	1

\* No. of Meetings indicated is with reference to date of appointment/resignation of the Directors.

The CFO of the Company is permanent invitees to the meetings of the Committee. The Company Secretary acts as Secretary to the Committee.

The Scope of the functioning of the Audit Committee is to review, from time to time, the internal control procedures, the accounting policies of the Company and such other functions, as may be recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 1956, which inter-alia include review of :

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal Audit Reports relating to internal control weaknesses; and the appointment, removal and terms of remuneration of the Chief Internal Auditor; and
5. Risk Framework.

#### 4. REMUNERATION CUM SELECTION COMMITTEE

In the meeting of Board of Directors held on 18.02.2009 the Remuneration cum Selection Committee has been reconstituted and presently it comprises of following Directors :

NAME	DESIGNATION
Sh. Anurag Agrawal	Chairman
Sh. Rahul Goel	Member
Sh. Vijender Kr. Tyagi	Member

The Committee has been constituted to recommend/review the remuneration package of the Whole Time Directors apart from deciding other matters. The remuneration policy is directed towards rewarding performance based on review of achievements which are being reviewed periodically which is in consonance with the existing industry practices. This committee meets as and when required.

## 5. INVESTOR GRIEVANCE COMMITTEE

The company has constituted an Investor Grievance Committee. The terms of the reference of the 'said committee' are as follows :

- a) Review the reports submitted by the Registrars and Share Transfer Agents of the Company at half yearly intervals.
- b) Periodically interact with the Registrars and Share Transfer Agents to ascertain and look into the quality of the Company's Shareholders/ Investors grievance redressal system and to review the report on the functioning of the said Investor grievances redressal system.
- c) Follow-up on the implementation of suggestions for improvement.
- d) Periodically report to the Board about serious concerns if any.

The Investors Grievance Committee met four times during the financial year 2008-09. The Composition of the Committee and attendance of the members at the meeting are as under :

NAME	CATEGORY	DESIGNATION	MEETING ATTENDED
Sh. Vijender Kr. Tyagi	Independent Non-Executive Director	Chairman	4
Sh. M. C. Garg	Executive Director	Member	3
Sh. R. C. Garg	Executive Director	Member	4

Sh. Abhishek Agrawal , Company Secretary and Compliance Officer of the company act as Secretary to the Committee.

Details of complaints received /resolved during the Financial Year 2008-09.

- |  |   |       |
|--|---|-------|
| o No. of Complaints received during the year                         | : | Seven |
| o No. of Complaints not resolved to the satisfaction of Shareholders | : | Nil   |
| o No. of Pending Complaints  | : | Nil   |
| o No. of Pending share transfer as on 31.03.2009                     | : | Nil   |

The company has designated an e-mail ID **investor@goodlucksteel.com** of the grievance redressal division/ compliance officer exclusively for the purpose of registering complaints by investors.

## 6. GENERAL BODY MEETING

### (I) Annual General Meeting (AGM) Detail

The last three Annual General Meeting were held at 5/102, Sikka Complex, Community Centre, Preet Vihar, Delhi , the Registered Office of the company. The other detail are as follows :

YEARS	DAY	DATE	TIME	SPECIAL RESOLUTION PASSED
2006	Monday	14.08.2006	9.30 A.M.	NIL
2007	Friday	28.09.2007	9.30 A.M.	Amend The Article Of Association Of The Company
2008	Monday	29.09.2008	9.30 A.M.	Delisting of eq. Share of the company from delhi stock exchange, jaipur stock exchange and ahmedabad stock exchange

## (II) Extra Ordinary General Meeting Detail

Since last Annual General Meeting one Extra Ordinary General Meeting was held on Saturday, 30.05.2009 at 9.30 A.M. at A – 42 & 45, Industrial Area, Sikanderabad, Distt. Bulandsahar. The following special resolutions were passed in the meeting :

1. Reissue of 52100 forfeited Eq. Shares on Preferential basis to a Non Promoter Investor;
2. Sub-Division of Every Eq. Shares of Rs. 10 each into Five Eq. Shares of Rs. 2 each & Amendment in Memorandum and Article of Association of the Company accordingly;
3. Appointment of Sh. Manish Garg, Sh. Nitin Garg and Sh. Umesh Garg at office/place of profit within the meaning of section 314 of the Act.

## (III) Postal Ballot

No special resolution was put through Postal Ballot in the last Annual General Meeting. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through Postal Ballot.

## 7. DISCLOSURES

The Board of Directors receives the required disclosures, from time to time, relating to financial and commercial transactions from the key managerial personnel of the company. There have been no materially significant related party transactions which may have a potential conflict with the interests of the Company.

There have not been any occasion of non-compliance by the Company and therefore, no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to capital markets, during the last three years.

## 8. MEANS OF COMMUNICATION

### (I) Quarterly/ Half Yearly/ Annual Results

The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.

### (II) News Releases

The Quarterly, Half Yearly and Annual Results of the Company are published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are

considered, atleast in one English newspaper and in one Vernacular newspaper of the State where the Registered Office of the Company is situated. The Company generally publish its financial results in Business Standard, Financial Express, Pioneer, Jansatta and Vir Arjun.

**(III) Website**

The Company's website [www.Goodlucksteel.com](http://www.Goodlucksteel.com) contains a separate dedicated section to Investors, where the shareholders information and Financial Results are available. The Company's Information, financial results and shareholding pattern are also available on [www.bseindia.com](http://www.bseindia.com).

**9. GENERAL SHAREHOLDER INFORMATION**

**(I) Annual General Meeting**

Day, Date and Time : Wednesday, September 30, 2009 at 9.30 A. M.  
 Venue : 5/102, Sikka Complex, Community Centre, Preet Vihar, Delhi - 110092  
 Date of Book Closure : From 23.09.2009 to 30.09.2009 (both days Inclusive)  
 Dividend Payout Date : Within 30 days from the date of declaration

**(II) Financial Calendar 2009 -10 (Tentative & subject to Change)**

First Quarter Result : July, 2009  
 Second Quarter Result : October, 2009  
 Third Quarter Result : January, 2010  
 Annual Results for the : May/June , 2010  
 year ending on 31.03.2010

**(III) Listing on Stock Exchange**

The company's shares are listed at the following stock exchanges. During the year company's share has been delisted from Ahmedabad Stock Exchange Limited.

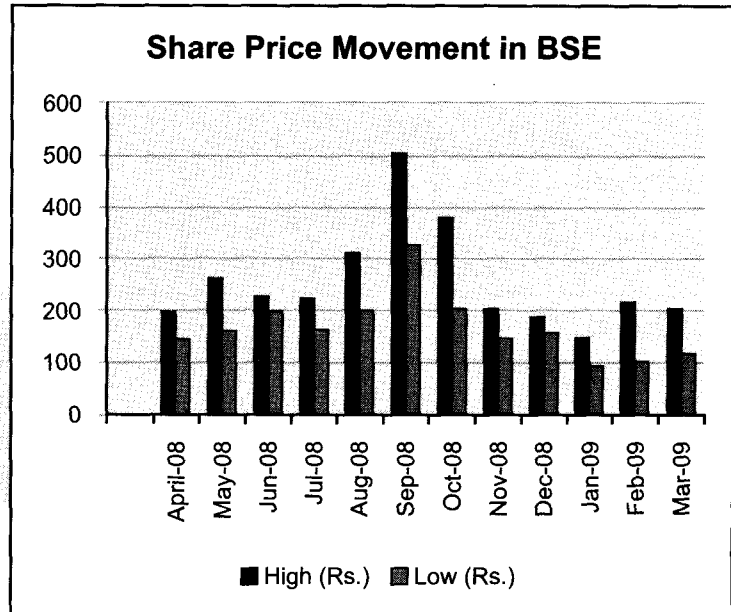
<b>Bombay Stock Exchange Limited</b>	<b>Delhi Stock Exchange Limited</b>	<b>Jaipur Stock Exchange Ltd*</b>
Phiroze Jeejeebhoy Towers,	DSE House, 3/1, Asif Ali Road,	Stock Exchange Building,
Dalal Street, Mumbai- 400001	New Delhi – 110 002	JLN Marg, Malviya Nagar,
Stock Code : 530655		Jaipur – 302 017

\* The delisting application of the equity shares of the company is pending with the stock exchange.

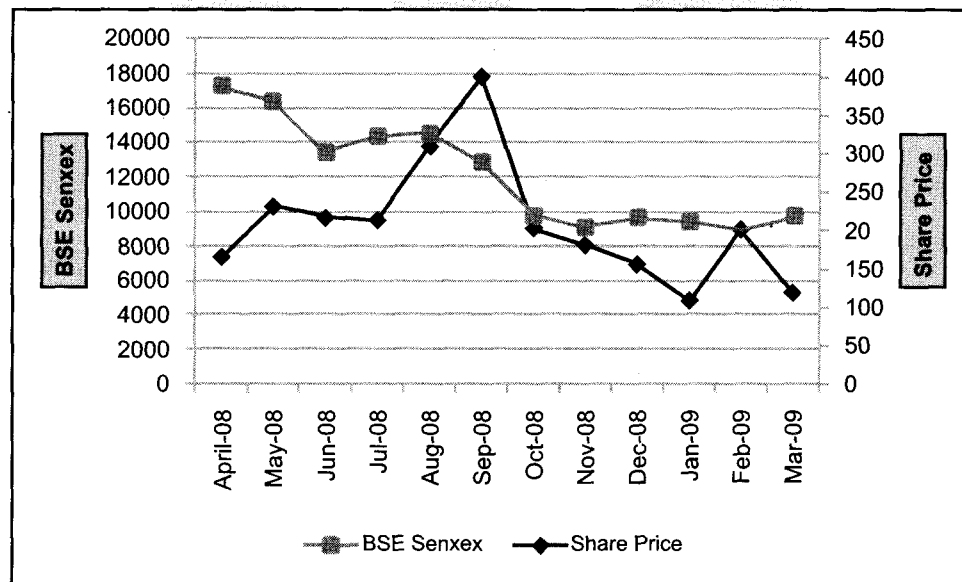
**(IV) Market Price Data**

The monthly high/low market price of the shares during the year last financial year 2008-09 at the Bombay Stock Exchange (BSE) are as under :

Months	High (in Rs.) Per Share)	Low (in Rs.) Per Share)
April 08	199.55	146.80
May-08	262.80	162.00
Jun-08	228.90	198.90
Jul-08	225.00	163.50
Aug-08	310.99	202.70
Sep-08	503.70	326.40
Oct-08	379.90	204.55
Nov-08	204.05	147.30
Dec-08	189.75	157.30
Jan-09	150.25	95.05
Feb-09	216.00	104.15
Mar-09	205.80	119.20



**(V) Performance of Share Price in comparison to BSE Sensex**

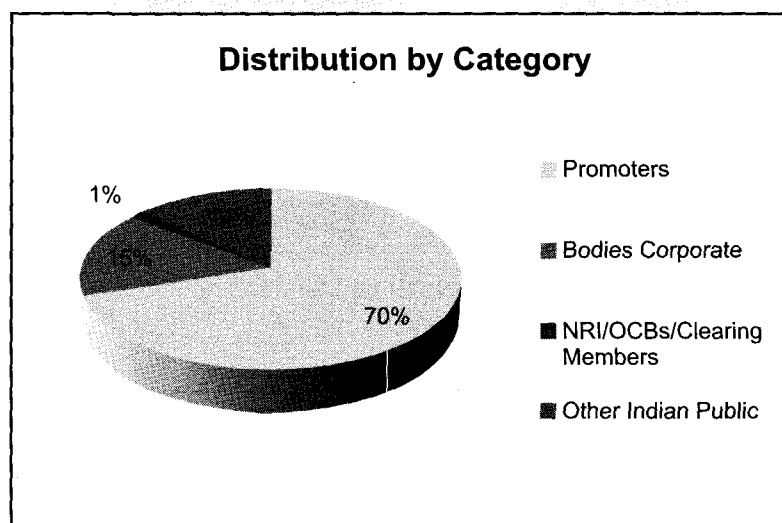




**(VI) Distribution of Shareholding and Shareholding Pattern**

The Distribution of shareholding and shareholding pattern of the shares as on 31.03.2009 are as follows :

Category	No. of Shareholders	No. of Shares (Face value of Rs. 10 each)	No. of Shares in Demat form	% of Shareholding
Promoters	37	2571950	2571950	69.66%
Bodies corporate	38	573085	567285	15.22%
NRI/OCBs/Clearing Members	33	46329	2929	1.25%
Other Indian Public	1147	500786	293786	13.56%

**(VII) Dematerialization of Shares and Liquidity**

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility. 34,35,950 Equity Shares aggregating to 93.06 % of the total Equity Capital is held in dematerialised form as on 31.03.2009, which 19.46% (7,18,438 Equity Shares) of total equity capital is held in NSDL & 73.60 % (27,17,512 Equity Shares) of total equity capital is held in CDSL as on 31.03. 2009.

Security Code No of the company with NSDL and CDSL (ISIN) – INE 127101024.

**(VIII) Share Transfer System**

The Company's shares are traded compulsorily in Demat segment on the Stock Exchanges. Shares received for transfer in physical mode are processed and valid transfers are approved within prescribed time limit. Duly transferred share certificates are generally dispatched within 30 days.

from the date of receipt.

Pursuant to Clause 47 (C) of the Listing Agreement with the Stock Exchanges, certificate on half yearly basis have been filed with the Stock Exchanges for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Secretarial Audit Report for all the quarters have been filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

**(IX) Registrar and Share Transfer Agent**

The company has appointed MAS Services Ltd. as the Registrar and Share Transfer Agent of the company. The Correspondence address of the agent is as follows :

MAS Services Ltd.  
T – 34, 2nd Floor,  
Okhla Industrial Area, Phase – II,  
New Delhi – 110 020  
Email – info@masserv.com

**(X) Plant Location**

A 42 & 45, Industrial Area,  
Sikandrabad,  
Distt. -Bulandshahar (U. P.)

A-51, Industrial Area,  
Sikandrabad,  
Distt. -Bulandshahar (U. P.)

Khasra No. 2839, Dhoom  
Manik Pur, Dadri,  
Distt.- G. Budh Nagar (U.P.)

**(XI) Correspondence Address**

The Investor's may send their correspondence to the Registrar and Share Transfer agent or directly to the company at the following Address :

Good Luck House,  
II – F, 166-167, Nehru Nagar,  
Ambedkar Road, Ghaziabad – (U.P.)  
Email : investor@goodlucksteel.com

**DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for year ended 31.03. 2009.

For Goodluck Steel Tubes Ltd

Place : Ghaziabad  
Date : 30.06.2009

M. C. Garg  
Chairman

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Goodluck Steel Tubes Limited for the year ended 31.03. 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges(s).

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

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

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

For **Sanjeev Anand & Associates**  
Chartered Accountants

**(S. AGRAWAL)**

Partner

M.No. 72907

Place : GHAZIABAD

Date : 30.06.2009

**AUDITOR'S REPORT**

The Members,  
GOOD LUCK STEEL TUBES LTD.  
DELHI.

- 1) We have audited the attached Balance Sheet of **M/S GOODLUCK STEEL TUBES LIMITED** as at 31st March 2009 and the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with 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 amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on 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) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act., 1956.
  - e) On the basis of the written representations 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 March 31, 2009, from being appointed as a director in terms of clause (g) of sub- section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and

fair view in conformity with the accounting principles generally accepted in India:-

- (i) in the case of Balance Sheet, of the State of the affairs of the Company as at 31st March, 2009;
- (ii) in the case of Profit & Loss Account, of the Profit for the year ended on that date; and
- (iii) in the case of Cash flow statement, of the cash flows for year ended on that date.

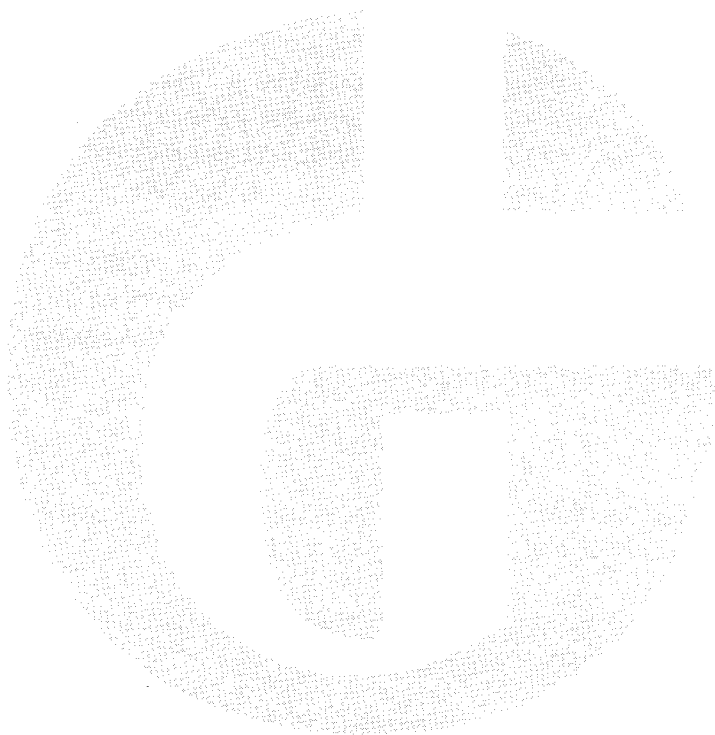
**For SANJEEV ANAND & ASSOCIATES**  
**Chartered Accountants**

**(S. AGARWAL)**  
**Partner**

**M.NO. 72907**

**Place : GHAZIABAD**

**Date : 30.06.2009**



**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE ON  
THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009 OF  
M/S GOODLUCK STEEL TUBES LIMITED**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that :

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) In our opinion and according to the information and explanations given to us, the company has not made any substantial disposal of fixed assets during the year.
- (ii) (a) As per information & explanations given to us, the inventory of the company in its possession has been physically verified by the Management at reasonable intervals. Stocks in the possession and custody of the third parties and stocks in transit as on 31st March 2009 have been verified by the Management with regard to confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods.
- (b) The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii) (a) The company has not granted any loan, secured or unsecured, to Companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence sub clause (b) , (c) and (d) of clause (iii) of the said order are not applicable.
- (b) The company has taken loan from companies, firm and other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 993.96 Lacs.
- (c) In our opinion, the rate of interest and the other terms and conditions on which loans have been taken by the company from companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 aren't, *Prima facie*, prejudicial to the interest of the company.
- (d) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of Interest.
- (iv) In our opinion, and according to the information and explanation given to us, there are adequate

internal control procedures commensurate with the size of the company and the nature of its business with regard of purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we haven't observed any continuing failure to correct major weaknesses in internal control.

- (v) (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in u/s 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contacts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956, made at prices which are reasonable having regards to prevailing market prices at the relevant time.
- (vi) The company has not invited any deposits from public. In the opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58 A and 58 AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regards to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company law tribunal or RBI or any court or any other tribunal.
- (vii) To the best of our knowledge and explanations given to us, the company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We already broadly reviewed the Books of Account relating to the materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We haven't however made a detailed examination of the records with a view to determine where they are accurate or complete.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income-tax, Wealth tax, Service tax, Sales tax, Custom duty, Excise duty and cess were arrears as at 31st March 2009 for a period of more than six months from the date they became payable.
- (c) According to information and explanation given to us, there are no dues of Sales tax, Custom Duty, Wealth tax, Service Tax, Excise Duty and cess which haven't been deposited on account of

any dispute, except the following in respect of income tax along with the forum where dispute is pending :

S. No.	Name of the statute	Nature of the due	Amount	Period to which the amount	Forum which dispute is relates
1.	Income Tax	Income Tax Demand	Rs. 37.75 Lacs	A.Y. 2004-05	ITAT, New Delhi

- (x) The company doesn't have any accumulated losses as at 31st March 2009. The company hasn't incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the company hasn't defaulted in repayment of dues to Financial Institutions and Banks.
- (xii) In our opinion according to the information and explanations given to us, the company hasn't granted any loans and Advances on the basis of security by way of pledge of shares, debentures and others securities. Hence the question of maintenance of adequate record for this purpose does not arise.
- (xiii) In our opinion, the company isn't chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 aren't applicable to the company.
- (xiv) In our opinion, the company isn't dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 aren't applicable to the Company.
- (xv) In our opinion and according to the information and explanation given to us, the company hasn't given the guarantees for loan taken by others from the Banks or financial Institutions.
- (xvi) To the best of our knowledge and according to the information and explanation given to us, the term loans have been applied for the purpose for which they are raised.
- (xvii) According to the Cash Flow Statement and other records examined by us and information and explanation given to us, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investments.
- (xviii) According to the explanation and information given to us, the company hasn't made any preferential allotment of shares during the year to parties and Companies covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xix) According to the explanation and information given to us, the company hasn't raised any money by issue of debentures during the year.



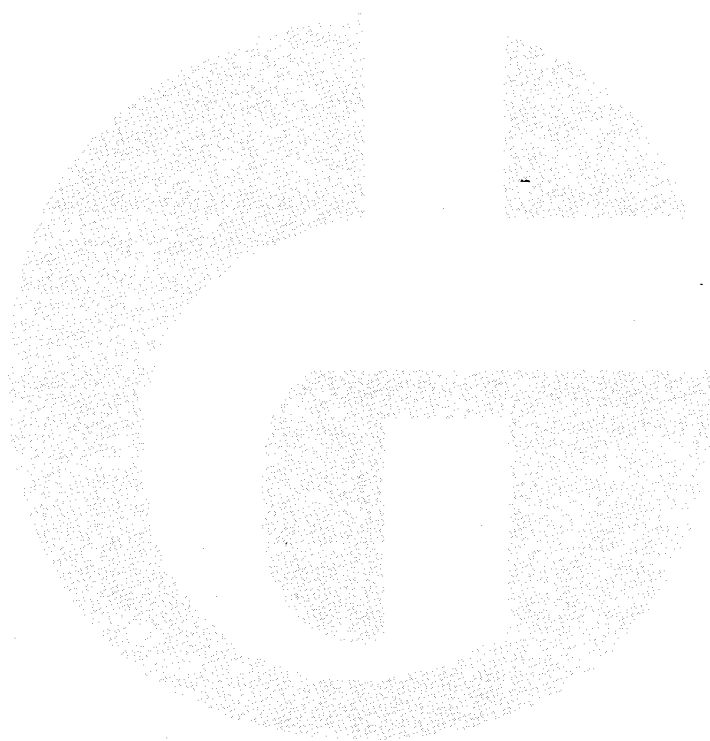
- (xx) According to the explanation and information given to us, the company hasn't raised any money by public issue during the year.
- (xxi) According to the explanation and information given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For SANJEEV ANAND & ASSOCIATES**  
**Chartered Accountants**

**(S. AGARWAL)**  
**Partner**  
**M.NO. 72907**

**Place : GHAZIABAD**

**Date : 30.06.2009**



**BALANCE SHEET AS AT 31st MARCH, 2009**

DESCRIPTION	Sch	As on 31.03.2009	As on 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Fund</b>			
Share Capital	1	36,921,500.00	36,921,500.00
Reserves & Surplus	2	453,613,547.68	335,923,218.85
<b>Deferred Tax Liability</b>		55,315,080.00	47,377,738.12
<b>Loan Funds</b>			
Secured Loans	3	1,059,261,738.47	887,598,215.20
Unsecured Loans	4	191,753,399.00	218,098,352.00
<b>Total</b>		<b>1,796,865,265.15</b>	<b>1,525,919,024.17</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	632,163,899.02	581,454,695.41
Less : Acc. Depreciation		166,269,378.16	134,557,731.27
Net Block		465,894,520.86	446,896,964.14
Capital Work in Progress		1,066,273.00	-
		<b>466,960,793.86</b>	<b>446,896,964.14</b>
<b>Investments</b>		-	-
<b>Net Current Assets</b>			
Current Assets, Loans & Advances	6	1,485,580,284.10	1,383,334,120.00
Less : Current Liabilities & Provisions	7	155,720,891.81	304,379,678.97
		<b>1,329,859,392.29</b>	<b>1,078,954,441.03</b>
<b>Miscellaneous Expenditure</b>			
Pre- Operative Expenses		45,079.00	67,619.00
<b>Total</b>		<b>1,796,865,265.15</b>	<b>1,525,919,024.17</b>
<b>Notes forming part of accounts</b>	16		

As per our report of even date annexed hereto  
For SANJEEV ANAND & ASSOCIATES  
Chartered Accountants

( S. AGRAWAL )  
Partner  
M.No. 72907  
Place : Ghaziabad  
Date : 30.06.2009

On behalf of the Board of Directors  
For Good Luck Steel Tubes Limited

(M.C.GARG) Chairman	(R.C.GARG) Director
(ABHISHEK AGRAWAL) Company Secretary	(SANDEEP KUMAR) C.F.O.

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH 2009**

DESCRIPTION	Sch	As on 31.03.2009	As on 31.03.2008
<b>INCOME</b>			
Gross Sales and Operational Income	8	5,337,453,597.84	3,807,330,060.48
Less : Excise Duty		518,820,135.01	491,650,904.00
Net Sales and Operational Income		4,818,633,462.83	3,315,679,156.48
Other Income	9	82,980,717.26	105,343,065.84
		<b>4,901,614,180.09</b>	<b>3,421,022,222.32</b>
<b>EXPENDITURE</b>			
Materials	10	3,768,765,742.72	2,666,116,369.22
Manufacturing Expenses	11	268,157,264.95	157,291,749.47
Employee's Remuneration & other Benefits	12	103,431,158.93	68,681,969.40
Finance Expenses	13	140,802,091.81	117,716,613.73
Selling Expenses	14	343,249,461.10	216,005,074.71
Administrative & Other Expenses	15	30,910,987.22	30,686,048.98
Exchange Fluctuation		23,267,623.84	-
Depreciation	5	31,313,623.38	26,745,478.62
		<b>4,709,897,953.95</b>	<b>3,283,243,304.13</b>
<b>PROFIT BEFORE TAXATION</b>		<b>191,716,226.14</b>	<b>137,778,918.19</b>
Less : Provision for Taxation			
Current Tax		57,362,500.00	29,007,250.00
Deferred Tax		7,937,341.88	18,261,015.00
Fring Benefit Tax		900,000.00	800,000.00
<b>PROFIT AFTER TAXATION</b>		<b>125,516,384.26</b>	<b>89,710,653.19</b>
Add/(Less) Prior period adjustments		(427,999.48)	(104,515.00)
Add : Balance brought forward from previous year		254,607,383.25	182,960,145.06
Surplus available for appropriations		<b>379,695,768.03</b>	<b>272,566,283.25</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		5,616,375.00	11,076,450.00
Tax on Dividend		954,503.00	1,882,450.00
General Reserve		20,000,000.00	5,000,000.00
Balance carried over to Balance sheet		353,124,890.03	254,607,383.25
		<b>379,695,768.03</b>	<b>272,566,283.25</b>
<b>EARNINGS PER SHARES ON Rs. 10/- PER SHARE</b>			
- Basic (Note No. 7)		33.88	24.27
<b>Notes forming part of accounts</b>	<b>16</b>		

As per our report of even date annexed hereto  
For **SANJEEV ANAND & ASSOCIATES**  
Chartered Accountants

On behalf of the Board of Directors  
For **Good Luck Steel Tubes Limited**

( S. AGRAWAL )  
Partner  
M.No. 72907  
Place : Ghaziabad  
Date : 30.06.2009

(M.C.GARG) Chairman	(R.C.GARG) Director
(ABHISHEK AGRAWAL) Company Secretary	(SANDEEP KUMAR) C.F.O.

**CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31ST MARCH 2009**

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>CASH FLOW STATEMENT</b>		
<b>A. Cash Flow from operation activities</b>		
Profit before tax	191,716,226.14	137,778,918.19
Adjustment for Depreciation	31,313,623.38	26,745,478.62
Loss on Sale of Fixed Assets	382,188.56	12,000.00
Interest	122,742,220.36	101,050,935.24
Operating Profit before working capital change	<b>346,154,258.44</b>	<b>265,587,332.05</b>
<b>Adjustment for</b>		
Trade and other receivables	(243,691,617.27)	(190,228,179.34)
Inventories	146,134,565.40	(157,310,677.96)
Trade Payables	(148,658,787.16)	25,048,910.11
Cash Generated from Operations	<b>99,938,419.41</b>	<b>(56,902,615.14)</b>
Interest	(122,742,220.36)	(101,050,935.24)
Income-tax \ F.B.T. \ Wealth - Tax	(58,262,500.00)	(29,807,250.00)
Dividend	(6,570,878.00)	(12,958,900.00)
<b>TOTAL (A)</b>	<b>(87,637,178.95)</b>	<b>(200,719,700.38)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(53,201,819.61)	(216,002,408.22)
Sale of Fixed Assets	615,000.00	3,537,616.00
Loan & Advances	(20,913,486.71)	9,143,784.37
Sale of Investments	-	44,100.00
<b>TOTAL (B)</b>	<b>(73,500,306.32)</b>	<b>(203,276,907.85)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share capital	-	-
Proceeds from Borrowing for working capital	171,663,523.27	253,015,414.64
Proceeds from Unsecured Loans	(26,344,953.00)	99,464,934.00
<b>TOTAL (C)</b>	<b>145,318,570.27</b>	<b>352,480,348.64</b>
<b>Others</b>		
Intangibles : Prior year adjustment	427,999.48	104,515.00
: Pre Operative Expenses	(22,540.00)	(632,104.00)
<b>TOTAL (D)</b>	<b>405,459.48</b>	<b>(527,589.00)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31ST MARCH 2009**

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Net increase in cash and cash</b>		
<b>Equivalents (A+B+C-D)</b>	(16,224,374.48)	(50,988,670.59)
Cash and cash equivalents as at 01.04.2008 (Opening Balance)	70,755,398.25	121,744,068.84
Cash and cash equivalents as at 31.03.2009 (Closing Balance)	54,531,023.77	70,755,398.25

Note :- Figure in brackets represents cash outflow

As per our report of even date annexed hereto  
For **SANJEEV ANAND & ASSOCIATES**  
Chartered Accountants

( S. AGRAWAL)  
Partner  
M.No. 72907  
Place : Ghaziabad  
Date : 30.06.2009

On behalf of the Board of Directors  
For Good Luck Steel Tubes Limited

(M.C.GARG)  
Chairman

(R.C.GARG)  
Director

(ABHISHEK AGRAWAL)  
Company Secretary

(SANDEEP KUMAR)  
C.F.O.

## ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Schedule-1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
45,00,000 Equity Shares of Rs. 10/- each	<u>45,000,000.00</u>	<u>45,000,000.00</u>
<b>Issued, Subscribed capital</b>		
37,44,250 Equity Shares of Rs. 10/-each (Previous year 37,44,250 Equity Shares of Rs. 10/-each)	<u>37,442,500.00</u>	<u>37,442,500.00</u>
<b>Paid -up Capital</b>		
36,92,150 Equity Shares of Rs. 10/-each (Previous year 36,92,150 Equity Shares of Rs. 10/-each)	36,921,500.00	36,921,500.00
	<b>36,921,500.00</b>	<b>36,921,500.00</b>
<b>Note :-</b>		
1. Of the above 13,70,750 Equity Shares have been allotted as bonus shares by capitalisation from Capital Reserves and General reserves.		
<b>Schedule-2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVES</b>		
<b>Revaluation Reserves</b>		
As per Last Balance Sheet	4,424,594.65	5,251,772.60
Less : Adjustment for Depreciation	827,177.95	827,177.95
	3,597,416.70	4,424,594.65
<b>Share Forfeited A/c</b>	311,070.00	311,070.00
	3,908,486.70	4,735,664.65
<b>Share Premium Account</b>		
As per Last Balance Sheet	36,916,091.00	36,916,091.00
<b>General Reserve</b>		
As per Last Balance Sheet	39,664,079.95	34,664,079.95
Add : Addition during the year	20,000,000.00	5,000,000.00
	59,664,079.95	39,664,079.95
Surplus in Profit & Loss Account	353,124,890.03	254,607,383.25
	<b>453,613,547.68</b>	<b>335,923,218.85</b>

**ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009**

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Schedule-3</b>		
<b>SECURED LOANS</b>		
<b>Cash Credit/Export Credit Limits :</b>		
From ING Vysya Bank Ltd.	375,855,218.08	395,551,249.27
From Bank of Baroda	286,817,945.54	280,276,405.72
From Union Bank of India	110,728,851.87	100,254,455.68
From Barclays Bank PLC	61,409,134.84	-
From Exim Bank OF India	55,934,892.95	-
<b>Term Loans :</b>		
<b>From Punjab National Bank</b>	126,827,747.00	-
Repayable within one year Rs. 4,04,65,047/- (previous year Rs. NIL)		
<b>From Union Bank Of India</b>	-	51,933,130.53
Repayable within one year Rs. NIL (previous year Rs. 1,61,66,664/-)		
<b>From Bank Of Baroda</b>	41,687,948.19	59,582,974.00
Repayable within one year Rs. 1,62,87,948/- (previous year Rs. 1,50,00,000/-)		
	<b>1,059,261,738.47</b>	<b>887,598,215.20</b>

**Note :** Working capital limits are secured by first charge on entire current assets of the company including stocks of raw-materials, work-in-progress, stock lying in godown and ports, finished goods and book debts both present & future. Working capital limits, are further secured by way of second charge on entire fixed assets of the company, equitable mortgage of two immovable properties belonging to the directors of the company and their relatives, situated at Plot No. II -F - 166 & II - F-167, Nehru Nagar, Ambedkar Road, Ghaziabad and personal guarantee of the directors of the company.

Term loan are secured by way of first charge on entire fixed assets of the company located at A-45, A-42 & A-51 Industrial Area, Sikandrabad, Distt.Bulandshahr and Plot No. 2839 Dhoom Manikpur, Dadri. Term loan are further secured by way of second charge on entire current assets of the company, both present & future and personal guarantee of the directors of the company.

**Schedule-4****UNSECURED LOANS**

From Directors & Shareholders	95,780,820.00	85,631,018.00
From Body Corporate	95,972,579.00	132,467,334.00
	<b>191,753,399.00</b>	<b>218,098,352.00</b>

**ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009**

**FIXED ASSETS ( CONSOLIDATED )**

SR. NO.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 01.04.2008	Additions 2008-09	Adjustments 2008-09	Total as on 31.03.2009	Upto 01.04.2008		For the year 2008-09	Adjustments 2008-09	Total upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
1	Land	17,649,783.50	0.00	0.00	17,649,783.50	0.00		0.00	0.00	0.00	17,649,783.50	17,649,783.50
2	Factory Building	104,850,468.16	949,820.20	0.00	105,800,288.36	15,786,610.43		3,515,368.12	0.00	19,301,978.55	86,498,309.81	89,063,857.73
3	Office Building	4,696,353.05	0.00	0.00	4,696,353.05	189,191.13		76,550.55	0.00	265,741.68	4,430,611.37	4,507,161.92
4	Furniture & Fixtures	7,578,776.08	167,872.50	0.00	7,746,648.58	1,300,464.38		485,676.73	0.00	1,786,141.11	5,960,507.47	6,278,311.70
5	Plant & Machinery	238,485,516.89	14,491,381.76	0.00	252,976,898.65	94,149,578.96		15,570,682.17	0.00	109,720,261.13	143,256,637.52	144,335,937.93
6	Plant & machinery (CR New)	176,006,715.05	24,082,783.28	0.00	200,089,498.33	11,492,440.32		8,857,415.21	0.00	20,349,855.53	179,739,642.80	164,514,274.73
7	Office Equipments	10,602,668.35	1,738,543.87	0.00	12,341,212.22	3,516,651.97		1,189,608.92	0.00	4,706,260.89	7,634,951.33	7,086,016.38
8	Electrical Installation	1,120,499.00	0.00	0.00	1,120,499.00	57,734.70		53,433.68	0.00	110,958.40	1,009,540.60	1,062,764.30
9	Vehicles	20,463,915.33	10,705,145.00	1,426,343.00	29,742,717.33	8,065,059.38		2,392,065.95	429,154.44	10,028,180.87	19,714,536.46	12,398,855.95
10		581,454,695.41	52,135,546.61	1,426,343.00	632,163,899.02	134,557,731.27	0.00	32,140,801.33	429,154.44	166,269,378.16	465,894,520.86	446,896,964.14
	Capital Work in Progress	0.00	1,066,273.00	0.00	1,066,273.00	0.00		0.00	0.00	0.00	1,066,273.00	0.00
	Total	581,454,695.41	53,201,819.61	1,426,343.00	633,230,172.02	134,557,731.27	0.00	32,140,801.33	429,154.44	166,269,378.16	466,960,793.86	446,896,964.14
	Previous Year	369,383,486.19	240,344,030.22	28,272,821.00	581,454,695.41	107,366,657.70		27,572,656.57	381,583.00	134,557,731.27	446,896,964.14	262,016,828.49



## ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Schedule-6</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(A) Current Assets</b>		
<b>Inventories</b>		
(As taken, valued and certified by the management)		
(At lower of cost and net realisable value unless otherwise stated)		
(a) Raw Materials	118,303,155.00	155,572,588.25
(b) Finished Goods	201,972,250.00	297,460,529.15
(c) Stores & Spares	28,670,502.00	42,047,355.00
	<b>348,945,907.00</b>	<b>495,080,472.40</b>
<b>Sundry Debtors</b>		
(Unsecured,unconfirmed, Considered good)		
(a) Debts Exceeding Six Months	41,378,446.02	38,075,694.86
(b) Others Debts	802,139,983.85	561,751,117.74
	<b>843,518,429.87</b>	<b>599,826,812.60</b>
<b>Cash and Bank Balances</b>		
(a) Cash in hand	3,609,184.39	3,526,021.11
(b) Balance with Scheduled Banks		
(i) in current accounts	11,439,507.74	24,443,153.98
(ii) in fixed deposits	39,482,331.64	42,786,223.16
	<b>54,531,023.77</b>	<b>70,755,398.25</b>
<b>A</b>	<b>1,246,995,360.64</b>	<b>1,165,662,683.25</b>
<b>(B) Loans &amp; Advances</b>		
(unsecured,unconfirmed,considered good)		
Advances recoverable in cash or in kind or for		
value to be received	118,690,092.99	123,111,018.88
Security Deposits	11,962,194.00	11,290,849.58
Export Incentives/Benefits receivable	53,775,989.14	53,609,433.00
Pre-paid Taxes	54,156,647.33	29,660,135.29
<b>B</b>	<b>238,584,923.46</b>	<b>217,671,436.75</b>
<b>Grand Total (A+B)</b>	<b>1,485,580,284.10</b>	<b>1,383,334,120.00</b>

## ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Schedule-7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(A) Current Liabilities :</b>		
Creditors for Goods / Services	30,662,624.51	144,293,488.93
Other Liabilities	36,911,597.63	16,315,549.14
Advance against Sales	20,474,869.00	98,230,883.00
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
i) Unpaid Dividend	800,653.67	984,504.90
<b>A</b>	<b>88,849,744.81</b>	<b>259,824,425.97</b>
<b>(B) Provisions :</b>		
Provision for Taxation	58,262,500.00	29,807,250.00
Corporate Tax on Dividend	954,503.00	1,882,450.00
Proposed Dividend	5,616,375.00	11,076,450.00
Provision for Employees Benefits	2,037,769.00	1,789,103.00
<b>B</b>	<b>66,871,147.00</b>	<b>44,555,253.00</b>
<b>Grand Total (A+B)</b>	<b>155,720,891.81</b>	<b>304,379,678.97</b>
<b>Schedule-8</b>		
<b>SALES AND OPERATIONAL INCOME</b>		
Sales Less Transfers	5,264,615,164.05	3,761,732,880.48
Job Charges Received	72,838,433.79	45,597,180.00
	<b>5,337,453,597.84</b>	<b>3,807,330,060.48</b>
<b>Schedule-9</b>		
<b>OTHER INCOME</b>		
Export Incentives	77,159,009.14	93,942,000.00
Interest Recd.	4,689,379.55	3,353,360.34
Misc. Income	1,132,328.57	1,091,885.03
Exchange Fluctuation	-	6,955,820.47
	<b>82,980,717.26</b>	<b>105,343,065.84</b>

## ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Schedule-10</b>		
<b>MATERIALS</b>		
<b>Raw Material Consumed</b>		
Opening Stocks	155,572,588.25	125,424,857.50
Add : Purchases	3,445,508,810.61	2,715,431,382.18
	3,601,081,398.86	2,840,856,239.68
Less : Closing Stocks	118,303,155.00	155,572,588.25
<b>A</b>	<b>3,482,778,243.86</b>	<b>2,685,283,651.43</b>
<b>Purchase for Resale</b>	190,499,219.71	70,828,851.00
<b>B</b>	<b>190,499,219.71</b>	<b>70,828,851.00</b>
<b>Increase / Decrease in Finished Goods</b>		
Opening Stock of Finished Goods & Scrap	297,460,529.15	207,464,395.94
Less : Closing Stock of Finished Goods & Scrap	201,972,250.00	297,460,529.15
<b>C</b>	<b>95,488,279.15</b>	<b>(89,996,133.214)</b>
<b>Grand Total (A+B+C)</b>	<b>3,768,765,742.72</b>	<b>2,666,116,369.22</b>

**Schedule-11****MANUFACTURING EXPENSES**

Stores Consumed	143,006,280.46	73,132,694.67
Power & Fuel Expenses	88,709,082.50	51,041,713.89
Processing Charges	25,270,583.40	23,951,560.66
Testing Charges	404,652.00	359,893.00
Repairs & Maintenance to :		
a) Building	2,150,795.90	988,752.54
b) Plant & Machinery	6,611,111.73	4,858,443.08
c) Electric	2,004,758.96	2,958,691.63
	<b>268,157,264.95</b>	<b>157,291,749.47</b>

## ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Schedule-12</b>		
<b>EMPLOYEES' REMUNERATION &amp; OTHER BENEFITS</b>		
Salaries, Wages & Allowances	86,920,303.18	56,157,721.00
Contribution to P.F. & E.S.I. etc.	4,788,170.00	3,329,572.00
Bonus	4,671,489.00	3,354,316.00
Labour & Staff Welfare	810,361.75	418,192.40
Other Benefits to Employees	1,760,835.00	622,168.00
Remuneration to Directors	4,480,000.00	4,800,000.00
	<b>103,431,158.93</b>	<b>68,681,969.40</b>
<b>Schedule-13</b>		
<b>FINANCE EXPENSES</b>		
Interest		
(a) to Banks	109,898,770.36	89,065,042.24
(b) on Unsecured Loans	12,843,450.00	11,985,893.00
	<b>122,742,220.36</b>	<b>101,050,935.24</b>
Bank Commission & Charges	18,059,871.45	16,665,678.49
	<b>140,802,091.81</b>	<b>117,716,613.73</b>
<b>Schedule-14</b>		
<b>SELLING EXPENSES</b>		
Freight & Forwarding	251,508,600.19	174,715,734.13
Advertisement	778,948.00	529,835.00
Commission on sales	36,142,898.33	11,686,665.80
Sales Promotion	1,183,063.47	1,836,779.11
Inspection Charges	679,272.54	825,438.04
Rates & Taxes	8,724,976.00	-
Rebate & Remission	27,359,015.23	10,055,097.66
Packing Materials	15,470,746.13	12,997,505.00
Sales Expenses	1,401,941.21	3,358,019.97
	<b>343,249,461.10</b>	<b>216,005,074.71</b>

# ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009

DESCRIPTION	As on 31.03.2009	As on 31.03.2008
<b>Schedule-15</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	238,875.00	195,070.00
Printing & Stationery	1,292,137.86	1,491,608.84
Postage, Telegram & Telephone	4,382,376.70	3,480,532.70
Vehicle Running & Maintenance	2,582,619.95	2,717,142.17
Repairs & Maintenance	2,023,898.21	1,853,803.38
Travelling & Conveyance	8,748,252.00	7,755,728.70
Legal & Professional Expenses	1,863,962.00	1,663,010.00
Audit Fees	200,000.00	175,000.00
Insurance	3,770,189.50	5,612,216.35
Fee & Subscription	1,443,134.78	1,572,930.00
Meeting & Conference Expenses	45,369.00	12,600.00
Donation	653,420.00	1,411,615.00
Miscellaneous Expenses	2,288,480.65	2,087,319.51
Loss on Sale of Fixed Assets	382,188.56	12,000.00
Electricity Expenses-office	759,395.00	420,667.33
Festival Expenses	236,688.01	224,805.00
	<b>30,910,987.22</b>	<b>30,686,048.98</b>

**Schedule Annexed to & Forming Part of Balance Sheet as on 31st. March 2009****NOTES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT****SCHEDULE-16****I. SIGNIFICANT ACCOUNTING POLICIES :****i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements are prepared under the historical cost convention, on accrual basis of accounting, in accordance with the generally accepted accounting principles, as applicable, accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

**ii) USE OF ESTIMATES**

The preparation of financial statements requires use of estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**iii) FIXED ASSETS**

The fixed assets viz. Land, Building and Plant & Machinery of Sikandrabad unit were revalued at fair market value as at 31<sup>st</sup>. March, 1994 as assessed by valuers appointed for the purpose. As a result, book value of such assets was increased by Rs. 2,42,29,586/- which was credited to Capital Reserve. The remaining fixed Assets are stated at cost, net of modvat/cenvat/vat, less accumulated depreciation inclusive of freight, duties, taxes and incidental expenses.

**iv) DEPRECIATION**

Depreciation on fixed assets has been charged on straight line method at the rates prescribed in schedule XIV of the Companies Act, 1956. In case of addition/deletion to Fixed Assets during the year, depreciation has been charged pro-rata with respect to date of addition/deletion. No depreciation is charged on leasehold land. In respect of revalued assets, an amount of Rs. 827,178/- being equivalent to the additional charge of depreciation arising due to revaluation is deducted from Capital Reserve and not charged to the Profit & Loss Account.

**v) INVENTORY VALUATION**

Inventories are valued at cost or net realizable value except scrap which is valued at net realizable value. The cost is determined by using first-in-first-out (FIFO) method. Finished goods include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**VI) BALANCE IN BANK IN TERM OF FIXED DEPOSITS**

Deposit in Banks in terms of Fixed Deposits includes interest accrued Rs. 10.45 Lacs (Previous Year Rs. 12.02 Lacs) up to the date of Balance Sheet, net of TDS on interest.

vii) **EMPLOYEES' BENEFITS**

Retirement benefits, such as gratuity and earned leaves are accounted for on the basis of provisions as laid down under accounting standard (AS-15) "Provision for Retirement Benefits" for employees as per the certificate provided by the management.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered service entitling them to the contribution.

Company's contribution to state defined contribution plan namely, Employee State Insurance are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

viii) **FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currencies outstanding at the year end are translated at exchange rate applicable on the date of Balance Sheet. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases where these relate to the acquisition of fixed assets, in those cases they are adjusted to the carrying cost of such assets.

ix) **MODVAT/CENVAT/VAT**

Modvat/Cenvat/Vat claimed on capital goods is credited to Assets/ capital work in progress account. Modvat/Cenvat/Vat on purchase of raw materials and other materials are deducted from the cost of such materials.

x) **PROPOSED DIVIDEND**

Dividends proposed by the Directors have been provided for in the books of account which is pending for approval at the Annual General Meeting.

xi) **TAXATION**

Provision is made for income tax liability in accordance with the provision of Income Tax Act, 1961.

In accordance with the Accounting Standard (AS) - 22 "Accounting for taxes on income", issued by The Institute of Chartered Accountants of India, the Deferred Tax Liability for timing differences between the book and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of the Balance Sheet date.

Provision for fringe benefit tax is made on fringe benefits taxable under the Income Tax Act, 1961.

xii) **CONTINGENT LIABILITIES**

Contingent Liabilities are not recognized but are disclosed in the Notes to the Accounts.

**2. Contingent Liabilities not provided for in respect of :  
(As Certified by Management)**

	Current Year Rs.in Lacs	Previous Year Rs. In Lacs
i) Outstanding guarantees issued by the banks Counter guaranteed by the company	1223.39	938.98
ii) Bills Discounted	484.57	726.30
iii) Income Tax demand related to A.Y. 2004-05	37.75	37.75
iv) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advance)	NIL	NIL

- 3.** Some of the debit and credit balance in personal accounts are subject to confirmation of the respective parties.
- 4.** In the opinion of the Board, all the Current Assets, Loans & Advances have a value on realization which in the ordinary course of business shall at least be equal to the amount at which it is stated in the Balance Sheet. The provision for all known liabilities is adequate and is not in excess/short of the amount considered reasonably necessary.
- 5.** The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2009 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.
- 6. As per Accounting Standard (AS-18), the disclosures of transactions with related parties as defined in the Accounting Standard are given below :-**

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

- |      |  |     |
|------|--|-----|
| i)   | <b>Holding Company</b>                     | NIL |
| ii)  | <b>Subsidiary Company</b>                  | NIL |
| iii) | <b>Fellow Subsidiary</b>                   | NIL |
| iv)  | <b>Key Management Personnel</b>            |     |
|      | Shri M. C. Garg (Chairman)                 |     |
|      | Shri R. C. Garg (Director)                 |     |
|      | Shri A. K. Garg (Director)                 |     |
|      | Smt. Pushpa Garg (Director)                |     |
|      | Smt. Kanak Lata (Director)                 |     |
|      | Shri Anurag Agarwal (Independent Director) |     |



Shri Vijendra Kumar Tyagi (Independent Director)

Shri Rahul Goel (Independent Director)

v) **Relatives of Key Management Personnel**

Shri Ram Agarwal (Son of Director)

Shri Shyam Agarwal (Son of Director)

Shri Manish Garg (Son of Director)

Shri Rajeev Garg (Son of Director)

Shri Nitin Garg (Son of Director)

Shri Ashish Garg (Son of Director)

Shri Umesh Garg (Son of Director)

(2) Transactions carried out with related parties in (1) above, in ordinary course of business :

Rs. In Lacs

Particulars	Key Management Personnel (KMP)		Relatives of Key Management Personnel		Grand Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration	44.80	48.00	55.80	52.45	100.60	100.45
Loans Taken	—	6.75	144.10	449.00	144.10	455.75
Loans Repaid	0.87	3.00	104.46	216.35	105.33	219.35
Interest Paid	1.24	0.96	67.19	44.32	68.43	45.28

7. Earning per Share (EPS) Computed in accordance with Accounting Standard – 20 “Earning Per Share”:

PARTICULARS	Current Year 31.03.2009	Previous Year 31.03.2008
Profit attributable to equity shareholders	12,50,88,384	8,96,06,138
Basic/Weighted average number of equity shares	3692150	3692150
Nominal Value of each equity Share Rs.	10	10
Basic/diluted EPS (Rs.)	33.88	24.27

**8. Auditor's Remuneration**

<b>PARTICULARS</b>	<b>Current Year 31.03.2009</b>	<b>Previous Year 31.03.2008</b>
Audit Fee	1.50	1.50
Tax Audit Fee	0.25	0.25
Taxation & Certification Matters	0.25	1.33

**9. Additional information pursuant to Schedule - VI to the Companies Act, 1956.**

(As certified by the management &amp; Accepted by the Auditors) :-

**A) (Details of Capacity and Production)**

<b>Particulars</b>	<b>Current Year 31.03.2009</b>		<b>Previous Year 31.03.2008</b>	
	<b>Qty.(MT)</b>	<b>Value (In Lacs)</b>	<b>Qty.(MT)</b>	<b>Value (In Lacs)</b>
<b>a) Installed Capacity</b>				
Pipes/Tubes	66000.000	—	66000.000	—
C.R./ G.P./G.C. Sheets/Coils	54000.000	—	54000.000	—
Structure & Poles	16000.000		16000.000	
Forged \ Alloy Steel	10000.000	—	10000.000	—
<b>b) Production</b>				
Pipes/Tubes	53152.972	—	44387.268	—
Scrap & Residue	6430.112	—	4979.259	—
C.R.Sheets/Coils	5504.416	—	6906.432	—
G.P./G.C. Sheets	12084.499	—	13699.861	—
Other	15.438	—	515.039	—
Structure & Poles	10331.238	—	5827.920	
Forged \ Alloy Steel	2949.531	—	2040.760	—
Scaffolding Parts	444.734	—	1400.040	—
<b>c) Turnover</b>				
Pipes/Tubes	54838.976	28709.74	42852.499	18234.51
Scrap & Residue	6548.370	1749.45	4827.474	1145.08
C.R.Sheets/Coils	5314.515	1910.06	6915.050	2593.81
G.P./G.C. Sheets	12011.726	7089.25	14343.533	6918.20
Trading Sales	—	2528.54	—	179.86

Raw material	2555.390	1583.27	3715.145	3028.06
Other	15.438	8.59	528.197	207.32
Structure & Poles	10084.944	5884.90	6156.532	3488.30
Forged \ Alloy Steel	2348.042	2933.49	1783.828	1236.93
Scaffolding Parts	459.810	248.86	1357.750	585.25
<b>d) Self Consumption</b>				
Pipes/Tubes	3.820	---	14.875	---
Scrap & Residue	---	---	1.950	---
G.P./G.C. Sheets	7.180	---		
Forged \ Alloy Steel	5.600	---	18.585	---
<b>e) Opening Stock</b>				
Pipes/Tubes	5054.226	2126.56	3534.332	1195.09
Scrap & Residue	223.179	62.30	71.394	15.47
C.R. Sheet/Coils	400.602	195.41	409.220	156.16
G.P./G.C. Sheets	158.049	77.47	801.721	314.16
Trading Goods	---	147.12	—	125.68
Others	---	---	13.158	3.84
Structure & Pole	160.344	68.85	488.956	210.86
Scaffolding Parts	42.290	15.33	129.752	53.39
Forged \ Alloy Steel	368.099	281.55	---	---
<b>f) Closing Stock</b>				
Pipes/Tubes	3364.402	1066.06	5054.226	2126.56
Scrap & Residue	104.921	21.39	223.179	62.30
C.R. Sheet/Coils	210.373	57.14	400.602	195.41
G.P./G.C. Sheets	603.792	200.16	158.049	77.47
Trading Goods	---	---	---	147.12
Structure & Pole	406.638	182.40	160.344	68.85
Scaffolding Parts	27.214	4.89	42.290	15.33
Forged \ Alloy Steel	963.988	487.69	368.099	281.55

**B) Details of Consumption of Raw Materials, Stores & Spare Parts**

Rs. In Lacs

Particulars	Current Year 31.03.2009		Previous Year 31.03.2008	
	Qty.(MT)	Value	Qty.(MT)	Value
<b>a) Raw Material</b>				
H.R. Coils/Strips/ Skelp	71818.098	25054.72	65340.571	19456.34
Zinc	3219.211	2509.71	2029.185	3485.55
Semi-Finished Pipes	6206.645	1979.08	3825.704	1257.39
Angle shape	8419.205	3089.76	5692.719	1681.14
Ingots \ Blooms	4836.107	2020.64	3059.804	849.65
Sockets	260.374	173.86	229.560	122.77
<b>b) Stores &amp; Spare Parts</b>	---	1430.06	---	731.33

**C) Value of imported and indigenous raw materials consumed and Percentage of each to the total consumption**

Particulars	Current Year 31.03.2009		Previous Year 31.03.2008	
	% age	Value	% age	Value
Imported Raw materials	---	---	0.58	156.08
Indigenous Raw Material	100.00	34827.78	99.42	26696.76
<b>Total :</b>	<b>100.00</b>	<b>34827.78</b>	<b>100.00</b>	<b>26852.84</b>

**D) CIF Value of Imports**

Rs. in Lacs

PARTICULARS	Current Year 31.03.2009 Value	Previous Year 31.03.2008 Value
Raw Material	---	120.14
Material for resale	44.69	---
Stores & Spares	4.81	---
Capital Goods	29.49	---

**E) Earnings in foreign exchange on export**

Rs. in Lacs

<b>PARTICULARS</b>	<b>Current Year 31.03.2009 Value</b>	<b>Previous Year 31.03.2008 Value</b>
FOB Value	19794.91	12963.36

**F) Expenditure in foreign Currency**

Rs. in Lacs

<b>PARTICULARS</b>	<b>Current Year 31.03.2009 Value</b>	<b>Previous Year 31.03.2008 Value</b>
Tours & Traveling	13.17	17.78
Commission on Export Sales	220.01	75.45
Advertisement	5.96	—

**G)** Other additional information required to be furnished under Sub Clause of paragraph 3, 4, 4A, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 is either Nil or Not Applicable.

**11.** Previous year's figure have been re-grouped, re-classified and rearranged, whenever considered necessary to conform to current year's groupings and classifications.

**Signature to Schedule 1 to 16.**

As per our report of even date annexed hereto  
For **SANJEEV ANAND & ASSOCIATES**  
Chartered Accountants

On behalf of the Board of Directors  
For Good Luck Steel Tubes Limited

( **S. AGRAWAL** )  
Partner  
M.No. 72907  
Place : Ghaziabad  
Date : 30.06.2009

(**M.C.GARG**)  
Chairman

(**R.C.GARG**)  
Director

(**ABHISHEK AGRAWAL**) ( **SANDEEP KUMAR** )  
Company Secretary C.F.O.

**AUDITOR'S CERTIFICATE**

We have verified the above cash flow statement of **GOOD LUCK STEEL TUBES LTD.**, derived from the audited Financial Statements and the books and records produced for the years ended 31st March, 2009 and 31st March, 2008 and found the same in agreement therewith.

**For SANJEEV ANAND & ASSOCIATES**  
**Chartered Accountants**

**(S. AGARWAL)**  
**Partner**  
**M.NO. 72907**

**Place : GHAZIABAD**  
**Date : 30.06.2009**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

Registration No.	5091	State Code	55
Balance Sheet Date	31.03.2009		

**II. CAPITAL RAISED DURING THE YEAR (Rs. In Lacs)**

Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private placement	Nil

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUND (Rs. In Lacs)**

Total liabilities	17968.65	Total Assets	17968.65
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**SOURCES OF FUND**

Paid up Capital	369.22	Reserves & Surplus	4536.14
Secured Loans	10592.62	Unsecured Loans	1917.53
Deferred Tax Liability (Net)	553.15		

**APPLICATION OF FUNDS**

Net fixed assets	4,669.61		
(Including Capital Work-in-progress)		Investment	0
Net Current assets	13298.59	Misc. Expenditure	0.45
Accumulated Losses			

**IV. PERFORMANCE OF COMPANY (Rs. In Lacs)**

Turnover & Other Income	49016.14	Total expenditure	47098.98
Profit Before Tax	1917.16	Profit After Tax	1250.88
Earning Per Share (In Rs.)	33.88	Dividend Rate (%)	15%

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS**

Description	
ERW Pipes & Tubes	7306
C.R. Coils/Strips	7209

On behalf of the Board of Directors  
For Good Luck Steel Tubes Limited

(M.C.GARG)  
Chairman

(R.C.GARG)  
Director

Place : Ghaziabad  
Date : 30.06.2009

(ABHISHEK AGRAWAL) (SANDEEP KUMAR)  
Company Secretary C.F.O.

