

10 YEARS FINANCIAL HIGHLIGHTS

(Rs. Lakhs)

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Net Sales	2,549.95	2,382.27	2,581.85	3,437.86	4,541.43	5,428.45	6,015.21	7,623.13	5,606.96	7,549.17
Total Income	2,661.15	2,516.58	2,719.12	3,610.48	4,797.64	5,700.92	6,251.15	7,998.65	6,287.71	8,750.36
EBIDTA (Earning Before Dep, Interest & Tax)	708.93	711.11	886.50	1,252.30	1,832.14	2,197.95	2,344.76	3,148.09	2,854.89	4,147.43
Depreciation	135.09	137.54	216.91	297.77	341.95	343.45	408.53	463.32	535.85	508.26
Profit After Taxation	341.84	377.05	447.03	590.01	983.63	1,614.29	1,287.13	1,884.42	1,592.75	2,533.31
Equity Dividend (%)	12.00	15.00	15.00	25.00	30.00	40.00	40.00	50.00	50.00	100.00
Dividend Payout	88.19	110.24	110.24	183.73	220.48	293.97	293.97	367.46	367.46	734.92
Equity Share Capital	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93
Reserves & Surplus	1,500.45	1,454.93	1,777.61	2,160.34	2,894.68	4,173.77	5,125.69	6,580.20	7,743.03	9,416.50
Net Worth	2,235.38	2,189.86	2,512.54	2,895.27	3,629.61	4,908.70	5,860.62	7,315.13	8,477.96	10,151.43
Gross Fixed Assets	2,994.98	3,081.52	3,351.36	3,945.55	4,196.12	5,460.70	6,704.75	8,466.77	8,702.26	8,692.18
Net Fixed Assets	1,449.88	1,400.97	1,579.82	1,876.35	1,808.76	2,746.10	3,605.07	4,958.92	4,688.87	4,210.81

Key Indicators

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Earning per share	4.65	5.13	5.87	8.03	13.38	21.97	17.51	12.82*	10.84*	17.24*
Turnover per share - Rs.	34.70	32.41	35.13	46.78	61.79	73.86	81.85	51.86	38.15	51.36
Book Value per share	30.42	29.80	34.19	39.40	49.39	66.79	79.74	49.77	57.68	69.06
Debt/Equity Ratio	0.42	0.38	0.32	0.24	0.19	0.15	0.12	0.08	0.04	0.00
Net Profit Margin %	13.41	15.83	17.31	17.16	21.66	29.74	21.40	24.72	28.41	33.56
EBDIT/ Net Sales %	27.80	29.85	34.34	36.43	40.34	40.49	38.98	41.30	50.92	54.94

* During the year 2007-08, the Company has split the paid up value of its equity shares of the face value of Rs.10/- each into equity of share of Rs. 5/- each, Accordingly, EPS for the year 2007-08, 2008-09 & 2009-10 has been restated, as per the AS 20 "Earning Per Share"

GANDHI SPECIAL TUBES LIMITED

NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of GANDHI SPECIAL TUBES LIMITED will be held on Wednesday the 28th day of July 2010 at 11.00 a.m. at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K.M.Munshi Marg, Mumbai - 400 007, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date together with the Directors' Report and the Report of the Auditors thereon.
2. To confirm interim dividend paid on equity shares.
3. To appoint Director in place of Shri Jayesh M. Gandhi, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Companies Act, 1956, the approval be and is hereby accorded for the appointment of Shri M. G. Gandhi as Managing Director of the Company for a further period of three years with effect from 1st January, 2010 on the terms and conditions including remuneration as set out in the draft agreement submitted to this meeting and signed by the Chairman of the remuneration committee for the purpose of identification which agreement is hereby specifically sanctioned with a liberty to the Directors to alter and vary the terms and conditions of the said appointment and / or agreement, so as not to exceed the limits of remuneration, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Mr. M.G. Gandhi.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Companies Act, 1956, the approval be and is hereby accorded for the appointment of Mr. B. G. Gandhi as Joint Managing Director of the Company for a further period of three years with effect from 1st January, 2010 on the terms and conditions including remuneration as set out in the draft agreement submitted to this meeting and signed by the Chairman of the remuneration committee for the purpose of identification which agreement is hereby specifically sanctioned with a liberty to the Directors to alter and vary the terms and conditions of the said appointment and / or agreement, so as not to exceed the limits of remuneration, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Mr. B. G. Gandhi.

By Order of the Board of Directors

S.K.MISRA
COMPANY SECRETARY

Regd. Office:

Jariwala Mansion,
43, K.M.Munshi Marg,
Near Bhartiya Vidya Bhavan,
MUMBAI 400 007

Date: 12th May, 2010.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the annual general meeting is annexed hereto and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday the 27th July, 2010 to Wednesday the 28th July, 2010 (both days inclusive).
4. Beneficial Owners holding shares in Electronic/ Demat form are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant. ECS Mandate has to be sent to the concerned Depository Participant directly.
5. Members holding shares in physical form and desiring to receive Dividend payment through ECS may send their ECS Mandate Form, duly filled in, to the Company's R & T Agents "Karvy Computershare Pvt. Ltd" (for ECS Mandate Form See Annexure I). Members holding shares in physical form are also requested to notify any change in their address, bank accounts etc. to the R & T Agents, "Karvy Computershare Pvt. Ltd."
6. With a view to prevent fraudulent encashment of dividend warrants, members holding shares in physical form and desiring not to opt for payment of dividend through ECS are advised to furnish to the R & T Agent "Karvy Computershare Pvt. Ltd" the particulars of their bank account with a request to incorporate the same in the dividend warrant.
7. Members' attention is being drawn that pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has transferred to Investor Education and Protection Fund (IEPF) all unclaimed/ unpaid dividends in respect of the financial years up to 2001-2002.

The last date for lodging claim with the Company for Interim Dividend for the year 2002-2003 is 19.08.2010. The unclaimed dividend will be transferred to Investor Education & Protection Fund (IEPF) of the Central Government on or after 25.9.2010 and before 24.10.2010.

Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2003 to 31st March 2010 are requested to write to the Company's Share Department at its Registered Office. Kindly note that once the unclaimed/unpaid Dividend is transferred to the IEPF, members will not be entitled to claim such dividend either from the Company or IEPF.
8. Members desirous of getting any information about the accounts and operations of the Company are requested to write their queries to the Company at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.
9. Members/ Proxies should bring the attendance slip duly filled in for attending the meeting. The identity/ signature of the Members holding shares in electronic/demat form is liable for verification with specimen signatures as may be furnished by NSDL/CDSL to the Company. Such Members are advised to bring the relevant identity card, issued by the Depository Participant, to the Annual General Meeting.
10. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
11. As required by Clause 49 of the Listing Agreement signed by the Company with the Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE), brief profile of the Director proposed to be appointed / re-appointed at the annual general meeting is given below:

GANDHI SPECIAL TUBES LIMITED

Name of the Director	Shri Jayesh M. Gandhi
Date of Birth	28.11.1965
Date of Appointment	07.05.1998
Experience in specific functional areas	Shri. Jayesh M. Gandhi has a rich and extensive experience for more than 20 years in manufacturing, administration and marketing automobile and diesel engine, oil engine parts including exports. He has achieved good export orders visiting various countries. He is also a key person in developing the ERP system for your Company.
Qualification	B.COM., M. B. A.
Directorship in other Companies	Jaishri Engineering Private Limited. B. M. Gandhi Investments Company Private Limited.
Chairman/ Member of the Committees of the Board of Directors of the Company	Member- Audit Committee
Chairman/ Member of the Committees of the Board of Directors of the other Companies in which he is a Director	Nil
No. of Shares held in the Company	9, 56,366

By Order of the Board of Directors

S.K.MISRA
COMPANY SECRETARY

Regd. Office:
Jariwala Mansion,
43, K.M.Munshi Marg,
Near Bhartiya Vidya Bhavan,
MUMBAI 400 007

Date: 12th May, 2010.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5 & 6

The present term of Shri M.G.Gandhi as Managing Director and Shri B.G.Gandhi as Joint Managing Director has expired on 31st December 2009.

The Board of Directors of the Company at its Meeting held on 14th October, 2009 re-appointed Shri M.G.Gandhi and Shri B.G.Gandhi as Managing Director and Joint Managing Director respectively of the Company, with effect from 1st January 2010 for a further period of Three Years, subject to the approval of the Company in General Meeting in accordance with Schedule XIII of the Act. The terms and conditions including remuneration payable to Shri M.G.Gandhi and Shri B.G.Gandhi are set out in the draft Agreements entered into by the Company with Shri M.G. Gandhi and Shri B. G. Gandhi contain inter alia the following terms and conditions.

OVERALL REMUNERATION:

Subject to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other provisions applicable of the Companies Act, 1956, if any, the remuneration payable to Shri M.G.Gandhi, Managing Director and Shri B. G. Gandhi, Jt. Managing Director, in any financial year shall not exceed 10% (Ten percent) of the net profits of the Company.

MINIMUM REMUNERATION

Where in any financial year during the tenure of Shri M.G.Gandhi, Managing Director and Shri B.G.Gandhi, Jt.Managing Director, the company has no profits or its profits are inadequate, the remuneration payable to Shri M.G.Gandhi, Managing Director and Shri B.G.Gandhi, Jt.Managing Director, will be according to the applicable provisions of Schedule XIII of the Act. Within the aforesaid ceiling, the remuneration payable to each of Shri M.G. Gandhi, Managing Director and Shri B.G.Gandhi, Jt.Managing Director, shall be as follows:-

SALARY, PERQUISITES AND ALLOWANCES

Not Exceeding Rs.700000/- p.m. inclusive of all perquisites and allowances except those specifically excluded as per Schedule XIII of the Act.

COMMISSION:

As may be decided by the Board of Directors at the time of adoption of accounts, but not exceeding the ceiling in respect of overall remuneration as prescribed under Section 198 and 309 of the Companies Act, 1956.

Other Term and Conditions

- a) Leave: 30 working days leave (traveling time included) once in every year of service, with encashment of unavailed leave at the end of their tenure.
- b) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; gratuity payable at a rate not exceeding half a month salary for each completed year of service and encashment of unavailed leave at the end of tenure shall not be included in the computation of the ceiling on remuneration in terms of Schedule XIII of the Companies Act, 1956.
- c) Shri M.G. Gandhi and Shri B.G. Gandhi, will not be entitled to sitting fees for meetings of the Board/ Committee of the Board attended by him.
- d) Shri M. G. Gandhi and Shri B.G. Gandhi shall not be liable to retire by rotation.

Your Board of Directors recommends the Special Resolutions as set out under item no. 5 and 6 of the Notice for your approval.

Shri M.G. Gandhi and Shri B.G. Gandhi are interested in the above resolutions in respect of their respective reappointments as also they being related to each other. Shri Jayesh Gandhi, Director is also interested being related to the Managing Director and the Joint Managing Director. No other Director is concerned or interested in the said resolutions.

The overall remuneration is in accordance with the provisions of Section I of Part II of Schedule XIII to the Companies Act, 1956 and the minimum remuneration is in accordance with the provisions of Section II of Part II of the Schedule XIII to the Companies Act, 1956 and subject to the overall limit of 10% (5% for each) of the net profits of the Company for each financial year computed in the manner prescribed in Section 349 & 350 of the Companies Act, 1956.

The above may also be considered as extract of the terms and conditions of appointment of the Managing Director and Jt. Mg. Director as required under Section 302 of the Companies Act, 1956. Documents referred to in the resolution and the explanatory statement would remain available for inspection between 10.00 a.m. to 12.00 noon on all working days except Saturdays and Sundays.

By Order of the Board of Directors

S.K.MISRA
COMPANY SECRETARY.

Regd. Office:
Jariwala Mansion,
43, K.M.Munshi Marg,
Near Bhartiya Vidya Bhavan,
MUMBAI 400 007

Date: 12th May, 2010

GANDHI SPECIAL TUBES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Twenty Fifth Annual Report together with the Audited Accounts for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS

(Rs. in Lacs)

	31.03.2010	31.03.2009
Sales	8172.43	6287.08
Profit before Tax	3639.17	2319.04
Less: Provision for Taxation		
- Current Tax	1140.23	650.17
- Deferred Tax	(27.49)	74.07
- Fringe Benefit Tax	NIL	2.05
Prior Year adjustments	(6.87)	—
Profit after Tax	2533.30	1592.74
Interim Dividend	367.46	367.46
Silver Jubilee dividend	367.46	—
Corporate Dividend Tax	124.90	62.45
Earning Per Share of Rs. 5/-	Rs. 17.24	Rs. 10.84

Your Company has fully exploited surging demand for components by the Original Equipment Manufacturers (OEMs). There was a good demand from Automotive, Refrigeration and Infrastructure Industry. Your Company has recorded a growth in the turnover by approximately 30% and net profit after tax by approximately 59% in comparison with the previous year.

2. DIVIDEND

Your Directors on occasion of silver jubilee year of the Company declared special interim dividend of Rs. 2.50 paise per equity shares of Rs. 5/- each. Regular interim dividend of Rs. 2.50 paise was also declared. Both the interim dividends aggregating to Rs. 5.00 per equity share of RS. 5/- each amounting to Rs.734.93 Lacs for the year ended 31st March, 2010 were paid by the Company on 16th February, 2010. As there has been no significant change in the final profits for the full year ended on 31st March, 2010, your Directors recommend that the Interim Dividend may be confirmed as final dividend.

3. RATINGS

CRISIL has assigned ratings to the bank facilities of your Company as A+/Stable/P1+ which indicates more than adequate degree of safety with regard to timely payment of financial obligations. Your Company hardly uses cash credit facilities and sparingly uses Letter of Credit/Bank Guarantee facility.

4. CORPORATE GOVERNANCE

The Corporate Governance and Management's Discussion and Analysis Reports form an integral part of this report and are set out as separate Annexure to this Report. The Certificate from Auditors of the Company, certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, is annexed to the Report on Corporate Governance.

5. DEPOSITS

Your Company has not accepted any deposits from the public during the year under review.

6. DIRECTORS

Shri J. M. Gandhi retires by rotation and being eligible and not being disqualified under Section 274 of the Companies Act, 1956, offers himself for reappointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in selection of the accounting policies, consulted the Statutory and Internal Auditors and have 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 and of the profit of the Company for the year under report;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability, for 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; and
- iv) the annual accounts have been prepared on going concern basis.

8. AUDITORS

The Company's Auditors M/s. S.V.Doshi & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting, and are eligible for reappointment and holding peer review certificate issued by The Institute of Chartered Accountants of India. The Company has received the certificate to this effect from the Auditors.

9. PARTICULARS OF EMPLOYEES

There were no employees other than the Managing Director and the Joint Managing Director, covered under the purview of Section 217 (2A) of the Companies Act, 1956 and the Rules framed there under.

10 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given in Annexure and forms part of this report.

11. ACKNOWLEDGEMENT

Your Directors gratefully acknowledge their sincere thanks for unstinting support by the customers, bankers, suppliers and our esteemed shareholders for their continued support and encouragement. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Workers, Staff and Executives of the Company.

For and On behalf of the Board of Directors

Place: Mumbai
Date: 12.05.2010

M.G.GANDHI
Chairman & Managing Director

GANDHI SPECIAL TUBES LIMITED

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED ON 31ST MARCH, 2010

I. Conservation of Energy

a. Energy conservation measures taken:

Conservation of energy is an ongoing exercise being undertaken by the Company. Wherever possible motors and pumps of higher capacity are replaced with motors and pumps of optimum capacity. All the workmen and the staff of the Company are trained to avoid wasteful use of energy by switching off idle machines, and lights.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

At present the Company is not considering any specific investment for reducing consumption of energy. However, normal investment, wherever required, will be made on need basis from time to time.

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

- i. Saving in energy cost.

FORM - A

A. POWER AND FUEL CONSUMPTION

Sr. Particulars No.		2009-10	2008-09
1. Electricity Purchased			
Units Purchased			
	Lacs KWH	52.70	36.51
Total Amount	Rs. Lacs	330.67	232.58
Average Rate / KWH	Rupees	6.27	6.37
2. LPG Consumed			
Quantity Consumed	Tonnes	—	25.00
Total Amount	Rs. Lacs	—	10.89
Average Rate / Tonne	Rupees	—	43561.44
3. PROPANE Consumed			
Quantity Consumed	Tonnes	168.59	673.11
Total Amount	Rs. Lacs	43.98	314.31
Average Rate / Tonne	Rupees	26091	45023.13
4. GSPC Gas Consumed			
Quantity Consumed	SCM	1346139.86	126673.410
Total Amount	Rs. Lacs	219.50	30.87
Average Rate / SCM	Rupees	16.31	17.55

B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Particulars		2009-10 Per Tonne	2008-09 Per Tonne
1.	Electricity*	KWH	1157.43	1199.35
2.	LPG/PROPANE/GSPC GAS**	Tonne	0.283 @@	0.280 @

* Indicates combined consumption of Welded / Seamless Tubes and Nuts.

** Indicates combined consumption of Welded and Seamless Tubes.

@ Indicates only LPG, PROPANE & GSPC GAS consumption.

@@ Indicates only PROPANE & GSPC GAS consumption.

II. Research and Development and Technology Absorption**A. RESEARCH AND DEVELOPMENT****(1) SPECIFIC AREAS IN WHICH R & D WAS CARRIED OUT BY THE COMPANY**

The Company is undertaking regular developmental activities to strengthen company's operations through innovation to improve productivity and quality.

(2) BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D

Company is achieving efficiency in production, and improvement in quality of product.

(3) FURTHER PLAN OF ACTION

At present, there are no specific areas in which the Company is undertaking Research & Development.

(4) Capital Expenditure ON R & D

The Company has not made separate allocation in the accounts, but the expenditure (other than capital expenditure) is shown under respective heads of expenditure in the Profit & Loss Account.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company is continuously taking steps to improve product and process technology in an effort to provide value added products to the consumers.

III. Foreign Exchange Earnings And Outgo

The information on Foreign Exchange earnings and outgo is as under:

Foreign Exchange Earnings	Rs. 16.81 Lacs
Foreign Exchange Outgo	Rs. 1,145.84 Lacs

For and on behalf of the Board of Directors

M.G.GANDHI

Chairman & Managing Director

Place: Mumbai
Date: 12.05.2010

GANDHI SPECIAL TUBES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

The Automobile Industry particularly Commercial Vehicles (CV) made a good recovery due to fiscal support by the Government of India. The Refrigeration Industry also recovered. Heavy Investment made by the Central Government and most of the state governments to improve the infrastructure facility has boosted automotive industry to a great extent. With a helping hand of government's stimulus package and lowered interest rates on auto loans, the automobile industry recorded a growth of 26.41%. The industry recorded sales of 12.3 million units, highest ever, making the current financial year 2009-10 the most successful in its history..

2. Opportunities & Threats

Opportunities:

With the growth of Automotive Industries, particularly Diesel vehicles, construction segment, Hydraulic Industries and General Engineering Industries, we expect growth in demand for our products. Increase Heat waves all over the country has boosted the growth of the Refrigeration Industry and the demand for the components has increased.

Threats:

Due to steep increase of price in the commodities the cost of input has gone up. It is unlikely that OEMs will agree for price increase and hence there will be a considerable pressure on margins.

3. Product wise Performance

Product wise classification and their contribution to total sales are as under:

Sr. No.	Product	2009-10	2008-09
1.	Welded Tubes	32.60%	31.37%
2.	Seamless Tubes	55.33%	55.17%
3.	Cold Formed Nuts/ Scrap	9.84%	9.75%
4.	Wind Power	2.23%	3.71%
	Total	100.00%	100.00%

4. Outlook

Demand for the Company's products from Automobile and General Engineering Industry is expected to remain healthy. Company's reputation as a manufacturer of high quality products and reliable supplier backed up by excellent after sales service, puts us in a strong position against any down-turn in demand. With healthy economic environment, barring any unforeseen circumstances, your company is optimistic and confident about outlook for future as is demonstrated by capacity expansion project completed by us recently.

5. Risk and Concerns

- > The margins could come under pressure due to increase in input costs and other expenses.
- > Competition from low cost manufacturing countries such as China.
- > Adverse fluctuation in foreign exchange rates.

The Company evaluates and monitors all risks associated with various areas of operations such as production, sales, inventory management, debtors management, insurance, legal and other issues like safety and environment with a view to mitigate the adverse impact of the risk factors.

6. Internal Control Systems

The Company has an internal control system in place which is commensurate with its size and nature of its business. The internal control system ensures that all the assets of the Company are safeguarded from loss, damage or disposition. Checks and controls are in place to ensure that transactions are adequately authorised and recorded and that they are reported correctly. The internal control system is supplemented by an extensive programme of internal audit by a firm of independent Chartered Accountants and external statutory audit which is periodically reviewed by the management and Audit Committee.

The Audit Committee of the Board regularly reviews compliance with the Company's policies, procedures and statutory requirements in consultation with the Statutory Auditors and the Internal Auditors, who also attend the Audit Committee meetings.

7. Financial Performance with respect to Operational Performance

Sales and Profit:

During the year Sales has grown by approximately 30% and Net Profit after tax was up by approximately 59% in comparison with the previous year.

Capital Investment:

Capital Investment of Rs.98.11 Lacs was made during the year, out of which major amount of Rs. 45.41 Lacs was towards Plant & Machinery. The entire capital investment has been made out of the Company's internal cash accruals.

8. Human Resources and Industrial Relations

Industrial relations were harmonious through out the year. The Company also provides suitable environment for development of leadership skills which enables it to recruit and retain quality professionals in all the fields.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation are "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

For GANDHI SPECIAL TUBES LTD.

M. G. GANDHI

Chairman and Managing Director

Place: Mumbai
Date: 12-05-2010

GANDHI SPECIAL TUBES LIMITED

REPORT ON CORPORATE GOVERNANCE

1. Company Philosophy on Corporate Governance

Your Company is fully compliant with the regulatory guidelines relating to the Corporate Governance of Clause 49 of the listing agreement with BSE & NSE. While complying with all the regulatory requirements, the Company is also guided by the principles of equity, transparency and accountability in its endeavor to achieve the objective of maximizing its profits, and enhancing stake holders' value.

2. Board of Directors

(A) Composition: -The Company's Board of Directors is composed of 6 Directors headed by an Executive Chairman, One Executive Promoter Director, One Non Executive Promoter Director and Three Non Executive Independent Directors who are eminent professionals, with experience in business, industry, finance and taxation.

(B) Attendance and Other Directorships:

The attendance of the Board of Directors and related information as on 31st March, 2010 is as follows:

Name of the Director & Designation	No. of Board Meetings attended	Attendance at the last AGM on 23.07.09	Directorship in other companies incorporated in India	No. of other Board Committees of which Member / Chairman	Executive / Non Executive / Independent	Inter Se Relationship
Shri Manhar G. Gandhi Chairman and Managing Director	4	Present	1	Nil	Executive (Promoter Group)	Brother of Jt. Managing Director & Father of Mr. J. M. Gandhi, Director.
Shri Bhupatrai G. Gandhi Jt. Mg. Director	3	Present	1	Chairman of Investors' Grievance Committee	Executive (Promoter Group)	Brother of Chairman & Managing Director
Shri Dhirajlal S. Shah	4	Present	Nil	Chairman of Audit Committee & Remuneration Committee, Member of Investors' Grievance Committee	Non Executive & Independent	None
Shri Kavas N. Warden	3	Present	Nil	Member of Remuneration Committee	Non Executive & Independent	None
Shri Jayesh M. Gandhi	4	Present	2	Member of Audit Committee	Non Executive (Promoter Group)	Son of Chairman & Managing Director
Shri Dharmen B Shah	4	Present	1	Member of Audit Committee, Investors' Grievance Committee & Remuneration Committee	Non Executive & Independent	None

None of the Directors on the Board holds the office of Director in more than 15 Companies or memberships of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees across all companies.

(C) Board Meetings

The Agenda along with the background notes are circulated to the Directors well in advance of the Board Meetings.

Four Board Meetings were held during the year, on 14th May, 2009, 23rd July, 2009, 14th October, 2009 and 21st January, 2010.

(D) Code of Conduct

The Company has adopted a Code of Conduct for the members of the Board and the senior executives in compliance with the provision of Clause 49 of the Listing Agreement. All the members of the Board and the Management Committee have affirmed compliance to the Code of Conduct as on 31st March, 2010, and a declaration to that effect signed by the Managing Director is attached and forms a part of this Report.

COMMITTEES OF THE BOARD

3. Audit Committee

i) Brief description of terms of reference

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- c. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956;
 - ii) Any Changes in accounting policies and practices; reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgement by management;
 - iv) Significant adjustments made in the financial statements arising out of audit findings;
 - v) Compliance with accounting standards;
 - vi) Compliance with stock exchanges and legal requirements concerning financial statements;
 - vii) Any related party transactions i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- e. Reviewing with the management, statutory and internal auditors the adequacy of the internal control systems
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Reviewing the Internal Audit Report and discussion with internal auditors for any significant findings and follow up thereon.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
- i. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- l. Reviewing related party transactions.
- m. Noting of amendment in the Listing Agreement relating to role and responsibilities of Audit Committee and matters concerning financial results and financial disclosures.
- n. Reviewing with the management performance of the Statutory Auditors and Internal Auditors.

GANDHI SPECIAL TUBES LIMITED

- o. Reviewing the Management Discussion and Analysis of financial condition and results of operations.
- p. Reviewing with the Management, the statement of uses / application of funds raised through an Issue; the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of the issue, and making appropriate recommendations to the Board to take steps in this matter.
- q. To discuss management letters / letters of internal control weakness issued by the Statutory Auditors.
- r. To approve appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience & background etc. of the candidate.

The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Management, Auditors and Board of Directors of the Company and has full access to financial information.

Recommendations of the Audit Committee, if any, are considered and implemented by the Board from time to time.

(ii) Composition, Name of Members and Chairperson

Audit Committee consists of three Directors Viz: Shri D.S.Shah, (Chartered Accountant) Shri Jayesh M. Gandhi (B. Com and M. B. A.) and Shri. D.B.Shah (Chartered Accountant). Shri D.S.Shah is the Chairman of the Audit Committee. All the members of the Committee are Non Executive Directors and two thirds of them are independent directors. The Chairman of the Audit Committee remains present at the Annual General Meeting.

(iii) Meetings and Attendance during the year

The Audit Committee met Four times during the year on 14th May, 2009, 23rd July, 2009, 14th October, 2009 and 21st January, 2010.

The attendance of each member of the committee is given below:

Name of the Director	No. of meetings attended
Shri Dhirajlal S. Shah	4
Shri Dharmen B Shah	4
Shri Jayesh M. Gandhi	4

The Statutory Auditors, the Internal Auditors, the Cost Auditors, Shri R B Dani - Consultant and Shri Manhar G. Gandhi, Managing Director are permanent invitees to the meetings of the committee. The Company Secretary is the secretary of the committee.

4. Remuneration Committee

(i) Brief description of Terms of Reference

To determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment and to fix the remuneration payable to executive directors.

(ii) & (iii) Composition, Name of members, Chairperson & Attendance during the year

Remuneration Committee consists of Shri. D.S.Shah, Shri. D.B.Shah and Shri K.N.Warden, all independent directors, as members. Shri D.S.Shah is the Chairman of the Committee.

The Remuneration Committee met once during the year on 14th October, 2009. All the members of the Committee, except Mr. K. N. Warden, attended the said meeting.

(iii) Remuneration Policy

The remuneration policy for working directors is reviewed periodically to ensure that the same is in line with the peer companies. The payment of remuneration is duly approved by the Remuneration Committee, the Board of Directors and the Shareholders.

(iv) Details of Remuneration paid to the Directors for the year ended 31st March, 2010.

i) Managing Director and Joint Managing Director

The Agreements with the Managing Director and the Joint Managing Director are for a period of Three Years each commencing from 1st January, 2010.

The Board of Directors in its meeting held on 14th October, 2009 have approved reappointment of Shri. Manhar G. Gandhi and Shri. Bhupatrai G. Gandhi as Managing Director and Joint Managing Director respectively. However the reappointment is subject to approval of the Shareholders in the 25th Annual General Meeting of the Company.

The total remuneration paid to the Managing Director and the Joint Managing Director during the year 2009-10 was as under:

(Rupees Lacs)

Name	Salary	Commission	Contribution to Provident Fund/ Gratuity
Shri Manhar G. Gandhi Mg. Director.	84.00	54.00	50.53
Shri Bhupatrai G. Gandhi Jt. Mg. Director.	84.00	54.00	50.53

Notes:

- a) The agreement with the Managing Director and Jt. Managing Director is for a period of three years. Either party to the agreement is entitled to terminate by the agreement by giving the other party a notice of 3 months.
 - b) The Managing Director and the Jt. Managing Director is entitled to compensation for loss of office in accordance with and subject to restrictions laid down under section 318 of the Companies Act 1956.
 - c) Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or to the Jt. Managing Director.
 - d) The Managing Director and Jt. Managing Director are entitled to commission within the overall limit prescribed under sections 198 & 309 of the Companies Act, 1956.
- ii) The Non Executive Directors are not entitled to any remuneration except payment of sitting fees for attending the meetings of Board of Directors and Committees thereof. During the year 2009-10, the Company has paid total sitting fee of Rs.119000/- to non executive directors as under:

Shri D.S.Shah	Rs. 35000.00
Shri K.N.Warden	Rs. 16000.00
Shri J.M. Gandhi	Rs. 33000.00
Shri D. B. Shah	Rs. 35000.00

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5. Investors' Grievance Committee (Shareholders' Committee)

(i) Name of Non-executive Director heading the Committee:

Investors' Grievance Committee is headed by Shri Dhirajlal S Shah, a non executive independent director. Shri Bhupatrai G. Gandhi (Executive & Promoter Member), and Shri Dharmen B Shah (Non Executive Independent Member) are the other members of the Committee.

(ii) Name & Designation of Compliance Officer:

Shri Shyam Kumar Misra, Company Secretary is designated as Compliance Officer of the Company.

(iii) to (v) A statement of various complaints received and cleared by the Company during the year ended on 31st March, 2010 is given below:

Nature of Complaint	Received	Cleared	Pending
Non Receipt of Annual Report	1	1	Nil
Non Receipt of Dividend Warrants	62	62	Nil
Request for Duplicate Share Certificates	Nil	Nil	Nil
Non Receipt of Share Transferred	Nil	Nil	Nil
Others	19	19	Nil
Letters from Stock Exchange/ SEBI/ Department of Company Affairs	2	2	Nil

As per revised Clause 47(F) of the listing agreement the E-mail ID of the Investor Grievance Department of the Company is complianceofficer@gandhitubes.com.

6. General Body Meetings

(i) and (ii) The date, time and venue of the last 3 General Body Meetings of the Company is given below:

Financial Year ended	Date	Time	Venue	Details of Special Business, Resolutions
31st March, 2007	24.07.2007	11.00 a.m.	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai 400007	No Special business was transacted.
31st March, 2008	24.07.2008	11.00 a.m.	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai 400007	No Special business was transacted.
31st March, 2009	23.07.2009	11.00 a.m.	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai 400007	No Special business was transacted.

7. Disclosures

- (i) During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, directors and management that had a potential conflict with the interest of the Company at large.

All the transactions with related parties are periodically placed before the Audit Committee. The Register of Contracts detailing transactions in which Directors are interested is placed before the Board at every meeting for its approval. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Schedule 19, Note No.16 to the Accounts in the Annual Report and they are not in conflict with the interest of the Company at large.

- (ii) There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital market during the last three years.

- (iii) The Company has not adopted Whistle Blower Policy.

- (iv) The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing Agreement. The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

- (a) **Maintenance of the Chairman's Office:** The Company has an Executive Chairman and the office provided to him for performing his executive duties is also utilized by him for discharging his duties as Chairman. No separate office is maintained for the non-executive Chairman of the Audit Committee but Secretarial and other assistance is provided to him whenever needed, in performance of his duties.

- (b) **Tenure of Independent Directors:** No specific tenure has been specified for the Independent Directors.

- (c) **Remuneration Committee:** The Company has set up a remuneration committee consisting of three Non Executive Independent Directors.

- (d) **Shareholders' rights:** Un-audited quarterly financial results are posted on the website of the Company. In view of new portal viz. Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the <http://www.corpfiling.co.in> SEBI has discontinued the system of posting the result on EDIFAR website of SEBI.

- (e) **Audit Qualification:** There have been no qualifications by the Auditors in their report on the Accounts of the Company. The Company shall endeavor to continue to have unqualified financial statements.

- (f) **Training of Board of Directors:** The Directors of the Company are persons from Business and Profession with experience in corporate sector. They are being kept posted with various statutory and regulatory changes which are applicable to the Company.

- (g) **Mechanism for evaluating non-executive Board members:** Non Executive members of the Board are highly qualified and there is no need for evaluation.

- (h) **Whistle Blower Policy:** The Company has so far not framed a formal whistle blower policy. However, the employees of the Company have free access to the Board of Directors, Audit Committee and Senior Management personnel to report their concerns about unethical behaviour, fraud or violation of statutory requirements, with assurance from the management to protect the employees from victimization in case they report any such unethical or fraudulent behavior.

GANDHI SPECIAL TUBES LIMITED

- (i) **Board disclosures-Risk Management:** The Board is kept informed about the risk management being followed by the Company from time to time. All the risks such as fire, marine, burglary, earthquake etc. have been adequately insured.
- (j) The Company has not issued any shares during the year.
- v) Shareholding of the Non-executive Directors in the Company

Name of the Non-Executive Director	No. of Shares held
1) Shri Dhirajlal S. Shah	4050
2) Shri Kavas N. Warden	30079
3) Shri Jayesh M. Gandhi	956366
4) Shri Dharmen B Shah	1000

8. Means of Communication

- (i) The Company publishes generally quarterly financial results in The Free Press Journal and Navshakti.
- (ii) Results are also posted on the Company's official website www.gandhitubes.com
- (iii) There is no official news release displayed on the website.
- (iv) The Company has not made any presentation to institutional investors or equity analysts.

9. General Shareholders Information

(i) Annual General Meeting

The 25th Annual General Meeting of the shareholders will be held on 28.07.2010 at 11.00 a.m.

Venue: Kanji Khetsey Sabhagriha,
Bharatiya Vidya Bhavan,
K.M.Munshi Marg,
Mumbai - 400 007.

(ii) Financial Calendar:-

For the year ending 31st March, 2011 the Financial Results will be announced on:

First Quarter	:	End July, 2010
Half year	:	End October, 2010
Third Quarter	:	End January, 2011
Yearly	:	End April/May 2011

(iii) **Date of Book Closure:** - Tuesday, 27th July, 2010 to Wednesday day 28th July, 2010 (both days inclusive)

(iv) **Dividend Payment Date:** Interim Dividend for the year 2009-10 already paid on 16th February, 2010. Final dividend is not recommended by the Board

(v) **Listing:** The equity shares of the Company are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

(vi) **ISIN NO.** : INE524B01027
Scrip Code : BSE - 513108
NSE - GANDHITUBE

(vii) Market Price Data: high, low during each month in the last financial year.

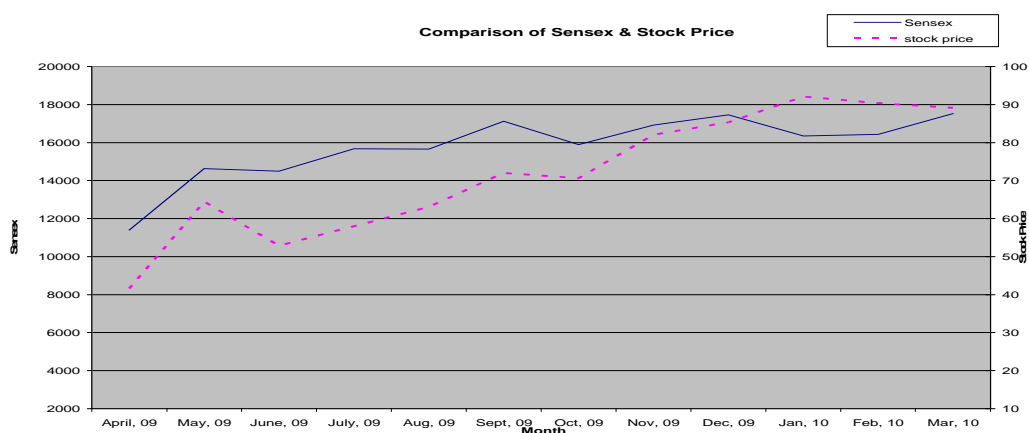
Monthly Share Price Data of the Company's shares on BSE for the year ended 31st March, 2010

Month	Highest		Lowest	
	Rate (Rs.)	Date	Rate (Rs.)	Date
April 2009	47.45	15.04.2009	34.40	02.04.2009
May 2009	73.95	26.05.2009	40.55	05.05.2008
June 2009	69.90	01.06.2009	51.45	30.06.2009
July 2009	59.30	30.07.2009	48.15	09.07.2009
August 2009	63.75	28.08.2009	54.60	12.08.2009
September 2009	74.60	14.09.2009	62.55	02.09.2009
October 2009	84.90	16.10.2009	63.55	09.10.2009
November 2009	85.70	24.11.2009	68.10	03.11.2009
December 2009	87.45	10.12.2009	75.65	16.12.2009
January 2010	110.70	12.01.2010	83.00	04.01.2010
February 2010	98.30	02.02.2010	88.00	06.02.2010
March 2010	96.50	05.03.2010	89.15	30.03.2010

Monthly Share Price Data of the Company's shares on NSE for the year ended 31st March, 2010

Month	Highest		Lowest	
	Rate (Rs.)	Date	Rate (Rs.)	Date
April 2009	49.80	16.04.2009	34.75	01.04.2009
May 2009	73.50	26.05.2009	34.05	01.05.2009
June 2009	68.00	04.06.2009	51.15	23.06.2009
July 2009	59.00	31.07.2009	49.00	14.07.2009
August 2009	64.45	13.08.2009	56.50	04.08.2009
September 2009	79.05	14.09.2009	59.00	01.09.2009
October 2009	85.00	20.10.2009	65.30	14.10.2009
November 2009	89.45	24.11.2009	67.40	05.11.2009
December 2009	90.80	15.12.2009	76.00	08.12.2009
January 2010	110.0	25.01.2010	83.50	04.01.2010
February 2010	99.00	02.02.2010	85.05	08.02.2010
March 2010	109.90	08.03.2010	86.00	22.03.2010

(viii) Performance in comparison to BSE sensex



GANDHI SPECIAL TUBES LIMITED

(ix) Name and Address of the Registrar and Share Transfer Agent

KARVY COMPUTERSHARE PVT LTD

Regd. Office

"Karvy House" No.46
Avenue 4, Street no.1
Banjara Hills,
HYDERABAD - 500 034
Tel No: 91-40-23312454/23320751
Fax No: 91-40-23311968

City Office

"24" Maharashtra Chamber of Commerce Lane
Above Parkeen, Opp. MSC Bank
Fort
MUMBAI - 400 023
Tel No: 91-22-22040170
Fax No: 91-22-56331135

(x) Share Transfer System

Karvy Computershare Pvt. Ltd., processes transfer of shares held in physical form. The powers for approval of share transfers are delegated as under:

Upto 2500 Shares : Karvy Computershare Pvt Ltd.,
2500 to 5000 Shares : Company Secretary
above 5000 Shares : Managing Director.

If the relevant documents are complete and in order in all respects, the transfer of shares is effected and certificates are dispatched to the transferees within 30 days from the date of receipt.

The requests for dematerialisation of shares are processed by the Registrar and Share Transfer Agents and if all the documents are found to be in order, the same are approved by them within a period of 15 days.

(xi) (1) Distribution of Share Holding as on 31st March, 2010

Shareholding of Nominal Value		Shareholders		Share Amount	
From	To	Number	% of Total	Rupees	% of Total
1	5000	5010	89.43	7203515	9.80
5001	10000	342	6.11	2811555	3.83
10001	20000	109	1.95	1602185	2.18
20001	30000	45	0.80	1102025	1.50
30001	40000	21	0.37	732715	1
40001	50000	11	0.20	528500	0.72
50001	100000	22	0.39	1509760	2.05
100001	And above	42	0.75	58002825	78.92
TOTAL		5602	100.00	73493080	100.00

(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2010

Categories	No. of Shares	Amt. in Rs.	% to Total
Promoters	10774467	53872335	73.30
Directors (Independent)	35129	175645	0.24
Financial Institutions/ Banks	7200	36000	0.05
Mutual Funds / UTI	1000	5000	0.01
NRIs / OCBs	291756	1458780	1.98
Other Bodies Corporate	329918	1649590	2.25
Public	3259146	16295730	22.17
Total	14698616	73493080	100.00

For the purpose of SEBI (Substantial Acquisition of Shares & Takeover) Regulation 1997, the following Companies are to be considered as Group Companies belonging to Promoters Group.

Sr. No.	Name of the Person	Shareholding as on 31.03.2010
1.	B.M.Gandhi Investment Co. Pvt. Ltd.	559300
2.	Gandhi Finance Co. Pvt. Ltd.	510400

Information pursuant to Clause 32 of the Listing Agreement.

The Company has no subsidiary and hence provisions for furnishing specific information are not applicable.

(xii) Details of Demat Shares as on 31st March, 2010

Name of Depository	No. of Shareholders	No. of Shares	% of Capital
NSDL	2687	11869574	80.75
CDSL	1090	1925236	13.1
Sub-Total	3777	13794810	93.85
Physical Mode	1825	903806	6.15
Grand Total	5602	14698616	100.00

(xiii) The Company has not issued any GDR's/ ADR's, Warrants or any other convertible instruments.

(xiv) **Plant Location:** - Halol (Gujarat), Windmills at Bhogat, Navadara & Kutch (Gujarat), Dhalgaon (Maharashtra).

GANDHI SPECIAL TUBES LIMITED

(xv) **Address for Correspondence:**

Shri K.S.Reddy/ Shri. Manoj Pillai
Karvy Computershare Pvt. Limited
Karvy House No.46,
Avenue 4, Street No.1,
Banjara Hills,
HYDERABAD - 500 034.
Tel: 91-40-23312454/ 23320751
Fax: 91-40-23311968
Email:ksreddy@karvy.com/
manoj.pillai@karvy.com

Shri ShyamKumar Misra, Company Secretary
Gandhi Special Tubes Ltd.
Jariwala Mansion,
43, K.M.Munshi Marg,
Near Bhartiya Vidya Bhavan,
MUMBAI - 400 007.
Tel: 022-23634179
Fax: 022-23634392
Email: gstl@mtnl.net.in/
complianceofficer@gandhitubes.com

10. Declaration by the Managing Director to the Compliance of Code of Conduct in pursuance of Clause 49 (D) (ii) of the Listing Agreement

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49 (D) (ii) of the Listing Agreement.

M.G.GANDHI

Chairman & Managing Director

Date: 12.05.2010

11. Auditors' Certificate on Corporate Governance

Certificate regarding compliance of conditions of Corporate Governance, as stipulated in the listing agreement with the stock exchange, received from M/s. S.V.Doshi & Co, Statutory Auditors of the Company, is annexed to this report. The said certificate will also be sent to the stock exchange along with the annual return to be filed by the Company.

On behalf of the Board of Directors
GANDHI SPECIAL TUBES LTD

M.G. Gandhi

Chairman & Managing Director

Place: Mumbai

Date: 12.05.2010

**CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE**

To the Members of Gandhi Special Tubes Limited

We have examined the compliance of the conditions of Corporate Governance by Gandhi Special Tubes Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned 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 S. V. DOSHI & CO.
Chartered Accountants

SUNIL DOSHI
Partner
Membership No.: 35037
Firm Reg. No.: 102752W

Mumbai 12 May 2010

GANDHI SPECIAL TUBES LIMITED

AUDITORS' REPORT

To
The Members of
Gandhi Special Tubes Limited

- 1) We have audited the attached balance sheet of Gandhi Special Tubes Limited as at 31st March, 2010, the profit and 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) the balance sheet, profit and 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 written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director of the Company 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 together with 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 the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. V. DOSHI & CO.
Chartered Accountants

SUNIL DOSHI
Partner

Membership No.: 35037
Firm Reg. No.: 102752W

Mumbai, 12 May 2010

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of our report of even date on the accounts of Gandhi Special Tubes Limited for the year ended on 31st March, 2010.

- (i) (1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (2) As explained to us, the assets have been physically verified by the management in accordance with the phased programme 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 noticed on such verification.
- (ii) (1) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (2) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (3) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of the inventories as compared to book records were not material.
- (iii) (1) According to the information and explanations given to us, the Company has, during the year, not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order are not applicable.
 - (2) According to the information and explanations given to us, the Company has, during the year, not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (e), (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchases of inventories, fixed assets and for sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control system.
- (v) (1) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and
 - (2) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.500,000/- in respect of each party during the year, have been made at prices which are reasonable having regard to prevailing market prices, except for items of specialized nature, where a question of comparison does not arise.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

GANDHI SPECIAL TUBES LIMITED

- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records have been prescribed under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of custom duty, income tax, wealth tax, service tax and cess which have not been deposited on account of any dispute. The particulars of excise duty and sales tax as at 31st March 2010 which have not been deposited on account of dispute are as follows –

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (Rs. in lacs)	Forum where the dispute is pending
Central Excise Laws	Cenvat Credit under disputes by Excise Authorities	9.78	Before Asst. Comm. of Central Excise
		46.77	Before Joint Comm. of Central Excise
	Excise Duty demand disputed by the Company	13.38	Before Asst. Comm. of Central Excise
		15.60	Before Joint Comm. of Central Excise
Sales Tax Laws	Sales Tax	25.23	Before Comm. of Sales Tax

- (x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of its dues to bank. The Company has not issued any debentures.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special Statute applicable to Chit Fund, Nidhi or Mutual Benefits Fund/Societies are not applicable to the Company.

- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence requirements of Para 4 (xiv) are not applicable to the Company.
- (xv) According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any term loan during the year.
- (xvii) The Company has not raised any funds during the year on short-term basis and hence question of use of such funds for long-term investment does not arise.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures and hence, question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For S. V. DOSHI & CO.
Chartered Accountants

SUNIL DOSHI
Partner

Membership No.: 35037
Firm Reg. No.: 102752W

Mumbai, 12 May 2010

GANDHI SPECIAL TUBES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	RUPEES	31-03-2010 RUPEES	31-03-2009 RUPEES
<u>SOURCES OF FUNDS</u>				
A. SHAREHOLDERS' FUNDS				
a) Capital	1	73,493,080		73,493,080
b) Reserves and Surplus	2	941,650,314		774,302,888
			1,015,143,394	847,795,968
B. LOAN FUNDS				
Unsecured Loan	3		-	2,867,484
C. DEFERRED TAX LIABILITIES (NET)	4		44,638,327	47,388,083
TOTAL			1,059,781,721	898,051,535
<u>APPLICATION OF FUNDS</u>				
A. FIXED ASSETS				
a) Gross Block	5	869,218,397		870,225,968
b) Less: Depreciation/Amortisation		448,137,092		401,338,670
c) Net Block			421,081,305	468,887,298
B. INVESTMENTS	6		309,443,896	176,231,350
C. CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories	7	180,861,178		177,404,357
b) Sundry Debtors	8	146,698,439		99,767,011
c) Cash and Bank Balances	9	26,323,612		12,500,590
d) Loans and Advances	10	35,965,145		24,284,160
		389,848,374		313,956,118
D. LESS : CURRENT LIABILITIES AND PROVISIONS				
a) Liabilities	11	46,027,767		47,958,007
b) Provisions	12	14,564,087		13,065,224
		60,591,854		61,023,231
NET CURRENT ASSETS			329,256,520	252,932,887
TOTAL			1,059,781,721	898,051,535
Notes on Accounts	19			
Balance Sheet Abstract and Company's- General Business Profile	20			
As per our attached report of even date For S. V. DOSHI & CO. <i>Chartered Accountants</i>			For and on behalf of the Board of Directors M.G. GANDHI <i>(Chairman & Managing Director)</i>	K.N. WARDEN <i>(Director)</i>
SUNIL V. DOSHI <i>Partner</i> M. No. : 35037			B. G. GANDHI <i>(Joint Managing Director)</i>	D. S. SHAH <i>(Director)</i>
Mumbai, 12th May, 2010	S. K. MISRA <i>(Company Secretary)</i>		J. M. GANDHI <i>(Director)</i>	D. B. SHAH <i>(Director)</i>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	RUPEES	31-03-2010 RUPEES	31-03-2009 RUPEES
INCOME				
Sales				
- Products		799,018,853		605,409,488
- Wind Power		18,224,007		23,298,297
		<u>817,242,860</u>		<u>628,707,785</u>
Less : Excise Duty recovered on Sales		62,325,780		68,011,464
Net Sales			754,917,080	560,696,321
Wind Power, captively consumed			21,830,358	18,820,080
Increase/(Decrease) in Stocks	13		16,963,551	(10,239,368)
Other Income	14		81,325,582	49,304,293
TOTAL			<u>875,036,571</u>	<u>618,581,326</u>
EXPENDITURE				
Raw Materials Consumed	15		259,316,449	167,640,867
Manufacturing Expenses	16		127,792,735	112,172,689
Excise Duty			168,507	(1,095,120)
Employees' Remuneration and Benefits	17		53,843,676	39,675,528
Administrative and Other Expenses	18		19,171,650	14,697,962
Depreciation/Amortisation	5		50,826,578	53,585,392
TOTAL			<u>511,119,595</u>	<u>386,677,318</u>
PROFIT BEFORE TAXATION			<u>363,916,976</u>	<u>231,904,008</u>
Provision for Taxation :				
i) Current Tax [Including Wealth Tax Rs. 23,170/- (P.Y.Rs. 17,240/-)]			114,023,170	65,017,240
ii) Deferred Tax (Net)			(2,749,756)	7,407,085
iii) Fringe Benefit Tax			-	205,000
Taxation adjustment of previous years			(687,213)	-
PROFIT AFTER TAXATION			<u>253,330,775</u>	<u>159,274,683</u>
Balance brought forward from Previous Year			630,264,498	533,981,430
PROFIT AVAILABLE FOR APPROPRIATION			<u>883,595,273</u>	<u>693,256,113</u>
APPROPRIATION				
Interim Dividend - Rs. 2.50 per share			36,746,600	36,746,540
Silver Jubilee - Special Interim Dividend - Rs. 2.50 per share			36,746,600	-
Corporate Dividend Tax			12,490,149	6,245,075
Transfer to General Reserve			30,000,000	20,000,000
Balance carried over to the Balance Sheet			767,611,924	630,264,498
TOTAL			<u>883,595,273</u>	<u>693,256,113</u>
Earning Per Shares of Rs. 5/- each (Basic/Diluted) (Refer Note No.15 of Schedule 19)			17.24	10.84
Notes on Accounts	19			
Balance Sheet Abstract and Company's- General Business Profile	20			
As per our attached report of even date For S. V. DOSHI & CO. Chartered Accountants			For and on behalf of the Board of Directors M.G. GANDHI (Chairman & Managing Director)	K.N. WARDEN (Director)
SUNIL V. DOSHI Partner M. No. : 35037			B. G. GANDHI (Joint Managing Director)	D. S. SHAH (Director)
Mumbai, 12th May, 2010	S. K. MISRA (Company Secretary)		J. M. GANDHI (Director)	D. B. SHAH (Director)

GANDHI SPECIAL TUBES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31-03-2010 RUPEES	31-03-2009 RUPEES
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before Taxation and extra ordinary items	363,916,976	231,904,008
Adjustments for :		
Depreciation/Amortisation	50,826,578	53,585,392
Loss on Sale of Assets/Discarded	1,031,114	498,069
Loss on Sale of Investments	1,347,334	828
Dividend from Mutual Fund	(10,089,722)	(6,437,388)
Profit on Sale of Land	(11,491,582)	-
Profit on Sale of Other Assets	-	(49,972)
Profit on Sale of Mutual Fund Units	(4,527,230)	(564,500)
Interest on Fixed deposits/Bonds	(5,073,456)	(957,021)
Operating Profit before Working Capital Changes	385,940,012	277,979,416
Adjustments for :		
Trade Receivables	(46,931,428)	(3,001,931)
Loans and Advances	(11,680,985)	18,001,824
Inventories	(3,456,821)	(30,042,658)
Trade Payables & Other Liabilities	5,849,974	2,473,046
Cash generated from Operations	329,720,752	265,409,697
Taxes Paid	(119,617,308)	(62,975,958)
Net cash from Operating activities	(A) 210,103,444	202,433,739
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(9,810,617)	(27,598,591)
Sale of Fixed Assets	17,250,500	684,166
Purchase of Investments	(562,083,393)	(485,109,347)
Sale of Investments	428,870,847	349,040,212
Loss on Sale of Investments	(1,347,334)	(828)
Dividend from Mutual Fund	10,089,722	6,437,388
Profit on Sale of Mutual Fund Units	4,527,230	564,500
Interest on Fixed deposits/Bonds	5,073,456	957,021
Net Cash used in Investing activities	(B) (107,429,589)	(155,025,479)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in borrowing	(2,867,484)	(2,826,503)
Dividend paid and tax thereon	(85,983,349)	(42,991,615)
Net Cash used in Financing activities	(C) (88,850,833)	(45,818,118)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	13,823,022	1,590,142
Opening Cash and Cash equivalents	12,500,590	10,910,448
Closing Cash and Cash equivalents	26,323,612	12,500,590

Notes : 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Cash & cash equivalents consists of Cash on hand and Balance with banks.

As per our attached report of even date
For S. V. DOSHI & CO.
Chartered Accountants

SUNIL V. DOSHI
Partner
M. No. : 35037

Mumbai, 12th May, 2010 **S. K. MISRA**
(Company Secretary)

For and on behalf of the Board of Directors
M.G. GANDHI **K.N. WARDEN**
(Chairman & Managing Director) (Director)

B. G. GANDHI **D. S. SHAH**
(Joint Managing Director) (Director)

J. M. GANDHI **D. B. SHAH**
(Director) (Director)

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010 RUPEES	31-03-2009 RUPEES
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SCHEDULE 1 : CAPITAL**AUTHORISED**

24,000,000 Equity Shares of Rs. 5/- each **120,000,000** 120,000,000

ISSUED, SUBSCRIBED AND PAID-UP

14,698,616 Equity Shares of Rs. 5/- each fully paid-up
(2,099,929 Equity Shares of Rs.10/- each have been bought
back in the year 2000-2001) **73,493,080** 73,493,080

TOTAL **73,493,080** 73,493,080

SCHEDULE 2 : RESERVES AND SURPLUS

	As at 1st April, 2009	Additions during the year	As at 31st March, 2010
CAPITAL RESERVES			
i) Capital Subsidy	2,500,000	-	2,500,000
	(2,500,000)	(-)	(2,500,000)
ii) Surplus on Reissue of Forfeited Shares	539,100	-	539,100
	(539,100)	(-)	(539,100)
CAPITAL REDEMPTION RESERVE	20,999,290	-	20,999,290
	(20,999,290)	(-)	(20,999,290)
REVENUE RESERVE			
General Reserve	120,000,000	30,000,000	150,000,000
	(100,000,000)	(20,000,000)	(120,000,000)
	144,038,390	30,000,000	174,038,390
	(124,038,390)	(20,000,000)	(144,038,390)
SURPLUS			
Profit and Loss Account	630,264,498		767,611,924
TOTAL	774,302,888		941,650,314

SCHEDULE 3 : UNSECURED LOAN

Deferred Sales Tax under Gujarat Sales Tax - Incentive Scheme	-	2,867,484
TOTAL	-	2,867,484

GANDHI SPECIAL TUBES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010 RUPEES	31-03-2009 RUPEES
SCHEDULE 4 : DEFERRED TAX (ASSETS)/LIABILITIES		
A. Deferred Tax Assets		
Gratuity	(4,538,444)	(1,894,292)
Section 43B disallowances	(79,769)	(212,432)
B. Deferred Tax Liabilities		
Depreciation/Amortisation	49,256,540	49,494,807
Deferred Tax Liabilities (Net)	44,638,327	47,388,083
TOTAL		

SCHEDULE 5 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2009	Additions	Deductions/ Adjustments	As at 31-03-2010	As at 01-04-2009	During the year	Deductions/ Adjustments	As at 31-03-2010	As at 31-03-2010	As at 31-03-2009
Freehold Land - and Site Development	7,180,461	-	-	7,180,461	-	-	-	-	7,180,461	7,180,461
Leasehold Land	3,529,385	-	3,529,385	-	443,082	15,697	458,779	-	-	3,086,303
Buildings :										
Factory	73,294,695	-	2,163,109	71,131,586	18,098,526	2,379,619	650,096	19,828,049	51,303,537	55,196,169
Others	1,483,237	36,180	-	1,519,417	489,098	22,529	-	511,627	1,007,790	994,139
Plant and Machinery	525,111,563	4,540,851	1,374,661	528,277,753	274,864,538	25,024,227	726,861	299,161,904	229,115,849	250,247,025
Furniture & Fixtures	4,509,384	-	-	4,509,384	2,740,681	227,284	-	2,967,965	1,541,419	1,768,703
Office Equipments	4,552,421	122,944	-	4,675,365	2,452,497	377,363	-	2,829,860	1,845,505	2,099,924
Vehicles	5,539,957	5,110,642	3,751,033	6,899,566	2,260,372	545,995	2,192,420	613,947	6,285,619	3,279,585
Wind Mill	245,024,865	-	-	245,024,865	99,989,876	22,233,864	-	122,223,740	122,801,125	145,034,989
TOTAL	870,225,968	9,810,617	10,818,188	869,218,397	401,338,670	50,826,578	4,028,156	448,137,092	421,081,305	468,887,298
Previous Year	846,677,127	27,712,508	4,163,667	870,225,968	350,784,682	53,585,392	3,031,404	401,338,670	468,887,298	-

SCHEDULE 6 : INVESTMENTS

A. Long Term Investments - (Non-Trade, At Cost)		
Quoted - Fully Paid-up		
1). In Bonds :		
i) Nil (100) 9.50% Sardar Sarovar Narmada Tax Free Bonds of Rs. 100,000/- each	-	11,050,000
ii) 1000 (Nil) 6.85% India Infrastructure Finance Co. Ltd. Tax Free Bonds of Rs. 1,00,000/- each	100,470,000	-
2). In Mutual Fund Units :		
Franklin Templeton Fixed Horizon Growth Fund [Nil (4,000,000) Units of Rs. 10/- each]	-	40,000,000
Franklin Templeton Fixed Tenure Fund Series XII Growth Fund [2,000,000 (Nil) Units of Rs. 10/- each]	20,000,000	-
IDFC Dynamic Bond Growth Fund [Nil (955,694) Units of Rs. 10/- each]	-	10,000,000

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010 RUPEES	31-03-2009 RUPEES
SCHEDULE 6 : INVESTMENTS (Contd.)		
HDFC Monthly Income Plan-Long Term [1,527,510 (Nil) Units of Rs. 10/- each]	20,000,000	-
HDFC High Interest Fund-Short Term Income Plan [6,227,615 (Nil) Units of Rs. 10/- each]	66,073,919	-
Reliance Monthly Income Plan [949,756 (Nil) Units of Rs.10/- each]	10,809,462	-
Franklin Templeton Short Term Income Retail Plan [39,925 (Nil) Units of Rs. 1,000/- each]	43,000,714	-
B. Current Investments (Non-Trade, Lower of cost & fair value)		
Quoted - Fully Paid-up		
In Mutual Fund Units :		
HDFC Cash Management Treasury Advantage Plan [4,893,565 (9,445,884) Units of Rs. 10/- each]	49,089,801	94,756,380
Reliance Medium Term Fund [Nil (609,808) Units of Rs.10/- each]	-	10,424,970
ICICI Prudential Institutional Income Plan Fund [Nil (816,627) Units of Rs.10/- each]	-	10,000,000
TOTAL	309,443,896	176,231,350
Quoted-Cost	309,443,896	176,231,350
Repurchase Price	309,402,339	177,078,220

Notes :**INVESTMENTS IN MUTUAL FUNDS - (At Cost)**

Name of Mutual Fund	Balance as on 01.04.2009		Purchased during the year		Sold during the year		Balance as on 31.03.2010	
	No. of Units	Rupees	No. of Units	Rupees	No. of Units	Rupees	No. of Units	Rupees
Franklin Templeton Fixed Horizon Growth Fund	4,000,000	40,000,000	-	-	4,000,000	40,000,000	-	-
Franklin Templeton India Short Term Income Retail Plan	-	-	39,925	43,000,714	-	-	39,925	43,000,714
Franklin Templeton Fixed Fund Tenure Series XII	-	-	2,000,000	20,000,000	-	-	2,000,000	20,000,000
IDFC Dynamic Bond Fund	955,694	10,000,000	-	-	955,694	10,000,000	-	-
HDFC Cash Management Fund Treasury Advantage Plan	9,445,884	94,756,380	28,992,016	290,833,420	33,544,335	336,499,999	4,893,565	49,089,801
HDFC High Interest Fund Short Term Income Plan	-	-	6,227,615	66,073,919	-	-	6,227,615	66,073,919
HDFC Monthly Income Plan	-	-	1,527,510	20,000,000	-	-	1,527,510	20,000,000
Reliance Medium Term Fund	609,808	10,424,970	6,574	112,395	616,382	10,537,365	-	-
Reliance Monthly Income Plan	-	-	949,756	10,809,462	-	-	949,756	10,809,462
Reliance Short Term Fund Retail Plan	-	-	1,013,336	10,783,483	1,013,336	10,783,483	-	-
ICICI Prudential Income Plan	816,627	10,000,000	-	-	816,627	10,000,000	-	-
Total	15,828,013	165,181,350	40,756,732	461,613,393	40,946,374	417,820,847	15,638,371	208,973,896
Previous Year	2,737,037	29,112,215	45,868,244	485,109,347	32,777,268	349,040,212	15,828,013	165,181,350

GANDHI SPECIAL TUBES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010 RUPEES	31-03-2009 RUPEES
<u>SCHEDULE 7 : INVENTORIES</u>		
(As certified by the Management)		
(At lower of cost and net realisable value unless otherwise stated)		
Stores and Spares [Includes Goods in Transit Rs. 36,04,186/- (P.Y. Rs. Nil/-)]	20,600,230	17,906,799
Raw Materials [Includes Goods in Transit Rs. 1,00,12,630/- (P.Y. Rs. Nil/-)]	127,027,124	143,227,285
Work in Process	31,586,688	15,515,102
Finished Goods	1,286,032	527,531
Scrap - At net realisable value	361,104	227,640
TOTAL	180,861,178	177,404,357
<u>SCHEDULE 8 : SUNDRY DEBTORS</u>		
(Unsecured, considered good)		
Debts over six months	4,301,681	27,812
Others	142,396,758	99,739,199
TOTAL	146,698,439	99,767,011
<u>SCHEDULE 9 : CASH AND BANK BALANCES</u>		
Cash on hand	140,410	151,601
Balance with Scheduled Banks :		
In Current Accounts	26,183,202	12,246,114
In Fixed Deposit Accounts	-	100,000
Interest accrued on Fixed Deposits	-	2,875
TOTAL	26,323,612	12,500,590
<u>SCHEDULE 10 : LOANS AND ADVANCES</u>		
(Unsecured, considered good)		
Balance with Central Excise	2,127,609	3,418,706
Interest accrued on Investments	1,276,164	437,260
Advances recoverable in cash or in kind or for value to be received	19,882,838	7,749,660
Deposits	12,678,534	12,678,534
TOTAL	35,965,145	24,284,160
<u>SCHEDULE 11 : CURRENT LIABILITIES</u>		
Sundry Creditors :		
Micro and Small Enterprises (refer Note No. 4 of Schedule-19)	3,509,450	3,707,446
Others	3,731,041	15,089,126
Due to Directors	10,800,000	16,200,000
Advances from Customers	1,844,393	1,756,021
Advances from Others	-	2,000,000
Deposits from Customers	433,367	433,367
Other Liabilities	21,081,860	5,409,512
Unclaimed Dividends *	4,627,656	3,362,535
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
TOTAL	46,027,767	47,958,007

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010 RUPEES	31-03-2009 RUPEES
<u>SCHEDULE 12 : PROVISIONS</u>		
Current Taxation (Provisions in excess of payments)	530,954	6,812,305
Employee Benefits	14,033,133	6,252,919
TOTAL	14,564,087	13,065,224
<u>SCHEDULE 13 : INCREASE/(DECREASE) IN STOCKS</u>		
<u>CLOSING STOCKS</u>		
Finished Goods	1,286,032	527,531
Work In Process	31,586,688	15,515,102
Scrap	361,104	227,640
	33,233,824	16,270,273
<u>LESS : OPENING STOCKS</u>		
Finished Goods	527,531	4,791,359
Work In Process	15,515,102	20,347,790
Scrap	227,640	1,370,492
	16,270,273	26,509,641
TOTAL	16,963,551	(10,239,368)
<u>SCHEDULE 14 : OTHER INCOME</u>		
Job Work Charges [TDS Rs. 30,465/- (P.Y. Rs. 31,314/-)]	1,446,288	1,360,533
Interest :		
On Deposits	1,812	7,021
On Bonds	5,071,644	950,000
On Others [TDS Rs. 1,32,577/- (P.Y. Rs. 424,114/-)]	1,098,755	2,090,542
Dividend from Mutual Funds	10,089,722	6,437,388
Profit on sale of Mutual Fund Units	4,527,230	564,500
Gain/(Loss) on fluctuation in Foreign Exchange	64,329	(28,359)
Profit on sale of Land	11,491,582	-
Profit on sale of Other Assets	-	49,972
Receipt from Keyman Insurance Policies	46,000,000	35,280,000
Excess Provision written back (Gratuity)	-	2,065,319
Miscellaneous Receipts	1,534,220	527,377
TOTAL	81,325,582	49,304,293
<u>SCHEDULE 15 : RAW MATERIALS CONSUMED</u>		
Opening Stock	143,227,285	94,255,694
Add : Purchases and related Expenses	233,103,658	216,612,458
	376,330,943	310,868,152
Less : Closing Stock	117,014,494	143,227,285
TOTAL	259,316,449	167,640,867

GANDHI SPECIAL TUBES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010 RUPEES	31-03-2009 RUPEES
<u>SCHEDULE 16 : MANUFACTURING EXPENSES</u>		
Stores, Spares and Packing Materials consumed	39,148,334	32,685,929
Power and Fuel	59,945,439	54,983,654
Labour Charges	16,320,327	11,871,819
Factory Expenses	219,585	172,668
Repairs and Maintenance :		
Plant and Machinery	4,639,427	4,394,229
Building	433,788	213,776
Insurance	1,149,294	1,405,804
Octroi Charges	-	26,974
Wind Mill Operating Expenses	5,472,642	4,959,704
Freight Charges	463,899	1,458,132
TOTAL	127,792,735	112,172,689
<u>SCHEDULE 17 : EMPLOYEES' REMUNERATION AND BENEFITS</u>		
Salaries, Wages, Bonus and Other Benefits	13,898,653	12,877,548
Contribution to Provident and Other Funds	3,062,423	1,721,302
Gratuity	8,596,591	1,029,769
Staff Welfare Expenses	686,009	646,909
Directors' Remuneration	27,600,000	23,400,000
TOTAL	53,843,676	39,675,528
<u>SCHEDULE 18 : ADMINISTRATIVE AND OTHER EXPENSES</u>		
Rent/Compensation	6,000	6,000
Rates & Taxes	62,660	70,446
Insurance	1,812	33,020
Electricity Charges	395,432	472,429
Printing and Stationery	464,235	357,328
Communication Expenses	566,173	660,531
Travelling Expenses :		
Directors	184,543	1,249,690
Others	410,223	478,185
	594,766	1,727,875
Security Charges	877,703	926,114
Professional Charges	3,014,636	2,725,413
[Includes Cost Audit Fees Rs. 20,000/- (P.Y. Rs. 20,000/-)]		
Repairs and Maintenance - Others	525,909	345,352
Directors' Sitting Fees	119,000	85,000
Outward Freight	3,629,696	2,511,619
Advertising and sales Promotion Expenses	1,255,652	478,446
Commission on Sales	1,082,687	954,470
Auditor's Remuneration	455,000	415,000
Donation	1,705,000	20,000
Assets Discarded	-	174,863
Loss on Sale of Assets	1,031,114	323,206
Loss on Sale of Investments	1,347,334	828
Bank charges and commission	468,210	784,733
Other Expenses	1,568,631	1,625,289
TOTAL	19,171,650	14,697,962

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 19 : NOTES ON ACCOUNTS

1). SIGNIFICANT ACCOUNTING POLICIES

A) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards notified by the companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

B) FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

C) DEPRECIATION / AMORTISATION

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except for Wind Mills, which is provided on Written Down Value Method. Leasehold land is amortized over the period of lease.

D) INVESTMENTS

Long-term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are valued at lower of cost and fair value.

E) INVENTORIES

Inventories are valued at lower of cost and net realisable value. The cost is determined on the basis of FIFO Method. For the purpose of finished goods and work-in-process, cost comprises of material cost plus appropriate share of production overheads and excise duty, wherever applicable.

F) EMPLOYEE BENEFITS

i) Defined Contribution Plan :

- a) In accordance with the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company & the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to Provident Fund is charged to Profit & Loss Account.
- b) The Company has taken a Policy with Life Insurance Corporation of India for the payment of gratuity, a defined contribution plan and premium paid on the policy has been charged to Profit & Loss Account in the year of payment.

ii) Defined Benefit Plan :

- a) Gratuity to the Managing Director and Joint Managing Director, who are not covered under the policy with LIC has been provided for on the basis of Actuarial valuation, which is based on their contractual terms.
- b) Liability for employees' leave encashment benefits has been provided for on the basis of Actuarial valuation, except in the case of Managing Director and Joint Managing Director, the same is accounted on cash basis.

GANDHI SPECIAL TUBES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 19 : NOTES ON ACCOUNTS (Contd.)

G) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. In case of liabilities incurred for the acquisition of fixed assets, the loss or gain on conversion (at the rate prevailing at the year end) is recognized as income or expenses in the profit & loss account. Current Assets and Liabilities (Other than those relating to fixed assets) are restated at the rate prevailing at the year end. The difference between the year end rate and the exchange rate at the date of the transaction is recognized as income or expense in the profit and loss account.

H) REVENUE RECOGNITION

Sale of goods is recognized at the point of despatch to the customer. Income from Wind Power is recognized at the point of generation except power generation guarantee claim which is accounted on cash basis. Sales includes excise duty but excludes Sales Tax. Income from wind power includes power generation guarantee claim. Other Income are accounted on accrual basis.

I) TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year . Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

J) IMPAIRMENT

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

K) PROVISIONS AND CONTINGENT LIABILITIES

A Provision is recognized when there is a present obligation as a result of past events for which it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed after an evaluation of the facts and legal aspects of the matters involved.

	2009-2010	2008-2009
	Rs. In Lacs	Rs. In Lacs
2). Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advance)	3.30	-
3). CONTINGENT LIABILITIES		
a) Claims against the Company not acknowledged as debt :		
i) Cenvat/Service Tax Credit under disputes by Excise authorities	56.55	27.89
ii) Excise demand disputed by the Company	28.98	29.39
iii) Sales Tax demand disputed by the Company	25.23	25.23
b) Counter Guarantees given by the Company to the bankers for Bank Guarantees	50.00	80.73
4). DUE TO MICRO AND SMALL ENTERPRISES		
Amount outstanding for more than 45 days.	-	-

The above information and that given in Schedule 11 - "Current Liabilities" regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

SCHEDULES FORMING PART OF THE ACCOUNTS**SCHEDULE 19 : NOTES ON ACCOUNTS (Contd.)**

5). MANAGERIAL REMUNERATION	2009-2010	2008-2009
	Rs. In Lacs	Rs. In Lacs
a) Salaries	168.00	72.00
Contribution to Provident Fund	20.16	8.64
Gratuity	80.90	7.15
Commission	108.00	162.00
TOTAL	377.06	249.79
b) Computation of Net Profit U/s 198 of the Companies Act, 1956		
Profit before taxation as per Profit and Loss Account	3,639.17	2,319.04
Add : a) Depreciation/Amortisation (as per accounts)	508.27	535.85
b) Managerial Remuneration	377.06	249.79
c) Directors' Sitting Fees	1.19	0.85
d) Loss on sale of Investments	13.47	0.01
e) Loss on Sale of Assets/Discarded Assets	10.31	4.98
f) Profit on Sale of Other Assets	-	(0.50)
	4,549.47	3,110.02
Less : a) Depreciation/Amortisation U/s 350 of the Companies Act, 1956	508.27	535.85
b) Loss on Sale of Assets/Discarded Assets U/s 350	10.31	4.98
c) Profit on Sale of Other Assets	-	(0.50)
d) Profit on Sale of Investments	45.27	5.65
e) Profit on Sale of Land	114.91	-
Net Profit U/s 349	3,870.71	2,564.04
Commission Payable :		
a) Managing Director	54.00	81.00
b) Joint Managing Director	54.00	81.00
TOTAL	108.00	162.00
6). AUDITORS' REMUNERATION *		
A) STATUTORY AUDITORS		
Audit Fees	2.21	1.60
Tax Audit Fees	0.60	0.17
Taxation Matters	2.21	2.85
* Includes service tax and education cess.	5.02	4.62
B) COST AUDITORS		
Cost Audit Fees	0.20	0.20

GANDHI SPECIAL TUBES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 19 : NOTES ON ACCOUNTS (Contd.)

7). CAPACITIES & PRODUCTION

Class of goods	2009-2010		2008-2009
	Units	Quantity	Quantity
A) SEAMLESS AND WELDED TUBES			
i) LICENSED CAPACITY: Seamless and Welded Tubes	Lacs Mtrs Tonnes	300 10,000	300 10,000
ii) INSTALLED CAPACITY: Welded Tubes	Lacs Mtrs Tonnes	240 2,400	240 2,400
Seamless Tubes	Lacs Mtrs Tonnes	160 3,600	160 3,600
iii) ACTUAL PRODUCTION: Welded Tubes	Lacs Mtrs Tonnes	211.23 2,111.19	150.10 1,421.81
Seamless Tubes	Lacs Mtrs Tonnes	59.32 2,100.24	39.18 1,416.72
B) WIND POWER			
(i) INSTALLED CAPACITY	Units MW	2009-2010 5.35	2008-2009 5.35
(ii) GENERATED:			
(a) Captively consumed	Lacs (KWH)	38.34	32.30
(b) Sale	Lacs (KWH)	46.86	49.45

Notes : 1. The Company manufactures wide range of small and big diameter Seamless and Welded Tubes and installed capacity is based on standard size of small diameter. Hence, figures of actual production and installed capacity are not comparable.

2. Installed capacity is as certified by the management and relied by auditors, being a technical matter.

8). TURNOVER, OPENING AND CLOSING STOCK OF FINISHED GOODS

Class of Goods	Opening Stock		Closing Stock		Sales	
	Quantity (Lacs Mtrs)	Rupees (Lacs)	Quantity (Lacs Mtrs)	Rupees (Lacs)	Quantity (Lacs Mtrs)	Rupees (Lacs)
a) (i) Welded Tubes (Including Condensors)	0.39 (2.03)	3.91 (14.77)	0.44 (0.39)	4.49 (3.91)	211.18 (148.81)	2,664.30 (1,972.07)
(ii) Seamless Tubes	0.04 (0.91)	1.36 (33.06)	0.12 (0.04)	8.37 (1.36)	59.24 (40.05)	4,522.05 (3,468.73)
(iii) Others		- (0.08)				803.84 (613.29)
						7,990.19 (6,054.09)
b) Wind Power		- (-)		- (-)		182.24 (232.98)
TOTAL		5.27 (47.91)		12.86 (5.27)		8,172.43 (6,287.07)

Notes : The figures in the brackets mentioned are for Previous Year.

SCHEDULES FORMING PART OF THE ACCOUNTS**SCHEDULE 19 : NOTES ON ACCOUNTS (Contd.)**

9) a) RAW MATERIALS CONSUMED	2009-2010		2008-2009	
	Quantity (Tonnes)	Rupees (Lacs)	Quantity (Tonnes)	Rupees (Lacs)
Steel Strips	2,587	932.24	1,730	658.92
Seamless Hollows	2,635	1,350.14	1,546	772.35
Others		310.78		245.14
TOTAL		2,593.16		1,676.41
Of the above :	(%)		(%)	
Indigenous	47.63	1,235.25	52.84	885.87
Imported	52.37	1,357.91	47.16	790.54
TOTAL	100.00	2,593.16	100.00	1,676.41
STORES AND SPARES ETC. CONSUMED	(%)	Rs. In Lacs	(%)	Rs. In Lacs
i) Indigenous	82.25	321.99	84.49	276.15
ii) Imported	17.75	69.49	15.51	50.71
TOTAL	100.00	391.48	100.00	326.86

2009-2010 2008-2009

10). CIF VALUE OF IMPORTS (Including advance payment)

i) Raw Materials	1,059.86	1,108.63
ii) Consumable Stores and Spares	85.15	67.18
iii) Capital Goods	-	137.96
TOTAL	1,145.01	1,313.77

11). EXPENDITURE IN FOREIGN CURRENCY

i) Travelling Expenses	0.83	3.84
TOTAL	0.83	3.84

12). EARNINGS IN FOREIGN CURRENCY

i) FOB value of Exports	16.81	17.82
TOTAL	16.81	17.82

13). The Company has classified the various benefits provided to employees as under

A) Charge to Profit and Loss Account based on contributions :	(Rs. In Lacs)	
Particulars	2009-2010	2008-2009
a) Gratuity	5.07	2.95
b) Provident Fund	23.37	11.60
c) Employees' Pension scheme	3.39	3.27
	31.83	17.82

GANDHI SPECIAL TUBES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE 19 : NOTES ON ACCOUNTS (Contd.)

B) Disclosures for defined benefit plans based on actuarial reports as on 31st. March 2010

(Rs. In Lacs)

Particulars	2009-2010		2008-2009	
	Gratuity	Leave encashment	Gratuity	Leave encashment
i) <u>Change in Defined Benefit Obligation</u>				
Opening defined benefit obligation	55.73	6.25	69.23	2.63
Current Service Cost	2.65	-	2.43	-
Interest Cost	4.09	-	4.08	-
Excess provision written back	-	(3.85)	(20.65)	-
Actuarial (Gain)/Loss	74.16	-	0.64	3.62
Closing defined benefit obligation	136.63	2.40	55.73	6.25
ii) Expenses recognised in the Profit and Loss Account				
Current Service Cost	2.65	-	2.63	1.41
Interest Cost	4.09	-	4.08	-
Actuarial (Gain)/Loss	74.16	(3.85)	0.64	3.62
	80.90	(3.85)	7.35	5.03

14) SEGMENT REPORTING

(Rs. In Lacs)

Particulars	31-03-2010				31-03-2009			
	Steel Tubes	Wind Power	Others	Total	Steel Tubes	Wind Power	Others	Total
SEGMENT REVENUE (Less Excise Duty)								
External Sales	6,749.18	182.24	617.75	7,549.17	4,953.04	232.98	420.95	5,606.97
Wind power, captively consumed	-	218.30	-	218.30	-	188.20	-	188.20
Total Segment Revenue	6,749.18	400.54	617.75	7,767.47	4,953.04	421.18	420.95	5,795.17
SEGMENT RESULT (PROFIT/(LOSS) BEFORE TAX AND INTEREST	3,010.80	116.12	468.71	3,595.63	2,120.16	100.55	222.36	2,443.07
Unallocable Expenditure				153.36				236.60
Operating Profit				3,442.27				2,206.47
Unallocable Income				196.90				112.57
Profit before tax (PBT)				3,639.17				2,319.04
Provision for current tax				1,140.23				652.22
Provision for deferred tax				(27.50)				74.07
Taxation Adjustments of earlier years				(6.87)				-
Profit after tax (PAT)				2,533.31				1,592.75
OTHER INFORMATION								
Segment assets	5,461.30	1,445.93	394.17	7,301.40	5,162.32	1,651.68	380.92	7,194.92
Unallocable assets				3,902.33				2,395.83
Total assets (a)				11,203.73				9,590.75
Segment liabilities	760.63	139.34	61.80	961.77	705.68	156.26	54.76	916.70
Unallocable liabilities				90.53				196.09
Total liabilities (b)				1,052.30				1,112.79
Total Capital Employed (a-b)				10,151.43				8,477.96

Notes :

- The Company has disclosed Business Segments as the primary segment. There are no secondary segments. Segments have been identified taking into account the nature of the product, the differing risk and returns, the organisational structure and Internal reporting system. The Company's operations predominantly relate to manufacture of steel tubes. Other business segments comprise of nuts, tube components and wind power.
- Segment revenue, Segment Result, Segment Assets and Segment Liabilities include respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses which are not directly relatable to the business segments, are shown as unallocated corporate cost. Assets and liabilities that can not be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

SCHEDULES FORMING PART OF THE ACCOUNTS**SCHEDULE 19 : NOTES ON ACCOUNTS (Contd.)**

15) EARNING PER SHARE	2009-2010	2008-2009
Profit after Taxation (Rs. In Lacs)	2,533.31	1,592.75
Weighted average number of shares (In Lacs)	146.99	146.99
Earning per share (Basic and Diluted)	17.24	10.84
Face Value per share	5.00	5.00

16) RELATED PARTY DISCLOSURES**A) NAME OF RELATED PARTIES AND RELATIONSHIP**

Name	Relationship
i) Directors	
1) Mr. M.G. Gandhi	Chairman & Managing Director
2) Mr. B.G. Gandhi	Joint Managing Director
3) Mr. J.M. Gandhi	Director
ii) Other enterprises over which persons described in the above (i) have control / significant influence :	
1) Jaishri Engineering Co. Pvt. Ltd.	Director is interested as Director of the Company
2) Gandhi Finance Co. Pvt. Ltd.	Directors are interested as Directors of the Company
3) B.M. Gandhi Investment Co. Pvt. Ltd.	Director is interested as Director of the Company
4) Randeep Automobiles	Partner is interested as Director of the Company
5) Randeep Exports	Partners are interested as Directors of the Company

B) TRANSACTIONS (IN AGGREGATE) WITH RELATED PARTIES**(Rs. In Lacs)**

Description	Transactions during the year		Outstanding as at 31/03/2010	
	Directors	Other Enterprises	Directors	Other Enterprises
Details relating to parties referred to in (i) and (ii) above :				
1) Remuneration* * Details is disclosed in note 5 (a).	377.06 (249.79)		108.00 (162.00)	
2) Dividend paid	274.24 (137.12)	53.48 (26.74)		
3) Sitting fees	0.33 (0.18)			
4) Purchase of goods		0.47 (0.30)		
5) Purchase of DEP B Licence		4.62 (-)		
6) Sales of Goods		186.08 (187.99)		
7) Job Work Charges received		14.46 (13.28)		
8) Compensation for Godown		0.06 (0.06)		

Notes : The figures in the brackets mentioned are for Previous Year.

17) Previous Year figures have been regrouped, rearranged and reclassified, wherever considered necessary.

GANDHI SPECIAL TUBES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 20 : BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
Balance Sheet Date

II. CAPITAL RAISED DURING THE YEAR

Public Issue Rights Issue
Bonus Issue Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES)

Total Liabilities **Total Assets**

Sources of Funds

Paid up Capital Reserves and Surplus
Unsecured Loans Deferred Tax Liabilities (Net)

Application of Funds

Net Fixed Assets Investments
Net Current Assets Misc. Expenditure
Accumulated Losses

IV. PERFORMANCE OF COMPANY (RUPEES)

Turnover * Total Expenditure
* Includes Other Income
Profit/(Loss) Before Tax Profit/(Loss) After Tax
Earnings Per Share in Rs. Dividend Rate %

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Product Description	Item Code No. (ITC Code)
<input type="text" value="Seamless Steel Tubes"/>	<input type="text" value="73043119"/>
<input type="text" value="ERW Precision Steel Tubes"/>	<input type="text" value="73069019"/>
<input type="text" value="Condensers for Refrigerator"/>	<input type="text" value="84189900"/>

SIGNATURE TO SCHEDULES 1 TO 20

As per our attached report of even date
For S. V. DOSHI & CO.
Chartered Accountants

SUNIL V. DOSHI
Partner
M. No. : 35037

Mumbai, 12th May, 2010 **S. K. MISRA**
(Company Secretary)

For and on behalf of the Board of Directors
M.G. GANDHI
(Chairman & Managing Director) **K.N. WARDEN**
(Director)

B. G. GANDHI
(Joint Managing Director) **D. S. SHAH**
(Director)

J. M. GANDHI
(Director) **D. B. SHAH**
(Director)

ATTENDANCE SLIP
GANDHI SPECIAL TUBES LTD.

Regd. Office: Jariwala Mansion, 43, K.M.Munshi Marg, Near Bhartiya Vidya Bhavan, Mumbai 400 007.

TWENTY FIFTH ANNUAL GENERAL MEETING

28th July, 2010

Regd. Folio No. / Client ID:

Mr. /Mrs. /Ms.

I certify that I am a registered share holder / Proxy for the Registered Share holder of the Company.

I hereby record my presence at the TWENTYFIFTH ANNUAL GENERAL MEETING of the Company at Kanji Khetsey Sabhagriha, Bhartiya Vidya Bhavan, K.M.Munshi Marg, Mumbai 400 007 at 11.00 a.m. on Wednesday the 28th July, 2010.

.....
Proxy's Name in Block Letters

.....
Member's / Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL

PROXY FORM
GANDHI SPECIAL TUBES LTD.

Regd. Office: Jariwala Mansion, 43, K.M.Munshi Marg, Near Bhartiya Vidya Bhavan, Mumbai 400 007.

Mr. /Mrs. /Ms. Regd. Folio No. / Client ID. No.....

I/We.....

Of in the district of being the member/s of the above mentioned Company hereby appoint

of in the district of

Or failing him of in the district of

As my / our proxy to vote for me / us on my / our behalf at the TWENTYFIFTH ANNUAL GENERAL MEETING of the Company to be held on **Wednesday the 28th July, 2010** at 11.00 a.m. and at any adjournment thereof.

Signed this day of 2010

Signature

Affix 1
Rupee
revenue
Stamp

.....

Note: This proxy must be deposited at the Registered Office of the Company at Jariwala Mansion, 43, K.M.Munshi Marg, Near Bhartiya Vidya Bhavan, Mumbai 400 007 no less than 48 hours before the time of the meeting.

BOOK-POST

.....

If undelivered please return to :

GANDHISPECIALTUBESLTD.

Jariwala Mansion,
43, K.M.Munshi Marg,
Near Bhartiya Vidya Bhavan,
Mumbai 400 007.

GANDHI SPECIAL TUBES LIMITED

BOARD OF DIRECTORS : MANHAR G. GANDHI
Chairman & Managing Director

BHUPATRAI G. GANDHI
Joint Managing Director

DHIRAJLAL S. SHAH
Director

KAVAS N. WARDEN
Director

DHARMEN B. SHAH
Director

JAYESH M. GANDHI
Director

AUDIT COMMITTEE : DHIRAJLAL S. SHAH
Chairman

DHARMEN B. SHAH
Director

JAYESH M. GANDHI
Director

COMPANY SECRETARY : SHYAMKUMAR MISRA

REGISTERED OFFICE : JARIWALA MANSION
43, K.M.MUNSHI MARG,
NEAR BHARTIYA VIDYA BHAVAN
MUMBAI 400007
Tel No: 23634179, 23634183, 23634789

WORKS : VILLAGE NURPURA
TALUKA- HALOL, DIST: PANCHMAHAL
GUJARAT – 389350

AUDITORS : S.V.DOSHI & CO.
CHARTERED ACCOUNTANTS

BANKERS : HDFC BANK LTD., MUMBAI

COMPANY LAW CONSULTANTS : DHOLAKIA & ASSOCIATES
COMPANY SECRETARIES

DETAILS OF STOCK EXCHANGE : COMPANY'S EQUITY SHARES ARE LISTED ON BOMBAY
STOCK EXCHANGE LTD & NATIONAL STOCK EXCHANGE
OF INDIA LTD

LISTING FEES : LISTING FEES PAID FOR THE YEAR 2010-11

25TH
ANNUAL REPORT
2009-2010

GANDHI SPECIAL TUBES LIMITED