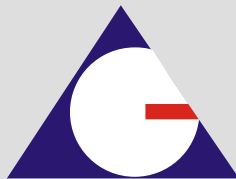


**27TH
ANNUAL REPORT
2011-2012**



GANDHI SPECIAL TUBES LIMITED



ISO 9001:2008 & ISO/TS 16949:2009
Certified Company

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, 23635042
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 2012-13

10-YEARS FINANCIAL HIGHLIGHTS

Particulars	(Rs. Lakhs)										
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
Net Sales	2,581.85	3,437.86	4,541.43	5,428.45	6,015.21	7,623.13	5,606.96	7,549.17	9,017.40	10,424.83	
Total Income	2,719.12	3,610.48	4,797.64	5,700.92	6,251.15	7,998.65	6,287.71	8,750.36	9,425.27	11,074.13	
EBIDTA (Earning Before Dep. Interest & Tax)	886.50	1,252.30	1,832.14	2,197.95	2,344.76	3,148.09	2,854.89	4,147.43	4,214.87	4,620.26	
Depreciation	216.91	297.77	341.95	343.45	408.53	463.32	535.85	508.26	471.27	452.69	
Profit After Taxation	447.03	590.01	983.63	1,614.29	1,287.13	1,884.42	1,592.75	2,533.31	2,629.15	2,981.74	
Equity Dividend (%)	15.00	25.00	30.00	40.00	40.00	50.00	50.00	100.00	100.00	120.00	
Dividend Payout	110.24	183.73	220.48	293.97	293.97	367.46	367.46	734.92	734.93	881.92	
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	1,777.61	2,160.34	2,894.68	4,173.77	5,125.69	6,580.20	7,743.03	9,416.50	11,188.66	13,145.42	
Net Worth	2,512.54	2,895.27	3,629.61	4,908.70	5,860.62	7,315.13	8,477.96	10,151.43	11,923.59	13,880.35	
Gross Fixed Assets	3,351.36	3,945.55	4,196.12	5,460.70	6,704.75	8,466.77	8,702.26	8,692.18	8,741.90	8,915.72	
Net Fixed Assets	1,579.82	1,876.35	1,808.76	2,746.10	3,605.07	4,958.92	4,688.87	4,210.81	3,789.25	3,553.49	

Key Indicators

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Earning per share	5.87	8.03	13.38	21.97	17.51	12.82*	10.84*	17.24*	17.89*	20.29*
Turnover per share - Rs.	35.13	46.78	61.79	73.86	81.85	51.86	38.15	51.36	61.35	70.92
Book Value per share	34.19	39.40	49.39	66.79	79.74	49.77	57.68	69.06	81.12	94.43
Debt/Equity Ratio	0.32	0.24	0.19	0.15	0.12	0.08	0.04	-	-	-
Net Profit Margin %	17.31	17.16	21.66	29.74	21.40	24.72	28.41	33.56	29.16	28.60
EBDIT/ Net Sales %	34.34	36.43	40.34	40.49	38.98	41.30	50.92	54.94	46.74	44.32

*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 to 2011-12 has been restated, as per the AS 20 "Earning Per Share"

NOTICE OF THE TWENTY SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that Twenty Seventh Annual General Meeting of the Members of **GANDHI SPECIAL TUBES LIMITED** will be held on Wednesday, 25th day of July, 2012 at 11.00 a.m. at Indian Merchant Chamber, IMC Building, IMC Marg, Mumbai 400 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To confirm the Interim Dividend paid on Equity Shares as Final Dividend.
3. To appoint a Director in place of Shri K. N. Warden, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting 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 a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Article No. 113 of the Articles of Association of the Company (“Articles”) be and is hereby amended and altered by deleting the phrase *“not exceeding rupees two hundred and fifty”* appearing in the first and second line of the said Articles and the amended Article No. 113 will read as under:-

113. The sitting fee of a director shall be such amount as may be fixed by the Board for every meeting of the Board or of the Committee of Directors attended by him; and such reasonable additional remuneration as may be fixed by the Board be paid to anyone or more of their members for services rendered by him or them in signing the share certificates in respect of the Company's original capital or any future or new issue thereof or any debentures issued by the Company; and the directors shall be paid such further remuneration (if any) as the Board shall from time to time determine; and such remuneration and further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination within the year equally.

By Order of the Board of Directors

Mumbai
22nd May, 2012

S.K.MISRA
COMPANY SECRETARY

Regd. Office:

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

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 5 is annexed hereto and forms a part of this Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE

REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY MAY NOT VOTE EXCEPT ON POLL. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.

3. The Register of Members and the Share Transfer books of the Company will remain closed from Tuesday, 24th July, 2012 to Wednesday, 25th July, 2012 (both days inclusive).
4. In case of Dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) ("the Depositories") to the Company and the Company cannot entertain any request for deletion/change of Bank details without confirmation from the Depositories. Hence, 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 Registrar and Share Transfer Agent (RTA) "**M/s. Karvy Computershare Pvt. Ltd**" (for **ECS Mandate Form See Annexure I**). Members holding shares in physical form are also requested to intimate any change in their Address, Bank Account etc. to the RTA.
6. To avoid incidents of fraudulent encashment of the Dividend warrants, Members holding shares in physical form are requested to intimate the RTA of the Company, under the signatures of the sole/first joint holder, the following information so that the Bank Account number and name and address of the Bank can be printed on the dividend warrant, if and when issued:
 - (a) Name of the sole/first joint holder and folio number.
 - (b) Particulars of Bank Account viz:
 - (i) Name of Bank;
 - (ii) Name of branch;
 - (iii) Complete address of the Bank with pin code number;
 - (iv) Account type, whether Savings or Current;
 - (v) Bank account number allotted by the Bank;
 - (vi) 9 Digits MICR No.
7. **Members' attention is particularly drawn to the provisions of Section 205A of the Companies Act, 1956, wherein the Company is required to transfer the unclaimed/unpaid Dividend to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The amount of the unclaimed dividends for and upto the Financial Year ended 2005 has been transferred to the Investor Education and Protection Fund (IEPF). Pursuant to Section 205C of the Companies Act, 1956, those Members who have not claimed their dividend for the said period shall not be entitled to claim the same either from the Company or from the said fund.**

The unclaimed dividend for the Financial Year 2005-2006 will be due for transfer to the Investor Education and Protection Fund (IEPF) on 1st March, 2013. Those Shareholders, who have not encashed their dividend warrants, are requested to ensure that they claim the dividend referred to above, before it is transferred to IEPF. (For Proforma of Indemnity Bond for duplicate Dividend Warrant see Annexure II)

Members who have not encashed their dividend warrant(s) for the Financial Year ended 31st March, 2006 to 31st March 2012 are requested to seek issue of Duplicate warrants by writing to the Company's Share Department at its Registered Office.
8. Member who is desirous of getting any information as regard to the business to be transacted at the meeting are requested to write their queries to the Company at least seven days in advance of the Meeting in order to keep the information required 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 attend the Annual General Meeting.
10. The Annual Report duly circulated to the Members of the Company, is available on the Company's Website at www.gandhitubes.com.
- 11. Members are requested to bring their copies of the Annual Report to the Meeting.**
12. As a part of its Green Initiative in Corporate Governance and circulars issued by Ministry of Corporate Affairs allowing paperless compliances through electronic mode, soft copy of the Annual Report for 31-3-2011 has been sent to all the members whose email addresses are registered with the Company/Depository Participant(s)(DP) unless any member has requested for a hard copy of the same. **For members who have not yet registered, are requested to register their email address with the DP or the Company on email id: complianceofficer@gandhitubes.com.**
13. As required by Clause 49 of the Listing Agreement brief profile of the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given below:

Name of Director	Shri K. N. Warden
Date of Birth	22.08.1935
Date of Appointment on the Board	03.06.1988
Qualification	B.E. (Mechanical) from Pune University.
Experience in specific field	Shri. K. N. Warden started his career as an Engineer. He was associated with Steel Age Industries Ltd. for 35 years. He was overall in charge of the operations of the Company's Plants at Mumbai, Ahmedabad and Halol. He was also looking after Business Development. He retired as an Executive Director of Steel Age Industries Ltd.
Name of other Companies in which he holds Directorships	None
Chairman/Member of the Committee(s) of the Board of Directors of the Company	Member- Remuneration Committee
Chairman/Member of the Committee(s) of Directors of other Companies.	Nil
No. of Shares held in the Company	29500

By Order of the Board of Directors

Mumbai
22nd May, 2012

S.K.MISRA
COMPANY SECRETARY

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

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

Item No 5.

Section 310 of the Companies Act, 1956 no longer contains the provision for payment of sitting fee of Rs. 250/- (Rupees Two hundred fifty only) as the same has been amended from time to time by the Ministry of Corporate Affairs. In order to give flexibility to the Company it is proposed to delete the phrase "not exceeding rupees two hundred and fifty" from the Article No. 113 of the Articles of Association of the Company. Any amendment or alteration in the Articles of Association can be made by passing a special resolution at the general meeting. The Board recommends alteration in the Article as stated in the proposed Special Resolution.

None of the Directors except Non-executive Directors are concerned or interested in this resolution.

Copy of the Memorandum and Articles of Association is available for inspection till the conclusion of the Annual General Meeting between 10.00 a.m. to 12.00 noon on all working days except Sundays and public holidays at the Registered Office of the Company.

By Order of the Board of Directors

Mumbai
22nd May, 2012

S.K.MISRA
COMPANY SECRETARY

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

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting Twenty Seventh Annual Report together with the Audited Accounts for the year ended on 31st March, 2012.

1. FINANCIAL RESULTS

	(Rs. in Lacs)	
	31.03.2012	31.03.2011
Revenue from operations	10652.93	9224.80
Profit before Tax	4167.56	3743.42
Less: Tax Expenses		
- Current Tax	1183.00	1165.00
- Current Tax for Prior Years	-	(40.35)
- Deferred Tax	2.82	(10.38)
Profit for the year	2981.74	2629.15
Interim Dividend	881.92	734.93
Corporate Dividend Tax	143.07	122.06
Earning Per Share of Rs. 5/-	Rs 20.29	Rs. 17.89

PERFORMANCE OF THE COMPANY

Your Company has posted a healthy performance for the year under review. The sales increased by 15.5% and crossed **100 Crores** mark for the first time. Profit after Tax increased by 13.4%.

There is a tremendous growth in the demand of seamless tubes manufactured by the Company in India and is expecting similar increase in International market. To meet this demand, your Company has decided to expand its capacity of manufacturing seamless tubes by incurring capital expenditure towards construction of third building of approx. Rs 10 Crores and new machineries / balancing equipments of approx. Rs 20 Crores aggregating to Rs. 30 Crores. Your Company is also planning to have its own office in Mumbai with an outlay of about Rs.10 Crores. The entire capital expenditure will be met from internal accruals.

Your Company has maintained its status of remaining debt-free and there are no long-term borrowings. Internal cash flows have covered working capital requirements, investments, capital expenditure and dividend payment.

The performance and outlook have been discussed in the Management Discussion and Analysis Report which is forming part of the Directors' Report.

2. DIVIDEND

Your Directors have continued its policy of suitably rewarding its shareholders and declared the interim dividend of **120 %** (as against 100% in the previous year) i.e. **Rs. 6/-** on face value of Rs. 5/- each amounting to Rs. 8.82 crores for the year ended 31 March, 2012. The interim dividend was paid by the Company on 15 February, 2012. As there has been no significant change in the final profits for the year ended on 31 March, 2012, your Directors recommend that the Interim Dividend be confirmed as Final Dividend.

3. CORPORATE GOVERNANCE

The Report on Corporate Governance and Management's Discussion and Analysis Report 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.

4. LISTING OF SHARES AND DEPOSITORIES

Your Company's shares are listed on The Bombay Stock Exchange Limited (BSE) and National Stock Exchange India Limited (NSE). Presently 94.30 % of shares are held in electronic/dematerialized form.

5. INSURANCE

All the Assets of the Company are insured under the various Insurance Policies. Risks of fire, earthquake, flood, marine, loss of profit, etc as also damage to third party are covered.

6. PUBLIC DEPOSITS

Your Company does not accept deposits from the public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

7. DIRECTORS

Shri K. N. Warden retires by rotation and being eligible offers himself for re-appointment.

8. 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 read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and that there are no material departures from the same;
- 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.

9. AUDITORS**(i) STATUTORY AUDITORS**

The Statutory Auditors of your Company namely, M/s. S.V.Doshi & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting, and are eligible for re-appointment and are holding Peer Review Certificate issued by 'The Institute of Chartered Accountants of India'. The Company has received the Certificate from the Auditors as required under Section 224 (1B) of the Companies Act, 1956.

There is no qualification or observation made by the Statutory Auditors in their audit report.

(ii) COST AUDITOR

Mr. D. H. Zaveri, Cost Accountant has been appointed as Cost Auditors of the Company for the Financial Year 2011-12 to conduct Cost Audit of Steel Tubes and Pipes manufactured by the Company. Activity of Wind Mill is still not covered under the cost audit.

10. CORPORATE SOCIAL RESPONSIBILITY

The Company believes that it has the duty towards betterment of society and its well being and to achieve this noble objective made donations of Rs. 7,00,000/- during the year under review to the organisations rendering the services to mentally underdeveloped human beings, educations, sports, social awareness etc.

11. GREEN INITIATIVES

The Company has started transmitting Annual Report through electronic mode - email to the shareholders and initiated steps to reduce consumption of paper.

12. HUMAN RESOURCES

Humans are considered as one of the most critical resources in the business and they build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company.

13. 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.

14. 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.

The Company has made direct export of Rs. 164.50 Lakhs (previous year Rs. 19.07 Lakhs). The Company continues to explore possibility of increasing its export. The foreign exchange earning was Rs. 164.50 Lakhs and foreign exchange outgo was Rs. 2050.19 Lakhs during the year under review. The Company's windmills are operating in Gujarat and Maharashtra and have generated units and thereby contributed to its mite to the energy requirement of the Country.

15. ACKNOWLEDGEMENT

The Board wishes to acknowledge and thank all shareowners and stakeholders for their valuable 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

M.G.GANDHI
Chairman & Managing Director

Place: Mumbai
Date : 22.05.2012

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, 2012

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:

Saving in energy cost.

FORM - A

A. POWER AND FUEL CONSUMPTION

Sr. No.	Particulars		2011-12	2010-11
1.	Electricity Purchased			
	Units Purchased	Lacs KWH	54.84	55.97
	Total Amount	Rs. Lacs	356.17	339.65
	Average Rate / KWH	Rupees	6.49	6.07
2.	GSPC Gas Consumed			
	Quantity Consumed	SCM	21,37,825.90	18,36,336.51
	Total Amount	Rs. Lacs	560.30	338.88
	Average Rate / SCM	Rupees	26.21	18.45

B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Particulars		2011-12 Per Tonne	2010-11 Per Tonne
1.	Electricity*	KWH	944.27	1068.45
2.	GSPC GAS*	Tonne	0.301**	0.292**

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

** Indicates only 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 its 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 quality products to the consumers.

III. Foreign Exchange Earnings and Outgo

- (i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;
- (ii) Total foreign exchange used and earned.

Foreign Exchange Earnings	Rs. 1,64,50,374/-
Foreign Exchange Outgo	Rs. 20,50,18,692/-

For and on behalf of the Board of Directors

M.G.GANDHI
Chairman & Managing Director

Place: Mumbai
Date: 22.05.2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

The Company is engaged in manufacturing and marketing of welded and seamless steel tubes of different sizes and specifications and Cold Formed Coupling Nuts. These products are mainly supplied to the Original Equipment Manufacturers (OEMs) of the Automotive, Refrigeration and other Engineering Industries. The demand for the products is growing and to cope up with projected demand, expansion is planned in the Company's works at Halol, Gujarat.

The Company has planned investment of Rs.30 Crores for expansion project in Halol, Gujarat from internal accruals for:

- i. Construction of additional Building, which will be ready tentatively by August, 2012. This is required to install balancing equipments & new machinery as well as for storage of material;
- ii. Draw Benches, straightening machines, testing equipment etc. particularly to enhance output of Small Diameter Seamless Steel Tubes & Cold Formers & Threading machines to manufacture Cold Formed Nuts.
- iii. Additional handling equipments are being planned in order to cope up with acute shortage of labour and
- iv. 3rd Bright Annealing furnace is being planned in subsequent year.

The Company is also operating in Power sector through windmills installed in Maharashtra and Gujarat in a modest way.

2. Opportunities & Threats

Opportunities:

India's long term growth story is still intact though there are some ups and downs. Once inflation is under control and interest rates are down, growth in Indian Economy is likely to lead to increased demand for Company's products.

Threats:

High inflation & high interest regime for a prolonged period may slow down the economy with reduced demand for Company's products.

3. Product wise Performance

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

Sr. No.	Product	2011-12	2010-11
1.	Seamless Tubes	65.15%	61.74%
2.	Welded Tubes / Condensor	25.09%	26.89%
3.	Steel Nuts	7.94%	9.60%
4.	Wind Power	1.82%	1.77%
	Total	100.00%	100.00%

The Company has stopped production of Refrigeration Condenser Coils as this business was highly seasonal, labour intensive & with low value addition. Acute shortage of skilled labour & extreme seasonality of this business made it unviable.

4. Outlook

Demand for the Company's products from Automobile and General Engineering Industry and Infrastructure Sector is expected to remain healthy. Company's reputation as a manufacturer of high quality products and reliable supplier puts our Company in a strong position against competitors. With healthy economic environment, barring any unforeseen circumstances, your Company is optimistic and confident about future outlook as is demonstrated by ongoing capacity expansion project.

5. Risk and Concerns

The margins could come under pressure due to increase in input cost and adverse currency fluctuations.

Competition from low cost manufacturing countries such as China.

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 the 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 authorized 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 Product Sales has grown by approximately 15.5% and similar increase in the profit (13.4%) is achieved. Income from Generation of Electricity from windmills is increased compared to last year.

Capital Investment:

Capital Investment of Rs. 278.31Lacs including Capital Work in Progress was made during the year, out of which major amount of Rs. 165.54 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 throughout 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.

Safety, Health and Environment (SHE) Management

Safety: Your Company continues to adopt best safety practices giving rich dividends in terms of a reduced accident and severity rate. The initiation of new personnel in SHE practices before their deployment to the shop floor contributed to a significant reduction in unsafe practices. This is progressively taking the Company towards achieving the target of Zero Accidents. Regular safety inspection of plant and machinery is carried out to mitigate hazards by terminating the hazard at source by technology upgradation and treating the hazards against exposure to personnel by implementing engineering controls.

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.**

Place: Mumbai
Date: 22-05-2012

M. G. GANDHI
Chairman and Managing Director

REPORT ON CORPORATE GOVERNANCE

1. Company Philosophy on Corporate Governance

Corporate Governance is to ensure legal and ethical conduct and fair financial reporting. It stems from the management's mindset adding ethical value to various stakeholders.

Your Company is fully compliant with the regulatory guidelines relating to the Corporate Governance of Clause 49 of the listing agreement with BSE & NSE. The Company's philosophy on corporate governance is to observe high standard of business ethics and conduct its business by taking sound business decisions, follow efficient financial management practices, appropriate disclosure norms and high standard of corporate conduct to achieve sustained growth and maximum value for all its stake holders.

2. Board of Directors

(A) Composition:-The Company's Board of Directors is composed of 6 (Six) Directors headed by an Executive Chairman, One Executive Promoter Director, One Non Executive Promoter Director and Three Non Executive Independent Directors with rich 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, 2012 is as follows:

Name of the Director & Designation	No. of Board Meetings attended	Attendance at the last AGM on 27 th July, 2011	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. M.D. & Father of Mr. J. M. Gandhi, Director.
Shri Bhupatrai G. Gandhi Jt. Mg. Director	4	Present	1	Member 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 as well as of the Investors' Grievance Committee	Non Executive & Independent	None
Shri Kavas N. Warden	4	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 12th May, 2011, 27th July, 2011, 20th October, 2011 and 23rd January, 2012.

(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, 2012, and a declaration to that effect signed by the Managing Director is attached and forms a part of this Report.

(E) Code for Prohibition of Insider Trading

The Company has a comprehensive Code of Conduct for its Directors, Management, and designated employees for prevention of insider trading and procedure to deal in securities.

The Code lays down Guidelines and Procedures to be followed and Disclosures to be made while dealing with Securities of the Company. The purpose of the Code is also to guide Company's transactions and dissemination of price sensitive information to outside agencies and to ensure timely and adequate disclosures thereof to regulatory authorities on a continuous basis. The company management has identified designated employees and related persons as 'Insider' who are expected to strictly adhere to the Code for Prohibition of Insider Trading. All Directors are also identified as 'Insiders' for the purpose.

For the year under review, all the Directors and senior Management Personnel of the Company have affirmed compliance to the Code of Conduct as on 31st March, 2012, 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;
 - (vi) 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.
- 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 and 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. D.B. Shah (Chartered Accountant) and Shri Jayesh M. Gandhi (B. Com and MBA). 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 remained present at the Annual General Meeting.

(iii) Meetings and Attendance during the year

The Audit Committee met Four times during the year on 12th May, 2011, 27th July, 2011, 20th October, 2011 and 23rd January, 2012. 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) 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.

(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, 2012.**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 total remuneration paid to the Managing Director and the Joint Managing Director during the year 2011-12 was as under:

(Rupees in Lacs)

Name	Salary	Commission	Contribution to Provident Fund/ Gratuity
Shri Manhar G. Gandhi Mg. Director.	84.00	115.00	14.01
Shri Bhupatrai G. Gandhi Jt. Mg. Director.	84.00	115.00	14.01

Notes:

- 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.
 - 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.
 - Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or to the Jt. Managing Director.
 - 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 2011-12, the Company has paid total sitting fee of Rs. 1,84,000/- to non executive directors as under:
- | | |
|-------------------|-------------|
| Shri D. S. Shah | Rs. 52000/- |
| Shri K. N. Warden | Rs. 32000/- |
| Shri J.M. Gandhi | Rs. 48000/- |
| Shri D. B. Shah | Rs. 52000/- |

5. Investors' Grievance Committee (Shareholders' Committee)**(i) Name of Non-executive Director heading the Committee:**

Investors' Grievance Committee is headed by Shri D. S. Shah, a Non Executive Independent Director. Shri B. G. Gandhi (Executive & Promoter Member) and Shri D. B. Shah (Non Executive Independent Member) are the other members of the Committee.

The Investment Grievance Committee met once during the year on 27th March, 2012. All the members of the Committee attended the said meeting.

(ii) Name & Designation of Compliance Officer:

Shri Shyamkumar 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, 2012 is given below:

Nature of Complaint	Received	Cleared	Pending
Non Receipt of Annual Report	6	6	Nil
Non Receipt of Dividend Warrants	7	7	Nil
Request for Duplicate Share Certificates	14	14	Nil
Non Receipt of Share Transferred	3	3	Nil
Non receipt of shares	6	6	Nil
Excess short receipt of securities	3	3	Nil
Others	-	-	-
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 of AGMs	Time	Venue	Details of Special Business Resolutions
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.
31st March, 2010	28.07.2010	11.00 a.m.	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai 400007	Re-appointment of Shri. M.G. Gandhi as Managing Director for a further period of three years w.e.f. 01.01.2010. Re- appointment of Shri. B.G. Gandhi as Joint Managing Director for a further period of three Years w.e.f. 01.01.2010.
31st March, 2011	27.07.2011	11.00 a.m.	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai 400007	No Special business was transacted.

- (iii) to (vi) None of the items transacted at the said meetings were required to be passed by postal ballot. At the forthcoming Annual General Meeting there is no item on the agenda requiring to be passed by postal ballot. Hence, no need to specify the procedure for postal ballot.

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 Note No. 34 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 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.corpfilling.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) **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, Loss of Profit, Public Liability, Directors' & Officers' Liability have been adequately insured.
- i) The Company has not issued any shares during the year.

iv) Shareholding of the Non-executive Directors and their relatives in the Company

Name of the Non-Executive Director	No. of Shares held
Shri Dhirajlal S. Shah	4250
Shri Kavas N. Warden	29500
Shri Jayesh M. Gandhi	956366
Shri Dharmen B Shah	1000

8. Means of Communication:

1. The Company publishes the results in one English Newspaper and one Vernacular Newspaper. The Financial Results and Shareholding Pattern of the Company are posted on the CORPFILING section of the SEBI's website regularly. The Company generally publishes its quarterly financial results in The Free Press Journal and Navshakti.
2. The Financial Results of the Company and other information pertaining to the Company is available on the Company's web site at www.gandhitubes.com.
3. The Company's financial results are sent in time to Stock Exchanges so that they may be posted on the Stock Exchange's website.
4. The Company also provides copies of its financial results to investors if so requisitioned for without any charge, at the same time they are available on the Company's website also and can be downloaded from there. The Management Discussion and Analysis Report will form part of the Directors' Report to shareholders.
5. There is no official news release displayed on the website
6. The Company has not made any presentation to institutional investors or equity analyst

Quarterly Report on Corporate Governance under Clause 49 of the Listing Agreement have been submitted to Stock Exchange(s) as follows

Quarterly Report for the quarter ended	Submitted to Stock Exchange(s) on
30/06/2011	13/07/2011
30/09/2011	13/10/2011
31/12/2011	10/01/2012
31/03/2011	11/04/2012

In view of recent amendment in Clause 47(f) of Listing Agreement, the Company has designated an email account specifically for investor service and the same is disclosed on the website of the Company. *Investors may e-mail their queries at complianceofficer@gandhitubes.com.*

9. General Shareholders Information**(i) Annual General Meeting**

The 27th Annual General Meeting of the shareholders will be held on Wednesday the 25th July, 2012 at 11.00 a.m.

Venue: Indian Merchant Chamber
IMC Building, IMC Marg
Mumbai 400020

(ii) Financial Calendar

For the year ending 31st March, 2013 the Financial Results will be announced on:

First Quarter	:	End of July, 2012
Half year	:	End of October, 2012
Third Quarter	:	End of January, 2013
Yearly	:	End of May, 2013

- (iii) **Date of Book Closure:** -Tuesday the 24th July, 2012 and Wednesday the 25th July, 2012 (both days inclusive)
- (iv) **Dividend Payment Date:** Interim Dividend for the Financial Year 2011-12 already paid on 15th February, 2012. 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

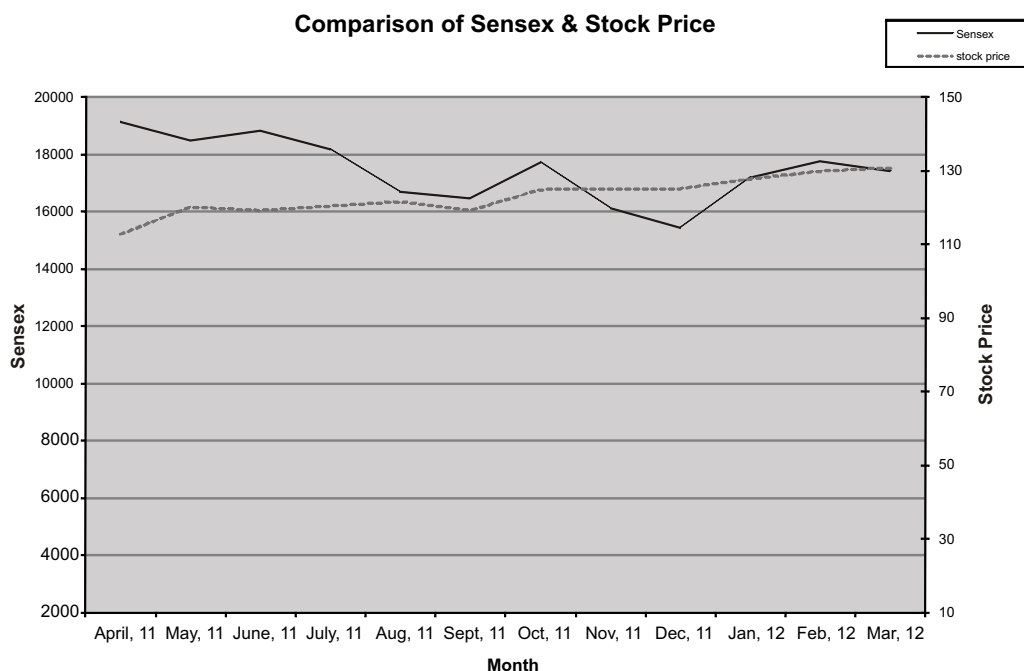
(vii) **Market Price Data: high, low during each month in the last financial year.**

Monthly Share Price Data of the Company's shares on BSE for the year ended 31st March, 2012

Month	Highest Rate (Rs.)	Date	Lowest Rate (Rs.)	Date
April 11	118.00	11.04.2011	104.00	01.04.2011
May 11	122.70	27.05.2011	105.55	18.05.2011
June 11	130.00	08.06.2011	110.00	17.06.2011
July 11	128.80	27.07.2011	115.70	06.07.2011
August 11	128.90	26.04.2011	118.00	01.08.2011
September 11	131.45	16.09.2011	116.35	30.09.2011
October 11	137.85	31.10.2011	115.00	07.10.2011
November 11	134.85	08.09.2011	120.05	21.11.2011
December 11	130.00	16.12.2011	120.00	20.12.2011
January 12	137.45	24.01.2012	117.20	09.01.2012
February 12	134.45	10.02.2012	125.00	01.02.2012
March 12	133.85	19.03.2012	126.00	20.03.2012

Monthly Share Price Data of the Company's shares on NSE for the year ended 31st March, 2012

Month	Highest Rate (Rs.)	Date	Lowest Rate (Rs.)	Date
April 11	125.00	29.04.2011	105.45	21.04.2011
May 11	121.75	26.05.2011	101.05	09.05.2011
June 11	132.80	06.06.2011	104.45	17.06.2011
July 11	128.00	01.07.2011	115.20	19.07.2011
August 11	129.00	04.08.2011	115.25	01.08.2011
September 11	130.50	21.09.2011	116.45	12.09.2011
October 11	134.00	31.10.2011	113.85	05.10.2011
November 11	134.00	08.11.2011	116.50	16.11.2011
December 11	129.95	05.12.2011	116.30	20.12.2011
January 12	137.90	24.01.2012	112.65	12.01.2012
February 12	133.00	08.02.2012	125.55	01.02.2012
March 12	133.00	06.03.2012	126.50	21.03.2012

(viii) Performance in comparison to BSE sensex**(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: 91-40-44655179/ 44655181
Fax No: 91-40-23311968

City Office

“24” Maharashtra Chamber of Commerce Lane
Above Parkeon, 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 dematerialization 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, 2012**DISTRIBUTION SCHEDULE AS ON 31/03/2012**

Sr. No.	Category	No. of shareholders	% of Cases	Amount (Rs)	% Amount
1	upto 1 - 5000	4399	88.98	6399415	8.71
2	5001 - 10000	309	6.25	2500020	3.40
3	10001 - 20000	105	2.12	1523905	2.07
4	20001 - 30000	37	0.75	915295	1.25
5	30001 - 40000	12	0.24	414375	0.56
6	40001 - 50000	13	0.26	585625	0.80
7	50001 - 100000	23	0.47	1678715	2.28
8	100001 & ABOVE	46	0.93	59475730	80.93
Total:		4944	100.00	73493080	100.00

(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2012**SHARE HOLDING PATTERN AS ON 31/03/2012**

Sr.No.	Description	Shareholders	No. of Shares	% Equity
1	BANKS	3	7200	0.05
2	CLEARING MEMBERS	8	4962	0.03
3	DIRECTORS AND THEIR RELATIVES	3	34750	0.24
4	FOREIGN INSTITUTIONAL INVESTOR	1	10000	0.07
5	H U F	90	220806	1.50
6	INDIAN PROMOTER COMPANIES	2	1069700	7.28
7	BODIES CORPORATES	80	174604	1.19
8	MUTUAL FUNDS	1	1000	0.01
9	NON RESIDENT INDIANS	310	282654	1.92
10	COMPANY PROMOTERS	25	9699867	65.99
11	RESIDENT INDIVIDUALS	4421	3193073	21.72
Total:		4944	14698616	100.00

For the purpose of SEBI (Substantial Acquisition of Shares & Takeover) Regulation 2011, the following Companies are to be considered as Group Companies belonging to Promoters Group.

Sr. No.	Name of the Person	Shareholding as on 31.03.2012
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, 2012

CONTROL REPORT AS ON 31/03/2012			
Name of Depository	No. of Shareholders	No. of Shares	% of Equity
NSDL	2304	11799146	80.27
CDSL	911	2061726	14.03
Sub Total	3215	13860872	94.30
PHYSICAL	1729	837744	5.70
Total:	4944	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), Sangli (Maharashtra)

(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 : 91-40-44655179
K.S. Reddy : 91-40-44655181
Email:ksreddy@karvy.com/
manoj.pillai@karvy.com

Shri Shyam Kumar Misra, Company Secretary
Gandhi Special Tubes Ltd.
Jariwala Mansion
43, K.M.MunshiMarg
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: 22.05.2012

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 Report 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: 22.05.2012

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, 2012, as stipulated in Clause 49 of the Listing agreement of the said Company with the 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

Mumbai,
Date: 22.05.2012

Sunil Doshi
Partner
Membership No.: 35037
Firm Reg. No. 102752W

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 31 March, 2012, 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 31 March, 2012 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 31 March, 2012;
 - 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, 22 May 2012

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 31 March, 2012.

- (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 fixed 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 its size and nature of its business.
- (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) (1) 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.

- (2) 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 31 March 2012 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)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Income Tax	58.19	2009-2010	Before Comm. Of Income Tax (Appeals)
Sales Tax Laws	Sales Tax	25.23	2002-2003	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, 22 May 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	31-03-2012 ₹	31-03-2011 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
a) Share capital	2	73,493,080	73,493,080
b) Reserves and surplus	3	1,314,541,902	1,118,866,012
		<u>1,388,034,982</u>	<u>1,192,359,092</u>
2 Non-Current Liabilities			
a) Deferred tax liabilities (net)	4	43,881,839	43,600,176
b) Long term provisions	5	15,028,806	14,243,657
		<u>58,910,645</u>	<u>57,843,833</u>
3 Current liabilities			
a) Trade payables	6	19,263,289	10,243,039
b) Other current liabilities	7	43,812,037	40,874,082
c) Short term provisions	8	889,877	3,969,251
		<u>63,965,203</u>	<u>55,086,372</u>
		<u>1,510,910,830</u>	<u>1,305,289,297</u>
B ASSETS			
1 Non-current assets			
a) Fixed assets			
(I) Tangible assets	9	355,348,937	378,925,322
(II) Capital work-In-progress	9	5,685,658	4,625,784
		<u>361,034,595</u>	<u>383,551,106</u>
b) Non-current investments	10	577,717,085	495,297,651
c) Long term loans and advances	11	23,541,358	15,712,454
		<u>962,293,038</u>	<u>894,561,211</u>
2 Current assets			
a) Current investments	12	101,372,852	18,871,234
b) Inventories	13	215,544,568	188,302,808
c) Trade receivables	14	164,068,793	156,608,903
d) Cash and cash equivalents	15	41,707,973	22,425,092
e) Short-term loans And advances	16	22,684,183	22,942,373
f) Other current assets	17	3,239,423	1,577,676
		<u>548,617,792</u>	<u>410,728,086</u>
		<u>1,510,910,830</u>	<u>1,305,289,297</u>

Notes (including significant accounting policies) on Financial Statements

1 to 35

As per our attached report of even date

For and on behalf of the Board of Directors

For S. V. DOSHI & CO.

Chartered Accountants

SUNIL V. DOSHI

Partner

M. No. : 35037

Mumbai, 22th May, 2012

S. K. MISRA
(Company Secretary)**M. G. GANDHI**

(Chairman & Managing Director)

D. S. SHAH

(Director)

J. M. GANDHI

(Director)

B. G. GANDHI

(Joint Managing Director)

K. N. WARDEN

(Director)

D. B. SHAH

(Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	31-03-2012 ₹	31-03-2011 ₹
A INCOME			
1 Revenue from operations	18	1,065,293,602	922,479,944
2 Other income	19	41,296,541	19,773,961
Total Revenue		1,106,590,143	942,253,905
3 EXPENDITURE			
a) Cost of material consumed	20	373,970,569	293,417,733
b) Changes in inventories of finished goods and work-in-progress	21	(17,686,605)	202,836
c) Employee benefits expenses	22	65,220,783	58,859,835
d) Other expenses	23	223,059,893	168,304,049
e) Depreciation and amortization expenses	9	45,269,356	47,127,473
Total expenses		689,833,996	567,911,926
4 Profit before tax		416,756,147	374,341,979
5 Tax expense			
a) Current tax		118,300,000	116,500,000
b) Current tax expense relating to prior years		-	(4,034,930)
c) Deferred tax		281,663	(1,038,151)
		118,581,663	111,426,919
6 Profit for the year		298,174,484	262,915,060
7 Earning per share (of Rs.5/- each)			
Basic and Diluted	33	20.29	17.89
Notes (including significant accounting policies) on Financial Statements	1 to 35		

As per our attached report of even date

For S. V. DOSHI & CO.*Chartered Accountants***SUNIL V. DOSHI***Partner*

M. No. : 35037

Mumbai, 22th May, 2011

S. K. MISRA
(Company Secretary)

For and on behalf of the Board of Directors

M. G. GANDHI
(Chairman & Managing Director)**D. S. SHAH**
(Director)**J. M. GANDHI**
(Director)**B. G. GANDHI**
(Joint Managing Director)**K. N. WARDEN**
(Director)**D. B. SHAH**
(Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	31-03-2012	31-03-2011
	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per statement of profit and loss	416,756,147	374,341,979
Adjusted for :		
Depreciation and amortisation	45,269,356	47,127,473
(Profit) / loss on sale / write off assets	(460,514)	-
Interest income	(9,412,479)	(7,552,007)
Dividend income	(8,768,528)	(11,693,956)
Net (gain) / loss on sale of investment	<u>(21,439,042)</u>	<u>(395,294)</u>
Operating profit before working capital changes	421,944,940	401,828,195
Adjusted for :		
Inventories	(27,241,760)	(7,441,630)
Trade and other receivables	(8,851,747)	(11,735,426)
Trade and other payables	<u>12,940,130</u>	<u>5,969,810</u>
	<u>(23,153,377)</u>	<u>(13,207,246)</u>
Cash generated from Operations	398,791,563	388,620,949
Taxes paid	<u>(127,519,150)</u>	<u>(109,696,705)</u>
Net cash from operating activities (A)	271,272,413	278,924,244
B CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances	(25,102,951)	(12,039,670)
Proceeds from sale of fixed assets	913,016	-
Purchase of investments	(999,849,759)	(736,835,022)
Sale of investments	856,367,749	532,505,327
Interest received	9,412,479	7,552,007
Dividend received	<u>8,768,528</u>	<u>11,693,956</u>
Net cash (used in) investing activities (B)	(149,490,938)	(197,123,402)
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(88,191,696)	(73,493,080)
Tax on dividend	<u>(14,306,898)</u>	<u>(12,206,282)</u>
Net cash (used in) financing activities (C)	(102,498,594)	(85,699,362)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	19,282,881	(3,898,520)
Cash and cash equivalents at the beginning of the year	22,425,092	26,323,612
Cash and cash equivalents at the end of the year	41,707,973	22,425,092

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, notified under sub-section (3C) of section 211 of the Companies Act, 1956.
- (2) Cash & cash equivalents consists of Cash on hand and Balance with banks (Refer note 15)

As per our attached report of even date

For S. V. DOSHI & CO.

Chartered Accountants

SUNIL V. DOSHI

Partner

M. No. : 35037

Mumbai, 22th May, 2011

S. K. MISRA
(Company Secretary)

For and on behalf of the Board of Directors

M. G. GANDHI

(Chairman & Managing Director)

D. S. SHAH

(Director)

J. M. GANDHI

(Director)

B. G. GANDHI

(Joint Managing Director)

K. N. WARDEN

(Director)

D. B. SHAH

(Director)

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES**1.1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS**

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.

1.2 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.

1.3 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.

1.4 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.

1.5 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.

1.6 EMPLOYEE BENEFITS

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 and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to PF 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.

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 Managing Director and Joint Managing Director leave encashment benefits is accounted on cash basis.

1.7 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

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

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.

1.8 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. Sales includes excise duty but excludes Sales Tax and discounts. Other Income are accounted on accrual basis.

1.9 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 except for carried forward losses, which are recognized only if there is virtual certainty of their realization.

1.10 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 & 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.

1.11 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.

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
2	SHARE CAPITAL		
	AUTHORISED		
	24,000,000 Equity Shares of Rs.5/- each	<u>120,000,000</u>	<u>120,000,000</u>
	ISSUED, SUBSCRIBED AND PAID UP		
	14,698,616 Equity Shares of Rs.5/- each fully paid up	<u>73,493,080</u>	<u>73,493,080</u>
	Total	<u>73,493,080</u>	<u>73,493,080</u>

2.1 Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	%	Number of shares held	%
1) Manhar G. Gandhi	2,339,870	15.92	2,339,870	15.92
2) Bhupatrai G. Gandhi	2,188,651	14.89	2,188,651	14.89
3) Manoj B. Gandhi	1,097,168	7.46	1,097,168	7.46
4) Jayesh M. Gandhi	956,366	6.51	956,366	6.51
5) Bharti M. Gandhi	783,776	5.33	783,776	5.33

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
3	RESERVE & SURPLUS		
	CAPITAL RESERVE		
(i)	Capital subsidy		
	Balance as per last Balance Sheet	2,500,000	2,500,000
(ii)	Surplus on Reissue of Forfeited Shares		
	Balance as per last Balance Sheet	539,100	539,100
	CAPITAL REDEMPTION RESERVE		
	Balance as per last Balance Sheet	20,999,290	20,999,290
	GENERAL RESERVE		
	Opening balance	180,000,000	150,000,000
	Add: Transferred from surplus in Statement of Profit and Loss	30,000,000	30,000,000
	Closing balance	210,000,000	180,000,000
	SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS		
	Opening balance	914,827,622	767,611,924
	Add: Profit for the year	298,174,484	262,915,060
	Less : Interim dividend	88,191,696	73,493,080
	Tax on dividend	14,306,898	12,206,282
	Amounts transferred to General reserve	30,000,000	30,000,000
	Closing balance	1,080,503,512	914,827,622
	Total	1,314,541,902	1,118,866,012
4	DEFERRED TAX (ASSETS)/LIABILITIES		
	DEFERRED TAX ASSETS		
	Gratuity	(4,876,095)	(4,621,354)
	DEFERRED TAX LIABILITIES		
	Depreciation/Amortisation	48,757,934	48,221,530
	Total	43,881,839	43,600,176
5	LONG-TERM PROVISIONS		
	Provision for employee benefits	15,028,806	14,243,657
	Total	15,028,806	14,243,657
6	TRADE PAYABLES		
	Micro and Small Enterprises	3,780,905	4,296,565
	Others	15,482,384	5,946,474
	Total	19,263,289	10,243,039

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
7	OTHER CURRENT LIABILITIES		
	Unpaid dividends *	7,583,382	6,334,701
	Statutory remittances	3,971,659	3,507,295
	Payables on purchase of fixed assets	94,500	226,999
	Deposits from customers	400,367	433,367
	Advances from customers	1,710,816	2,884,712
	Due to Directors	23,000,000	21,000,000
	Other liabilities	7,051,313	6,487,008
	* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
	Total	43,812,037	40,874,082
8	SHORT TERM PROVISIONS		
	For employee benefits	854,632	675,286
	For current tax (net of advance tax)	-	3,276,150
	For wealth tax	35,245	17,815
	Total	889,877	3,969,251

9 FIXED ASSETS

Descriptions	Gross block				Depreciation / Amortisation				Net Block	
	As at 01-04-2011	Additions	Deductions/ Adjustments	As at 31-03-2012	As at 01-04-2011	For the year	Deductions/ Adjustments	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
TANGIBLE ASSETS										
Freehold Land & Site Development	7,180,461	-	-	7,180,461	-	-	-	-	7,180,461	7,180,461
Building - Factory	72,049,121	2,513,895	-	74,563,016	22,208,088	2,474,729	-	24,682,817	49,880,199	49,841,033
Building - Others	1,519,417	147,003	-	1,666,420	534,731	24,943	-	559,674	1,106,746	984,686
Plant and Machinery	532,091,363	16,554,266	2,825,051	545,820,578	323,879,704	25,518,224	2,683,798	346,714,130	199,106,448	208,211,659
Furniture and Fixtures	4,509,384	13,000	-	4,522,384	3,141,168	132,831	-	3,273,999	1,248,385	1,368,216
Office Equipments	4,915,710	104,550	1,543,851	3,476,409	3,182,316	341,276	1,393,044	2,130,548	1,345,861	1,733,394
Vehicles	6,899,566	2,812,759	394,648	9,317,677	1,269,406	837,876	234,206	1,873,076	7,444,601	5,630,160
Wind Mills	245,024,865	-	-	245,024,865	141,049,152	15,939,477	-	156,988,629	88,036,236	103,975,713
Total	874,189,887	22,145,473	4,763,550	891,571,810	495,264,565	45,269,356	4,311,048	536,222,873	355,348,937	378,925,322
Previous year	869,218,397	4,971,490	-	874,189,887	448,137,092	47,127,473	-	495,264,565	378,925,322	-
Capital Work in Progress									5,685,658	4,625,784
									361,034,595	383,551,106

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
10	NON-CURRENT INVESTMENTS (Long term)		
	OTHER INVESTMENTS		
	(a) Investment in bonds (Quoted , fully paid up)		
	1,000 (1,000) 6.85% India Infrastructure Finance Co. Ltd. tax free bonds	100,470,000	100,470,000
	1,236 (-) 8.20% National Highway Authority of India Ltd. tax free bonds	1,236,000	-
	23,736 (-) 8.30% National Highway Authority of India Ltd. tax free bonds	24,579,871	-
	27,500 (-) 8.30% Power Finance Corporation Ltd. tax free bonds	28,372,250	-
	10 (-) 11.40% Tata Power Ltd. taxable bonds	10,125,000	-
	10 (-) 11.50% Tata Steel Ltd. taxable bonds	10,265,000	-
		175,048,121	100,470,000
	(b) Investment in mutual funds (Quoted, fully paid up)		
	2,000,000 (2,000,000) Franklin Templeton fixed tenure fund series XII Growth Fund OF Rs.10/- each	20,000,000	20,000,000
	- (4,796,114) HDFC Monthly Income Plan-Long Term of Rs.10/- each		64,000,000
	- (4,175,861) Reliance Monthly Income Plan of Rs.10/- each	-	48,309,462
	- (1,000,000) Reliance Fixed Horizon Fund - XVI Series-5 of Rs.10/- each		10,000,000
	- (1,000,000) UTI Fixed Maturity Institutional Plan Plan - (09/10) of Rs.10/- each		10,000,000
	- (500,000) Kotak Fixed Maturity Plan - Series-8 of Rs.10/- each	-	5,000,000
	- (500,000) Sundaram BNP Paribas Fixed Term Plan of Rs.10/- each	-	5,000,000
	- (500,000) Fidelity Fixed Maturity Plan Series-III/F of Rs.10/- each	-	5,000,000
	- (768,510) UTI Fixed Income Interval Fund Annual Interval Plan III of Rs.10/- each		10,000,000
	- (360,032) Birla Sun Life Govt. Securities Long term plan of Rs.10/- each		10,000,000
	- (4,000,000) Birla Sun Life Fixed Term Plan Series - CF of Rs.10/- each		40,000,000
	- (750,000) Birla Sun Life Fixed Term Plan Series Series - CI of Rs.10/- each	-	7,500,000
	- (1,000,000) Kotak Fixed Maturity Plan - Series-9 of Rs.10/- each	-	10,000,000
	2,000,000 (-) Kotak Fixed Maturity Plan - Series-77 of Rs.10/- each	20,000,000	-
	- (1,000,000) L & T FMP - II - November 12 MA of Rs.10/- each		10,000,000
	- (1,000,000) BNP Paribas Fixed Term Fund Series - 19D of Rs.10/- each		10,000,000
	- (2,001,819) Reliance Fixed Horizon Fund - XVI Series - 3 of Rs.10/- each		20,018,189
	- (2,000,000) ICICI Prudential FMP - Series-53 of Rs.10/- each		20,000,000
	- (4,000,000) BNP Paribas Fixed Term Fund Series - 21H of Rs.10/- each		40,000,000
	2,000,000 (2,000,000) ICICI Prudential FMP - Series-55 of Rs.10/- each	20,000,000	20,000,000
	- (1,000,000) Fidelity Fixed Maturity Plan Series-5 of Rs.10/- each	-	10,000,000
	- (2,000,000) IDFC Fixed Maturity Plan-Series-41 of Rs.10/- each	-	20,000,000
	3,000,000 (-) ICICI Prudential FMP - Series-61 of Rs.10/- each	30,000,000	-
	4,040 (-) Franklin Templeton India Short Term Income Plan-Monthly Dividend of Rs.10/- each	5,263,025	-
	2,220,603 (-) Reliance Monthly Income Plan-Growth Plan of Rs.10/- each	48,341,851	-
	2,762,788 (-) HDFC Monthly Income Plan-Long Term Growth Plan of Rs.10/- each	64,064,088	-
	2,000,000 (-) HDFC Fixed Maturity Plan-399 D March 2012(1) of Rs.10/- each	20,000,000	-
	5,500,000 (-) HDFC Fixed Maturity Plan-24M September 2011(1) of Rs.10/- each	55,000,000	-
	5,000,000 (-) HDFC Fixed Maturity Plan-24M November2011(1) of Rs.10/- each	50,000,000	-
	9,764,323 (-) Franklin Templeton India Short Term Income Plan-Growth of Rs.10/- each	20,000,000	-
	3,000,000 (-) IDFC Fixed Maturity Plan-Series-1 of Rs.10/- each	30,000,000	-
	2,000,000 (-) Reliance Fixed Tenure Fund - XXI Series - 25 of Rs.10/- each	20,000,000	-
		402,668,964	394,827,651
		577,717,085	495,297,651
		577,717,085	495,297,651
		595,689,800	501,132,168
	Aggregate amount of quoted investments	577,717,085	495,297,651
	Aggregate market value of quoted investments	595,689,800	501,132,168

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
11	LONG TERM LOANS AND ADVANCES		
	(Unsecured, considered good)		
	Capital advances	4,340,000	2,442,396
	Security deposits	13,258,358	13,270,058
	Current taxation (net of provisions)	5,943,000	-
	Total	23,541,358	15,712,454
12	CURRENT INVESTMENTS		
	Investment in mutual funds (Quoted, fully paid up)		
	10,105,453 (1,881,198) HDFC Cash Management Treasury Advantage Plan of Rs.10/- each	101,372,852	18,871,234
	Total	101,372,852	18,871,234
	Aggregate amount of quoted investments	101,372,852	18,871,234
	Aggregate market value of quoted investments	101,372,852	18,871,234
13	INVENTORIES		
	(As certified by the Management)		
	(At lower of cost and net realisable value unless otherwise stated)		
	Raw materials	135,603,845	134,013,378
	Stores and spares	29,223,130	21,258,442
	Work-in-progress	45,177,086	30,163,462
	Finished goods	5,451,193	2,556,748
	Scrap - At net realisable value	89,314	310,778
	Total	215,544,568	188,302,808
14	TRADE RECEIVABLES		
	(Unsecured, considered good)		
	Over six months	-	-
	Others	164,068,793	156,608,903
	Total	164,068,793	156,608,903
15	CASH AND CASH EQUIVALENTS		
	Balances with banks #	38,120,146	22,387,389
	Drafts on hand	3,451,629	-
	Cash on hand	136,198	37,703
	Total	41,707,973	22,425,092

Includes balance with bank in unclaimed dividend a/c ₹ 75,83,382/- (Previous Year ₹ 63,34,701/-)

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
16	SHORT TERM LOANS AND ADVANCES		
	(Unsecured, considered good)		
	Prepaid expenses	4,529,628	4,102,746
	Balances with government authorities	3,747,957	2,871,591
	Advances to suppliers	12,943,331	15,730,836
	Insurance claims	627,746	-
	Others	835,521	237,200
	Total	22,684,183	22,942,373
17	OTHER CURRENT ASSETS		
	Interest accrued on deposits	297,017	301,512
	Interest accrued on investments	2,942,406	1,276,164
	Total	3,239,423	1,577,676
18	REVENUE FROM OPERATIONS		
	Sale of products	1,126,472,827	974,319,711
	Other operating revenues	43,388,320	39,166,371
		1,169,861,147	1,013,486,082
	Less: Excise duty	104,567,545	91,006,138
	Total	1,065,293,602	922,479,944
18.1	PARTICULARS OF SALE OF PRODUCTS		
	Seamless Tubes	734,924,411	602,934,631
	Welded Tubes & Condensers	283,268,604	262,293,722
	Steel Nuts	89,572,217	93,442,808
	Wind Power	18,707,595	15,648,550
	Total	1,126,472,827	974,319,711
18.2	OTHER OPERATING REVENUE		
	Wind Power , captively consumed	20,110,884	18,432,274
	Sale of scrap	20,577,748	18,426,625
	Export incentives	447,638	102,220
	Job work charges	2,252,050	2,205,252
	Total	43,388,320	39,166,371

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
19	OTHER INCOME		
	Interest :		
	From long term investments	9,048,861	6,850,000
	Others	363,618	702,007
		<u>9,412,479</u>	<u>7,552,007</u>
	Dividend Income :		
	From long term investments	165,853	7,690,430
	From current investments	8,602,675	4,003,526
		<u>8,768,528</u>	<u>11,693,956</u>
	Net gain on foreign currency transactions	318,772	(125,516)
	Net gain on sale of long term investments	21,439,042	395,294
	Net gain on sale of fixed assets	531,707	-
	Other non operating income	826,013	258,220
	Total	<u>41,296,541</u>	<u>19,773,961</u>
20	COST OF MATERIALS CONSUMED		
	Opening stock	134,013,378	117,014,494
	Add: Purchases and related expenses	375,561,036	310,416,617
		<u>509,574,414</u>	<u>427,431,111</u>
	Less: Closing stock	135,603,845	134,013,378
	Total	<u>373,970,569</u>	<u>293,417,733</u>
20.1	PARTICULARS OF MATERIAL CONSUMED		
	Seamless Hollows	231,322,053	162,147,715
	Steel Strips	112,046,442	100,235,780
	Others	30,602,074	31,034,238
	Total	<u>373,970,569</u>	<u>293,417,733</u>
21	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
	Inventories (at close)		
	Finished goods	5,451,193	2,556,748
	Work-in-progress	45,177,086	30,163,462
	Scrap	89,314	310,778
		<u>50,717,593</u>	<u>33,030,988</u>
	Inventories (at commencement)		
	Finished goods	2,556,748	1,286,032
	Work-in-progress	30,163,462	31,586,688
	Scrap	310,778	361,104
		<u>33,030,988</u>	<u>33,233,824</u>
	Total	<u>(17,686,605)</u>	<u>202,836</u>

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
22	EMPLOYEE BENEFITS EXPENSES		
	Salaries and wages	19,473,898	16,089,717
	Contributions to provident and other funds (Refer Note 31.1b)	3,319,051	3,142,529
	Gratuity	1,181,403	1,155,866
	Staff welfare expenses	1,446,431	671,723
	Directors' Remuneration	39,800,000	37,800,000
	Total	65,220,783	58,859,835
23	OTHER EXPENSES		
	MANUFACTURING EXPENSES		
	Stores, Spares and Packing Materials consumed	76,536,539	52,313,564
	Power and Fuel	92,264,604	68,310,219
	Labour Charges	20,276,203	16,544,289
	Factory Expenses	302,764	220,108
	Repairs and Maintenance :		
	- Plant and Machinery	6,689,678	5,231,692
	- Building	1,982,856	487,106
	Insurance	1,414,612	1,231,040
	Wind Mill Operating Expenses	6,371,198	5,974,121
	Freight Charges	294,628	242,709
		206,133,082	150,554,848
	ADMINISTRATIVE AND OTHER EXPENSES		
	Rent/Compensation	9,000	6,750
	Rates & Taxes	175,914	82,336
	Insurance	1,114	10,027
	Electricity Charges	274,565	303,727
	Printing and Stationery	475,352	426,635
	Communication Expenses	422,154	462,300
	Travelling Expenses :		
	- Directors	299,376	608,742
	- Others	501,672	530,510
	Security Charges	1,219,740	1,010,150
	Professional Charges	2,669,035	2,777,738
	Repairs and Maintenance - Others	252,228	236,386
	Directors' Sitting Fees	184,000	136,000
	Outward Freight	2,156,299	2,529,028
	Advertising and sales Promotion Expenses	1,175,230	667,062
	Commission on Sales	1,407,723	1,453,436
	Bank charges and commission	1,151,875	768,946
	Increase / (decrease) of excise duty on inventory	351,592	348,176
	Donations	720,000	2,816,111
	Payments to auditors	540,000	529,000
	Assets Discarded / written off	71,193	-
	Other Expenses	2,868,749	2,046,141
		16,926,811	17,749,201
	Total	223,059,893	168,304,049

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
24	CONTINGENT LIABILITIES AND COMMITMENTS		
(I)	CONTINGENT LIABILITIES		
	(a) Claims against the Company not acknowledged as debt :		
	i) Cenvat/Service Tax Credit under disputes by Excise authorities	3,918,242	2,907,295
	ii) Excise demand disputed by the Company	7,713,264	5,799,625
	iii) Sales Tax demand disputed by the Company	2,523,411	2,523,411
	iv) Professional fees	-	166,000
	(b) Counter Guarantees given by the Company to the bankers for Bank Guarantees	10,200,000	6,906,900
	(c) Letter of Credits issued by the Bank	57,057,339	14,667,296
(II)	COMMITMENTS		
	Estimated amount of contracts remaining to be executed on capital account and not provided for on Tangible assets	32,563,885	6,197,684
(III)	The Income Tax assessments of the Company have been completed upto Assessment Year 2009-10. The disputed demand outstanding upto the said Assessment Year is Rs.1,23,19,440/-. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.		
25	THE DETAILS OF AMOUNT DUE TO MICRO, SMALL AND MEDIUM ENTERPRISES BASED ON INFORMATION AVAILABLE WITH THE COMPANY AND RELIED UPON BY AUDITORS		
(i)	Principal amount due and remaining unpaid	-	-
(ii)	Interest due on above and unpaid interest	-	-
(iii)	Interest paid	-	-
(vi)	Payment made beyond the appointed day during the year	-	-
(v)	Interest due and payable for the period of delay	-	-
(vi)	Interest accrued and remaining unpaid	-	-
(vi)	The amount of further interest due and payable in the succeeding year	-	-
26	AUDITORS' REMUNERATION *		
(a)	As auditors		
	(i) Statutory audit fees	200,000	200,000
	(ii) Taxation audit fees	55,000	55,000
	(iii) Taxation matters	250,000	250,000
		505,000	505,000
(b)	As cost auditors		
	Cost audit	35,000	24,000
	* Excluding service tax	540,000	529,000
	Total	540,000	529,000

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012 ₹	31-03-2011 ₹
27	CIF VALUE OF IMPORTS (INCLUDING ADVANCE PAYMENT)		
	(a) Raw materials	190,101,983	161,769,971
	(b) Spare parts	8,112,158	3,452,455
	(c) Capital goods	6,757,914	1,814,842
28	EXPENDITURE IN FOREIGN CURRENCY		
	(a) Travelling expenses	-	365,334
	(b) Exhibition expenses	-	362,625
	(c) Export commission	41,880	40,163
	(d) Bank commission	4,757	2,283
29	EARNINGS IN FOREIGN EXCHANGE		
	FOB Value of Exports	16,450,374	1,907,439

30 DETAILS OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS

Particulars	31/3/2012		31/3/2011	
	₹	%	₹	%
(a) Raw materials				
Indigenous	144,312,375	38.59	131,230,254	44.72
Imported	229,658,194	61.41	162,187,479	55.28
	373,970,569	100.00	293,417,733	100.00
(b) Stores & Spares etc.				
Indigenous	69,241,303	90.47	43,466,205	83.09
Imported	7,295,236	9.53	8,847,359	16.91
Total	76,536,539	100.00	52,313,564	100.00

31 THE COMPANY HAS CLASSIFIED THE VARIOUS BENEFITS PROVIDED TO EMPLOYEES AS UNDER**31.1 Charge to Profit and Loss Account based on contributions**

a) Gratuity	396,254	575,023
b) Contribution to :		
Employees' Pension scheme	379,990	345,606
Provident Fund	2,553,766	2,425,179
Other charges	385,295	371,744
	3,319,051	3,142,529
Total	3,715,305	3,717,552

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012	31-03-2011
		₹	₹

31.2 Disclosures for defined benefit plans based on actuarial reports as on 31 March 2012

Particulars	31/03/2012		31/03/2011	
	Gratuity	Leave encashment	Gratuity	Leave encashment
(i) Change in Defined Benefit Obligation				
Opening defined benefit obligation	14,243,657	-	13,662,814	-
Current Service Cost	619,289	-	621,037	-
Interest Cost	1,174,173	-	1,078,431	-
Excess provision written back	-	-	-	(240,139)
Actuarial (Gain)/Loss	(1,008,313)	-	(1,118,625)	-
Closing defined benefit obligation	15,028,806	-	14,243,657	(240,139)
(ii) Expenses recognised in the Profit and Loss Account				
Current Service Cost	619,289	-	621,037	-
Interest Cost	1,174,173	-	1,078,431	-
Actuarial (Gain)/Loss	(1,008,313)	-	(1,118,625)	(240,139)
Total	785,149	-	580,843	(240,139)

32 SEGMENT REPORTING

Particulars	31/3/2012				31/3/2011			
	Steel Tubes	Wind Power	Others	Total	Steel Tubes	Wind Power	Others	Total
	₹	₹	₹	₹	₹	₹	₹	₹
Segment revenue (less excise duty)								
External Sales	941,999,358	18,707,595	81,776,077	1,042,483,030	800,771,471	15,648,550	85,320,177	901,740,198
Wind power, captively consumed		20,110,884		20,110,884		18,432,274		18,432,274
Total Segment Revenue	941,999,358	38,818,479	81,776,077	1,062,593,914	800,771,471	34,080,824	85,320,177	920,172,472
Segment result (profit/(loss) before tax and interest)	334,429,838	15,930,362	40,450,003	390,810,203	316,446,845	8,794,807	46,013,495	371,255,147
Unallocable Expenditure				14,216,506				17,055,638
Operating Profit				376,593,697				354,199,509
Unallocable Income				40,162,450				20,142,470
Profit before tax				416,756,147				374,341,979
Current tax				118,300,000				116,500,000
Current tax expense - relating to prior years				-				(4,034,930)
Deferred tax				281,663				(1,038,151)
Profit for the year				298,174,484				262,915,060
Other information								
Segment assets	621,132,851	102,584,643	46,982,604	770,700,098	588,055,780	119,515,903	50,854,452	758,426,135
Unallocable assets				734,267,732				546,863,162
Total assets (a)				1,504,967,830				1,305,289,297
Segment liabilities	92,472,669	15,101,020	5,706,999	113,280,688	79,569,662	15,068,944	7,797,964	102,436,570
Unallocable liabilities				3,652,160				10,493,635
Total liabilities (b)				116,932,848				112,930,205
Total Capital Employed (a-b)				1,388,034,982				1,192,359,092

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.
- 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.

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31-03-2012	31-03-2011
		₹	₹
33	EARNING PER SHARE		
	Profit for the year	298,174,484	262,915,060
	Weighted average number of shares	14,698,616	14,698,616
	Earning per share (Basic and Diluted)	20.29	17.89
	Face Value per share	5.00	5.00

34 RELATED PARTY DISCLOSURES**(A) NAME OF RELATED PARTIES AND RELATIONSHIP**

Name	Relationship
1) Mr. M.G. Gandhi	Key Management Personnel (KMP)
2) Mr. B.G. Gandhi	Key Management Personnel (KMP)
3) Mr. J.M. Gandhi	Relative of KMP
4) Jaishri Engineering Co. Pvt. Ltd.	Significant influence by KMP
5) Gandhi Finance Co. Pvt. Ltd.	Significant influence by relatives of KMP
6) B.M. Gandhi Investment Co. Pvt. Ltd.	Significant influence by relatives of KMP
7) Randeep Exports	Significant influence by KMP / relatives of KMP

(B) TRANSACTIONS (IN AGGREGATE) WITH RELATED PARTIES

Particulars	Transactions during		Outstanding during	
	Current year	Previous year	Current year	Previous year
(1) Remuneration				
(i) M. G. Gandhi	21,300,575	20,198,500	11,500,000	10,500,000
(ii) B. G. Gandhi	21,300,575	20,198,500	11,500,000	10,500,000
(2) Dividend paid				
(i) M. G. Gandhi	12,694,020	10,578,350		
(ii) B. G. Gandhi	11,643,426	9,702,855		
(iii) J. M. Gandhi	5,738,196	4,781,830		
(iv) Others	6,418,200	5,348,500		
(3) Sitting fees				
(i) J. M. Gandhi	48,000	36,000		
(4) Purchase of goods				
(i) Jaishri Engineering Co. Pvt. Ltd.	34,802	42,493		
(5) Sales of Goods				
(i) Jaishri Engineering Co. Pvt. Ltd.	19,090,018	17,274,703		
(ii) Randeep Exports	5,096,712	5,342,463		
(6) Job Work Charges received				
(i) Jaishri Engineering Co. Pvt. Ltd.	2,252,050	2,205,252		
(7) Compensation for Godown				
(i) Jaishri Engineering Co. Pvt. Ltd.	9,000	6,750		

Notes : Related parties relationship is as identified by the Company on the basis of information available with them and accepted by the Auditors.

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

35 PREVIOUS YEAR FIGURES

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped, rearranged and reclassified, wherever necessary to correspond with the current year's classification / disclosure.

As per our attached report of even date

For S. V. DOSHI & CO.

Chartered Accountants

SUNIL V. DOSHI

Partner

M. No. : 35037

Mumbai, 22th May, 2012

S. K. MISRA
(Company Secretary)

For and on behalf of the Board of Directors

M. G. GANDHI
(Chairman & Managing Director)

D. S. SHAH
(Director)

J. M. GANDHI
(Director)

B. G. GANDHI
(Joint Managing Director)

K. N. WARDEN
(Director)

D. B. SHAH
(Director)

ANNEXURE I

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,
 Gandhi Special Tubes Ltd
 C/O. Karvy Computershare Pvt.Ltd
 46, Avenue 4 , StreetNo.1, Banjara Hills,
 Hyderabad – 500 034

Dear Sir,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH only.

For shares held in Physical Form

Folio No.

For shares held in Electronic Form

DP Id

Client Id

FOR OFFICE USE ONLY
ECS Ref. No. <input style="width: 80%;" type="text"/>

Name of Sole/ First Holder	<input style="width: 100%;" type="text"/>
Bank Name	<input style="width: 100%;" type="text"/>
Branch Name	<input style="width: 100%;" type="text"/>
Branch Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
(9 Digit Code Number appearing on the MICR Band of the Cheque supplied by the Bank). Please attach a Xerox copy of a Cheque or a blank Cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number	

Account Type [please Tick (✓) wherever applicable]	⇒	Savings <input type="checkbox"/>	Current <input type="checkbox"/>	Cash Credit <input type="checkbox"/>
--	---	----------------------------------	----------------------------------	--------------------------------------

A/C. No.(as appearing in the Cheque book)	⇒	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
---	---	--

Effective date of this mandate	⇒	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
--------------------------------	---	--

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reason of incompleteness or incorrectness of information supplied as above, the Company/ Karvy Computershare Pvt. Ltd will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/ Gandhi Special Tubes Ltd.

I further undertake to inform the Company any change in my Bank/branch and account number.

Date: _____

(Signature of Sole/First Holder)

Notes:

1. Whenever the Shares in the given folio are dematerialized, then this ECS mandate form stands rescinded.
2. For Shares held in dematerialized mode ECS Mandate is required to be filed with the Depository Participant in their prescribed form.

ANNEXURE II

INDEMNITY BOND FOR DUPLICATE DIVIDEND WARRANT

(Proforma to be executed on Rs. 20/- Non-Judicial Stamp Paper)

Dear Sirs,

This is to certify that I/We have lost/misplaced/not received Dividend Warrant of GANDHI SPECIAL TUBES LTD. As per details given below:

DIVIDEND WARRANT FOR THE YEAR	REGISTERED FOLIO NO.	WARRANT NO.	WARRANT AMOUNT (In Rs.)
2005-2006			

I/We hereby request you to please issue me/us a duplicate of the above said Dividend Warrant.

I/We hereby agree to indemnify the Bank and the Company in the manner here-in after stated :

I/We have not charged, pledged, created any lien or any sort of encumbrance or otherwise dealt in so as to create any adverse claim upon the amount of the Dividend Warrant.

Now it is hereby agreed that in consideration of issuing the duplicate Dividend Warrant for the said amount I/We hereby covenant at all times hereafter and from time to time save, defend and keep indemnified the Bank and the Company and their estates and effects from and against allocations, costs, suits, legal proceedings, accounts claims, demands, losses, charges, expenses and liabilities of whatsoever nature which the Bank and the Company may sustain or incur by reason of such issue or Duplicate Dividend Warrant and also from and against any action which may be brought against the Bank and the Company by any claiming the interest accrued thereon and from and against all damages, costs, charges, and expenses which the Bank and the Company may incur in respect thereof or otherwise in relation to the premises.

It is hereby further agreed that I/We hereby undertake to return and deliver such duplicate Dividend Warrant to the Bank or the Company on demand by the Bank and with or without such demand to produce and/or return the original Dividend Warrant received at their own cost as the Bank or the Company shall require for the recovery thereof or otherwise in relation to the premises.

IN WITNESS WHEREOF I/WE HERETO HAVE HEREUNTO SET AND SUBSCRIBED OUR RESPECTIVE HAND AT _____ ON _____ DAY OF _____

WITNESS :

INVESTOR :

SIGNATURE _____

SIGNATURE _____

NAME _____

NAME _____

& ADDRESS _____

& ADDRESS _____

GANDHI SPECIAL TUBES LIMITED

FOR KIND ATTENTION OF SHAREHOLDERS

- **DEMAT:-** if you are still holding shares in physical mode kindly consider following advantages by opting shares in demat mode:-
 - sale of shares is possible only through demat mode as the Company's shares are traded compulsorily in demat mode only.
 - Realize better price for transfer/sale of shares
 - Eliminate loss of shares through burglary or theft, misplacement or mutilation
 - Easy and faster transaction of shares
 - Minimum brokerage.
 - No stamp duty on purchase/sale
- Steps involved in dematerialization of shares
 - Open an account with a Depository Participant (DP) of your choice.
 - You may choose your DP based on your evaluation of their reputation, service standards, charges, comfort level, other conveniences, etc.
 - Submit a dematerialization request form (DRF) to your DP along with the defaced shares certificates.
 - Shares will be converted into electronic form and will get credited into your demat account.
- To understand about the procedure and for all queries relating to dematerialization, kindly contact the Shares Transfer Agent of the Company.
- **ECS:-** To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Transfer Agents.
- **GREEN INITIATIVE:-** Please register your email ID with the Registrars and Transfer Agents of the Company or with the Secretarial department of the Company at complianceofficer@gandhitubes.com. Your initiative will save forest wealth of our Country.

Attendance Slip

GANDHI SPECIAL TUBES LTD.

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

TWENTY SEVENTH ANNUAL GENERAL MEETING

25th July, 2012

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 TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company at Indian Merchant Chamber, IMC Building, IMC Marg, Mumbai 400 020 at 11.00 a.m. on Wednesday the 25th July, 2012

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

.....
Member's / Proxy 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:

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 TWENTYSEVENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday the 25th July, 2012 at 11.00 a.m. and at any adjournment thereof.

Signed this Day of 2012

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 :

GANDHI SPECIAL TUBES LTD.

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