

To,  
The Members,

Your Directors take great pleasure in presenting the 25th Annual Report of your company together with audited accounts for the year ended 31st March, 2010.

» FINANCIAL HIGHLIGHTS

	<b>2009-2010</b>	(Rs. in crores) <u>2008-09</u>
Net Sales/Income from operation	<b>183.65</b>	193.05
Other Income	<b>17.01</b>	11.45
Total Income	<b>200.65</b>	204.49
Total Expenditure	<b>199.67</b>	209.01
Profit/Loss before Interest & Depreciation	<b>0.98</b>	(4.52)
Less: (a) Interest	<b>0.22</b>	0.46
(b) Depreciation	<b>11.82</b>	12.25
Earlier year (expenses)/Income	<b>(0.03)</b>	(0.06)
Interest Waiver/ Dep. W. Back	<b>16.47</b>	0.00
Profit /(Loss) before Tax	<b>5.38</b>	(17.29)
Provision for taxation	-	0.05
Profit / (Loss) after Tax	<b>5.38</b>	(17.34)
Add : Balance brought forward from previous year	<b>(230.21)</b>	(212.87)
Balance Carried Forward to Next Year	<b>(224.83)</b>	(230.21)

» DIVIDEND

Your Directors express their inability to declare any dividend to Shareholders.

» PERFORMANCE OF THE COMPANY

Your Company registered an improvement in capacity utilization at all its production lines during the year, contributed largely by an overall recovery in Global / Indian economy.

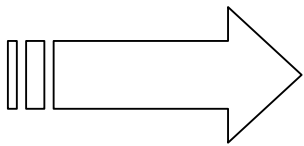
The Tube, CR and Galvanising (GP/GC) lines have registered capacity utilizations of 35.00% (31.31%), 41.08% (28.92%) and 82.10% (55.25%) respectively (figures in brackets represent corresponding previous year levels). Operations at the Tube mill, albeit marginally higher, continued to face Working Capital constraints. The CR & GP/GC lines, that essentially carried out job activities for others, however, recorded improved operating levels due to higher job volumes resulting from a robust demand for these products.

At the above levels, Gross Revenues for the year stood at Rs.200.65 Crore (Rs.204.49 Crore). The marginal decline in revenues, despite improved capacity utilization is on account of the relatively lower per ton (average) price realization during the year vis-à-vis the previous year. Your Company earned an operating profit (EBDITA) of Rs.98.08 lacs (previous year loss of Rs.451.79 lacs) from its operations.

Members are also informed that in accordance with a settlement reached with UTI, in respect of Non Convertible Debentures allotted to them, your Company/Promoters has fully repaid the said settled amount during the year and the residual outstandings against their names has been written off. Consequently, a sum of Rs.16.47 Crore has been written-back to the Profit & Loss Account. The Net Profit carried over to Balance Sheet is Rs.5.38 Crore (Previous year loss of Rs.17.34 Crore).

» MARKET OPPORTUNITIES

All estimates points to the Steel Industry in India moving from strength to strength. In a recent estimate by the Ministry of Steel, India is expected to become the second largest steel producer by 2012, by more than doubling its capacity to 124 mn tones in order to support the estimated overall infrastructure development. Further, the Ministry has also projected that over the next five years, demand will grow at a higher average growth rate of 10% as compared to around 7% growth achieved between 1991-92 and 2005-06. Similarly, another estimate prepared by the World Steel Association – a body that represents Major Steel Producers in the world and whose members account for over 85% of the world's steel – has forecast Steel demand in India to grow by over 13.7% p.a. in 2010 & 2011 as against about 7.7% recorded last year, and the momentum is expected to be maintained even thereafter. The world steel demand is also expected by them to grow by 5.3% during 2011.



The rebound is also expected to fuel a sharp rise in steel prices this fiscal. With economic and steel market conditions becoming more favourable and the steel producers needing to recover the rise in input costs, steel prices will get a further fillip, and steel producers stand to improve their bottom-lines further.

All this augers well for your Company's future prospects. Your Company sees enough market opportunities, which can be tapped as soon as financial stability is established on amicably resolving issues with the existing lenders.

## **»» PROJECT IMPLEMENTATION & RESTRUCTURING PACKAGE**

Your Company has made strenuous efforts to reach amicable settlement and/or restructuring terms with its existing secured creditors. Members may recall that since the previous year, some lenders to the Company have desired to reach a Settlement of Dues with the Company, as the restructuring-cum-funding scheme approved under the CDR mechanism could not be put in place on account of certain issues between the lenders/ Company. Your Company has accordingly concluded settlement with 07 lenders so far and is in serious negotiations with the remaining three lenders for reaching amicable terms with them also. Your Company is also negotiating with a few Investors/Lenders for tying up necessary resources for its 6 Hi CR mill and operations thereof, and expects the process to speed up once the remaining lenders also reach settlement with the Company.

## **»» FIXED DEPOSITS**

The Company has not accepted any Fixed Deposits during the year under review, as per Section 58A of the Companies Act, 1956.

## **»» BOARD OF DIRECTORS**

Mr. Kiran O. Mehta retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

## **»» ISSUE OF SECURITIES**

The Company has not issued any securities in the financial year under review.

## **»» AUDITORS & AUDITORS REPORT**

M/s Rajendra Rajpoot & Co., Chartered Accountant, Indore who were appointed as Auditors of the Company for the year 2009-2010, hold office till the conclusion of the ensuing Annual General Meeting.

M/s Rajendra Rajput & Co. has given their consent for reappointment for the year 2010 - 2011 if approved by shareholders. Necessary certificate under Section 224 (1-B) of the Companies Act, 1956 has been received from them confirming their eligibility. The Board hereby recommends their appointment.

The observations made by the Auditors in their report and notes forming part of the accounts, are self-explanatory and do not require further elucidation.

## **»» INSURANCE**

All the insurable assets of the Company are adequately insured.

## **»» COST AUDITORS**

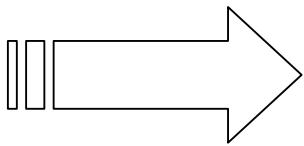
Mr. Mihir Turakhia, Cost Accountant, was appointed to conduct cost audit for the Tube Mill of the Company for the financial year 2010-2011. They will submit their report to the Department of Company Affairs, Government of India.

## **»» DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;



(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis.

## » CORPORATE GOVERNANCE

The detailed Report on Corporate Governance forms part of this Annual Report.

## » MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report (MDA) of the Company are discussed elsewhere in this Annual Report.

## » DEMATERIALIZATION OF SECURITIES & INVESTOR SERVICE CENTRE

Nearly 55.07% of total Equity Share Capital is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN No. allotted to the Company Share is INE 708B01018.

The securities of your company are listed at The Bombay Stock Exchange, Mumbai and The M.P. Stock Exchange, Indore.

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

A statement giving details of conservation of energy, technology absorption, foreign earnings and outgo in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is annexed hereto and forms part of the Report.

## » PARTICULARS OF EMPLOYEES

The Company does not have any employee in the category as specified under Section 217(2A) of Companies Act, 1956 (as amended) read with Companies (Particulars of Employees) Rules, 1975 (as amended).

## » APPRECIATION

Your Directors place on record their appreciation of the continued support and co-operation received from the Government of India and Government of Madhya Pradesh and the Financial Institutions / Banks. We also thank the vendors, customers, consultants, auditors and others who have been assisting your Company in the various facets of its operations.

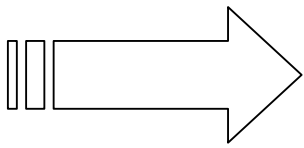
The Directors also wish to place on record their sincere appreciation of the employees at all levels for their dedicated contribution towards the growth of your Company.

For and on behalf of the Board

Place: INDORE  
Dated: 07.09.2010

**R.P. Gupta**  
Jt. Managing Director

**Nainesh J. Sanghvi**  
Chairman and Managing Director

**ANNEXURES TO THE DIRECTORS' REPORT 2009 – 2010**

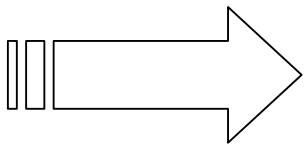
Information pursuant to Section 217(1)(e) of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 and forming part of the Directors Report for the year ended 31st March 2010.

**Form "A"****» CONSERVATION OF ENERGY**

- (a) Energy conservation measures taken ⇔ Replacement of DC drives in Continuous Galvanising Line (CGL).  
 (b) Proposals for reduction of consumption of energy ⇔ Modifications in furnace operations of Continuous Galvanising Line (CGL).  
 (c) Additional investment for above ⇔ From internal accruals.  
 (d) Impact of above measures ⇔ Less operating cost.

**» DETAILS POWER & FUEL CONSUMPTION**

	<b>2009-10</b>	<b>2008-09</b>
<b>1. Electricity:</b>		
<b>i. Purchased units</b>	<b>11815477</b>	8041020
Total amount (Rs.in Lacs)	<b>587.60</b>	446.15
Rate per unit Rs.	<b>4.97</b>	5.55
<b>ii. Own Generated</b>		
<b>a. Through Diesel Generator</b>		
Units generated	<b>23040</b>	4160
Diesel (Rs.in Lacs)	<b>2.37</b>	0.59
Rate per Unit Rs.	<b>10.31</b>	14.17
<b>b. Furnace oil</b>		
Qty. in MT	<b>183.68</b>	216.368
Total Amount (Rs.in Lacs)	<b>40.37</b>	55.89
Average rate per unit Rs	<b>21.98</b>	25.83
<b>c. Coal</b>		
Qty. in MT	<b>1594.086</b>	2063.73
Total Amount (Rs.in Lacs)	<b>54.44</b>	58.51
Average rate per unit Rs.	<b>3415.15</b>	2835.13
<b>2. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
Standard (if any)		
Product M.S. Steel Tubes & Pipes (Unit in MT) (Including transfer for Galvanizing)	<b>39977</b>	38019
Electricity per MT Rs	<b>397.25</b>	265.02
Furnace oil per MT Rs	<b>100.99</b>	147.00
Product CR Coil & GP/GC Coil Sheet (Unit in MT) (Including transfer for Galvanising)	<b>94427</b>	64180
Electricity per MT Rs	<b>456.61</b>	538.16
Furnace oil per MT Rs	-	-
Coal per MT Rs.	<b>57.65</b>	91.16



**Form "B"**

» TECHNOLOGY ABSORPTION

**Research & Development:**

**Tube Division:** Replacement of cut off carriage with cold saw on 1/2" to 2" tube mill.

**CRM Division:** Nil

**Benefits derived:** Lower operating Costs.

**Future plan of action:**

**Tube Division:** Replacement of HF welders with solid state welders.

**CRM Division:** Installation of 6 HI CR Mill and pickling line.

» TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

**Tube Division:** -- Not Applicable --

» FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Total Foreign Exchange used & earned in US Dollars & GBP.

(Value in Rupees)

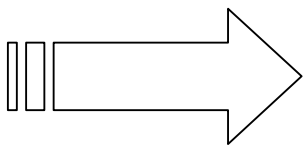
	<b>Current Year</b>	<b>Previous Year</b>
<b>Total Foreign Exchange Used</b>		
On import of Stores & Spares	904955	1968856
Expenditure in Foreign currencies on Foreign Travels.	117515	626590
On import of machinery	Nil	Nil

For and on behalf of the Board

Place: INDORE  
Dated: 07.09.2010

**R.P. Gupta**  
Jt. Managing Director

**Nainesh J. Sanghvi**  
Chairman and Managing Director



## **MACRO ECONOMIC SCENARIO AND AN OVERVIEW OF THE STEEL SECTOR**

After one of the worst ever Global Economic Crises in FY-09, the year 2009-10 was marked by recovery and revival. It was widely expected that the turmoil may be prolonged – but contrary to expectations, turnaround has been much quicker than expected. Of course, a coordinated fiscal action by leading World Powers including India is at the heart of this recovery. It is also heartening to note that India & China have been at the forefront of recovery – largely aided by their relatively stable domestic demand.

Economic growth in India has exceeded expectations to record a fairly impressive GDP growth of 7.4%. A strong performance by the Manufacturing Sector which grew by over 10% as against a mere 2.4% in the last fiscal, is a clear indication that the slowdown has been arrested Equally heartening is a positive growth of 0.7% by the Agriculture Sector despite difficult monsoons. However, the easy policies introduced in a synchronized fashion after the Global Credit crisis coupled with recession, has fuelled inflation, which continued to remain high during the year. The RBI therefore, in its monetary policies has already shifted its policy stance to containing inflation and anchoring inflationary expectations, and as we write this policy rates have been raised for the fourth time this year with clear signals that these may still rise further.

The Global slump in the Steel Industry that also happened alongside in the previous year, has also evened out. Global capacity utilizations are reported to have increased to around 76% as against a low of about 48% post the slowdown in the December 2008 quarter. India is one of the few countries in the world where the steel sector continued to grow, both in terms of production and consumption, even during the period of downturn. In fact, as per a statement issued by our Union Steel Minister some time ago, the calendar year 2009 has seen- India rising in the Global ranks to become the third largest producer in the world – after China and Japan! Pertinently, riding on the back of economic recovery and strong performance by consumer industries like Infrastructure and Automobiles, prices of steel products that had recorded an unprecedented drop in last fiscal, have firmed up, and a sharp rise in steel prices is expected to be registered in the current fiscal also. The Macro indicators influencing the Steel Industry are therefore quite positive.

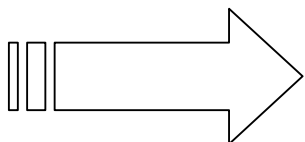
## **THE COMPANY'S PERFORMANCE:**

The general buoyancy of the steel sector has contributed positively on the Company's performance in the year. All production lines not only recorded improved capacity utilisations, but your Company could also reverse the losses suffered in the previous year and recorded marginal operating profits (EBIDTA) at all its production facilities. However, the Company continued to be constrained by its huge dependence on job activities at its CR and GP/GC lines and working capital constraints at its Tube mills, because of which it could not fully exploit the buoyant markets.

## **RISK, CONCERNS AND INTERNAL CONTROL SYSTEMS:**

The major concerns of the Company in recent years have been (i) to reach an amicable settlement and/or restructuring of liabilities with its existing lenders and (ii) tie up of funds for completing its 6 Hi CR mill that is expected to not only remove existing bottlenecks in the production lines, but also enable production of higher value-added products, that can contribute quite substantially to the Company's bottom-line. Of course, the underlying intention is also to move away from 'Job activities' to 'Own production' in order to reap benefits from the expected buoyancy in the steel markets.

Your Company has accordingly concluded amicable settlement terms with 06 out of its 09 Secured Lenders and also with IDBI in respect of the Cumulative Redeemable Preference Shares (CRPS) held by them (the said CRPS being part of project finance assistance extended by IDBI to your Company). Thus, with only 03 Secured Creditors now remaining to be amicably settled, your Company expects to move forward on completing the 6 Hi CR Mill in the near future.



Apart from the aforementioned finance / project completion concerns, your Company does not foresee any other major risk factor- be it production, sales, market opportunities etc. Further, adequate internal control system- by way of continuous Audit, MIS, R&D, IT functions, Market Survey / Intelligence, Customer feed back etc are in place for all the present/ proposed activities.

## **INDUSTRIAL RELATIONS**

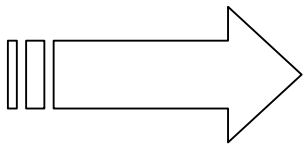
Industrial relations have continued to remain cordial & excellent. Your Directors have no hesitation in putting on record their appreciation for the contributions made by all employees of the Company.

## **OPERATIONAL AND FINANCIAL PERFORMANCE**

Summarized performances of the Tube and CRM manufacturing Divisions were as follows:

### **Operational and Financial performance:**

<b>A TUBE DIVISION</b>	<b>2009-10</b>	<b>2008-09</b>
Sales	<b>12204.44</b>	13079.28
PBIDTA	<b>40.49</b>	(317.31)
Black Pipe Production (M.T.) (includes Job work)	<b>26261.450</b>	21135.042
Black Pipe Sales		
IN M.T.	<b>17955.100</b>	11885.196
Rs. In lacs	<b>6152.91</b>	5012.44
Galvanised Pipe Production (M.T.)	<b>13715.518</b>	15299.455
Galvanised Pipe Sales		
IN M.T.	<b>13171.894</b>	15393.723
Rs. In lacs	<b>5423.67</b>	7741.95
Raw Material procurement Rs. In lacs	<b>10616.77</b>	10146.72
<b>B CRM DIVISION</b>		
Sales	<b>6160.23</b>	6225.51
PBIDT	<b>57.56</b>	(134.48)
GP/GC Coil/ Sheet Production (M.T.) (Including Job work )	<b>73887.712</b>	49718.892
GP/GC Coil/ Sheet Sales		
IN M.T.	<b>5711.839</b>	5257.082
Rs. In lacs	<b>1922.27</b>	2247.99
CR Coil/ Sheet Production (M.T.) (Including Job work )	<b>20539.230</b>	14461.046
CR Coil/ Sheet Sales		
IN M.T.	<b>12471.674</b>	8211.620
Rs. In lacs	<b>4129.12</b>	3473.31
Black Pipe Production (M.T.)	-	976.410
Black Pipe Sales		
IN M.T.	-	404.270
Rs. In lacs	-	156.36
Galvanised Pipe Production (M.T.)	-	608.150
Galvanised Pipe Sales		
IN M.T.	-	612.650
Rs. In lacs	-	287.30
Raw Material procurement Rs. In lacs	<b>4915.70</b>	6044.81

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

**(a) Company's Philosophy**

Corporate Governance is the system by which an organization is directed and controlled. Corporate Governance Structure specifies the relationship, distribution of rights and responsibilities among different participants in the organization such as the Board, Managers, Shareholders and Stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing so, it also provides the structure through which the Company's objectives are set and the means of attaining these objectives and monitoring performance.

**(b) Board of Directors****Composition**

As on 31st March 2010 the Board comprised of six directors of which three were Executive Directors (including the Chairman & Managing Director), one Nominee Director of IFCI and two Independent Directors.

The Independent Directors of the Company are experienced, competent and renowned persons from their respective field. The Independent Directors take active part at the Board and Committee meetings which adds value in the decision making process.

<b>Executive</b>		<b>Non-Executive</b>	
Mr. Nainesh J. Sanghvi	Chairman & Managing Director	Mr. Kiran O. Mehta	Non-Executive Independent
Mr. Rajendra Prasad Gupta	Jt. Managing Director	Mr. Prakash Ghate	Non-Executive Independent
Mr. K.R. Murthy	Wholetime Director (Technical)	Mr. B.K. Roy	Nominee Director, IFCI

**Meetings and attendance record of each Director****Board Meetings (2009-2010)**

1. 30<sup>th</sup> June, 2009      2. 07<sup>th</sup> September, 2009      3. 30<sup>th</sup> December, 2009      4. 27<sup>th</sup> March, 2010

Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

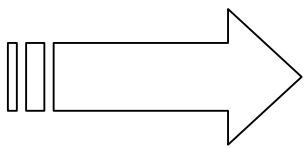
Sr. No.	Name of Director	Number of Board Meetings held	Number of Board Meetings attended	Whether present at the previous AGM
01.	Mr. Nainesh J. Sanghvi	4	4	Yes
02.	Mr. R.P.Gupta	4	4	Yes
03.	Mr. K.R.Murthy	4	3	Yes
04.	Mr. Kiran O. Mehta	4	2	Yes
05.	Mr. Prakash Ghate	4	4	No
06.	Mr. B.K. Roy	4	2	No

**(c) Audit Committee****Terms of reference**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports; the Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established; and the Company's auditing, accounting and financial reporting process generally. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews major accounting policies followed by the Company. The Audit Committee reviews with management, the quarterly and annual financial statements before their submission to the Board.

With the revision in ICSA's guidelines on Terms of Reference of the Audit Committee, it has started reviewing Management Discussion and Analysis of financial condition and results of operations; Statement





of Significant Related Party Transactions (as defined by the Audit Committee) submitted by management; Management letters/letters of internal control weaknesses issued by the Statutory Auditors; Internal Audit Reports relating to internal control weaknesses etc

➤ **Composition:**

The Composition of the Committee as on 31-Mar-10 as well as the particulars of attendance at the Committee during the year is given in the table below:

Sr. No	Name of the Director	Category	No. of Meetings attended
01	Mr. Kiran O. Mehta	Non Executive (Independent)	2
03	Mr. B.K. Roy	Non Executive (Independent- Nominee IFCI)	2
04	Mr. Prakash Ghate	Non Executive (Independent)	4

During the year under review, four meetings of the Committee were held. The composition of the Committee complies with requirements under of Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956.

**(d) Remuneration Committee**

➤ **Terms of reference**

The Terms of reference include recommendation to the Board, about the overall policy on remuneration and other terms of employment of Executive and Non-Executive Directors of the Company within the overall ceiling fixed by the Members of the Company. The committee also reviews the overall remuneration, compensation policy for all employees of the Company; keeping in line with the market trends, work conditions etc.

➤ **Composition**

During the year under review, four meetings of the Committee were held.

The members of the Remuneration Committee are:

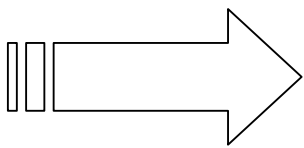
Sr. No	Name of the Director	Category	No. of Meetings attended
01	Mr. Nainesh Sanghvi *	Executive	2
02	Mr. B.K. Roy	Non Executive (Independent- Nominee IFCI)	2
03	Mr. Kiran O. Mehta	Non Executive (Independent)	2
04	Mr. Prakash Ghate	Non Executive (Independent)	2

\* Mr. Prakash Ghate has been inducted w.e.f. 30/12/2009 and he has replaced Mr. Nainesh Sanghvi on the committee..

The Managing Director and Executive Director are paid remuneration by way of salary, perquisites and allowances as approved by the Board and within the overall limits approved by the Members of the Company.

The Non-Executive Directors do not draw any remuneration from the Company other than the sitting fees as may be determined by the Board.

• **Remuneration of Directors**



Details of remuneration paid to the Executive Directors during the year 2009- 10 are as under:

{Amt. in Rs.}				
Name	Designation	Salary	Other Benefits	Total
Nainesh J. Sanghvi	Chairman and Managing Director	2240000	984751	3224751
Rajendra P. Gupta	Joint Managing Director	2240000	308892	2548892
K.R. Murthy	Wholetime Director	493464	179490	672954

#### (e) Shareholders and Investors Grievances Committee

##### 🔗 Terms of reference

The terms of reference of the Committee are:

- To oversee redressal of investors' grievances / complaints viz. non-receipt of transferred shares, non-receipt of dividend, issue of duplicate shares, demat enquiries etc.
- To review transfer and transmission of shares, sub-division & consolidation and monitor performances of Registrars, Transfer agents etc.
- To generally ensure proper and timely attendance and Redressal of investors' queries and grievances.

##### 🔗 Composition

During the year under review, four meetings of the Committee were held. Attendance of Members at these meetings was as under:

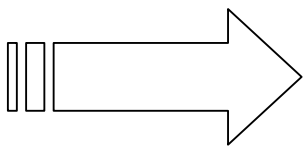
Sr. No	Name of the Director	Category	No. of Meetings attended
01	Mr. Rajendra P. Gupta	Executive	4
02	Mr. B.K. Roy	Non Executive (Independent- Nominee IFCI)	2
03	Mr. Prakash Ghate	Non Executive (Independent)	4

#### Details of investor complaints/queries received & disposed off during the year are as under:

No. of pending share transfers as on 01.04.2009 (due to Court stay order)	22700
No. of complaints received during the period 01.04.09 to 31.03.10 (Pertaining to Annual Reports, Securities sent for transfer, demat queries etc.)	09
No. of complaints sorted out to the satisfaction of the investor	09
No. of complaints not sorted out to the satisfaction of the investor	Nil
No. of pending share transfers as on 31.3.2010 (due to Court stay order)	22700

#### (f) General Body Meetings:

Details Regarding Venue, Date & Time of the Last Three AGMs



Year	Details of location	Date & Time
2008-09	Taraganj Industrial Area, AB Road, SARANGPUR Distt. Rajgarh (M.P.)	29/09/09 10.30 A.M
2007-08		30/09/08 10.30 A.M
2006-07		29/09/07 11.30 A.M

No Special Resolution was put through postal ballot in the previous year.

### (g) Disclosures

#### Disclosure of Material Transactions

During the year under review, there were no materially significant related party transactions with the promoters, the management or their relatives or subsidiaries etc. that have a potential conflict with the interest of the Company at large. Transaction with related parties entered into by the Company in the normal course of business, were placed before the Audit Committee.

Details of related party transactions as required by Accounting Standards (AS-18) are included in the Notes to the Accounts.

#### Compliance

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters relating to Capital Markets during the last three years. No penalties or strictures have been imposed on the Company by any of these authorities.

#### Code of Conduct

The Board has laid down a Code of Conduct for the Management of the Company.

### (h) Means of Communication

The Quarterly results are published in daily newspapers and sent to the relevant Stock Exchanges on approval by the Board. The shareholders can also visit the website of the Company for any information/query.

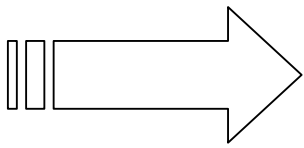
### (i) Management

Management Discussion & Analysis Report is annexed hereto and forms part of the Annual Report.

### (j) General Shareholders Information

#### 25 th Annual General Meeting

<b>Date, Time &amp; Venue</b>	Thrusday, 30-Sep-10 at 10:30AM, Taraganj Industrial Area, A.B. Road, Sarangpur (Distt. Rajgarh) MP	
<b>Financial year</b>	1-April to 31-March	
<b>Date of Book Closure</b>	26th September, 2010 to 29th September, 2010 (both days inclusive).	
<b>Demat ISIN No.</b>	INE 708 B01018	
<b>Listing on Stock Exchanges</b>	Bombay Stock Exchange, Mumbai	523728
	The M.P. Stock Exchange, Indore	37423



#### Dematerialisation of Shares and Liquidity:

The shares of the Company fall under the category of compulsory delivery in dematerialised mode by all categories of investors and are actively traded under rolling settlement. The Company has signed agreements with both the Depositories i.e. National Securities Depository Limited & Central Depositories Services (India) Limited, and 55.07% of Share Capital of the Company has been dematerialised. The Company also offers simultaneous transfer cum demat facility to its investors.

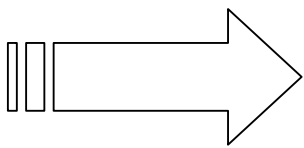
#### Market Price Data:

High / Low of Market price of Company's equity shares traded on the Stock Exchange, Mumbai and M.P. Stock Exchange, Indore, during the last financial year was as follows:

Month	Bombay Stock Exchange, Mumbai		MP Stock Exchange, Indore	
	High	Low	High	Low
<b>April 2009</b>	6.75	6.43	No Trading	
May	6.76	6.11	"	
June	6.40	4.99	"	
July	5.78	4.53	"	
August	5.00	3.75	"	
September	5.79	3.78	"	
October	12.23	5.50	"	
November	10.50	7.14	"	
December	10.53	7.20	"	
<b>January 2010</b>	8.25	6.26	"	
February	7.85	5.75	"	
March	7.00	5.57	"	

#### Distribution of Shareholding

Sr. No.	No. of Equity Shares held	No. of Share Holders	Percentage of total Shareholder	No. of Share held	% of Total Shares
1.	1 to 500	11844	94.76	1671892	27.86
2.	501 to 1000	382	3.06	316074	5.27
3.	1001 to 2000	143	1.14	214824	3.58
4.	2001 to 3000	32	0.26	81915	1.37
5.	3001 to 4000	12	0.10	42916	0.72
6.	4001 to 5000	16	0.13	75981	1.27
7.	5001 to 10000	21	0.17	163825	2.73
8.	10001 & above	49	0.38	3432573	57.20
<b>TOTAL:</b>		<b>12499</b>	<b>100.00</b>	<b>6000000</b>	<b>100.00</b>



### Categories of Shareholders

Sr. No.	Category	No. of Share held	% Shareholding
01.	Promoters and their relatives	1356010	22.60
02.	Financial Institutions, Banks & Mutual Funds	9100	0.15
03.	NRIs, Foreign Nationals, OCBs and FIIs	1417	0.02
04.	Body Corporates (Not covered above)	2072114	34.54
05.	Indian Public	2561359	42.69
<b>TOTAL:</b>		<b>6000000</b>	<b>100.00</b>

### Locations

### PLANTS

### ADMINISTRATIVE OFFICE

#### TUBE DIVISION

TARAGANJ Industrial Area, A.B. Rd,  
SARANGPUR, Distt. Rajgarh MP

#### CRM DIVISION

LONDHIYA Industrial Area  
Distt. Shajapur (M.P.)

3<sup>rd</sup> Floor, Old IDA Building,  
15- 16, Jawahar Marg,  
Indore MP

### MANAGING DIRECTOR CERTIFICATION Declaration regarding Clause 49 (V) of the Listing Agreement

I, **Nainesh J. Sanghvi, Chairman and Managing Director** of the Company, hereby certify that:

**I.** I have reviewed financial statement and cash flow statement of Siddhartha Tubes Limited for the year ended 31st March 2010 to the best of my knowledge, belief and state that:

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

**II.** There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.

**III.** I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or proposed to take to rectify these deficiencies.

**VI.** I have indicated to the Auditors and Audit Committee;

i) significant changes if any, in internal control over financial reporting during the year;

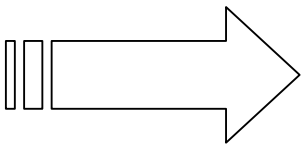
ii) significant changes if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

As required by Clause 49(1)(D)(ii) of the Listing Agreement, I hereby declare that Management has confirmed compliance with the Code of Conduct as adopted by the Company.

Place: Indore  
Date: 07 September 2010

Nainesh J. Sanghvi  
Chairman and Managing Director



(on the Letter Head of Auditors)

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

To,  
The Members  
of Siddhartha Tubes Limited, Sarangpur

We have examined the compliance of the conditions of Corporate Governance by Siddhartha Tubes Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

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

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

We further 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 Rajendra Rajpoot & CO.  
Chartered Accountants

Indore  
07/09/2010

Rakesh Jain  
PARTNER  
(M.No. 401098)

## **AUDITORS' REPORT**

To,  
The Members of  
SIDDHARTHA TUBES LIMITED

We have audited the attached Balance Sheet of SIDDHARTHA TUBES LIMITED, as at 31st March 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that: -
  - (i) 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;
  - (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of the books of accounts of the Company;
  - (iii) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company;
  - (iv) In our opinion, the Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub - Section (3C) of Section 211 of the Companies Act, 1956.
  - (v) In our opinion and based on information and explanation given to us, none of the Directors is, as at 31st March, 2010, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India; subject to Note No. 8 & 12 (b) of Schedule 18 regarding preparation of Accounts on a "going Concern basis".

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010,  
And
- b) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date,
- c) in case of Cash flow statement of the Cash flows for the year ended on that date.

For and on behalf of  
RAJENDRA RAJPOOT & CO.,  
CHARTERED ACCOUNTANTS

PLACE: INDORE  
DATE: 07-09-2010

RAKESH JAIN  
PARTNER  
M.NO.401098



**ANNEXURE TO AUDITOR'S REPORT**  
**Referred to in paragraph 2 of our report of even date**

**i) In respect of Fixed Assets:**

- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- b) We are informed that major portion of the fixed assets have been physically verified by the management at regular intervals during the year, 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
- c) The Company did not dispose off a substantial part of fixed assets during the year.

**ii) In respect of Inventories**

- a) We are informed that physical verification of inventory has been conducted at reasonable intervals during the year by the management. In our opinion the frequency of such verification is reasonable.
- b) In our opinion and according to the information give to us, the procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventory as compared to the book records.

iii. The Company has taken loan from persons falling under Section 301. The terms of the same are not prejudicial to the interest of the Company.

iv. In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods. Further during the course of audit we have not observed any major weaknesses in the internal control;

**v. In respect of transactions covered under Section 301 of the Companies Act, 1956:**

- a) Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that all the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- b) These transaction have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.

vii In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.

viii The Central Government has prescribed the maintenance of Cost records under section 209 (1) (d) of the companies act 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the cost records maintained by the Company and are of the opinion that prima-facie the prescribed accounts and records are made and maintained.

ix In respect of statutory dues :

- a) According to the records examined by us the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, VAT Tax, Wealth Tax, Custom Duty, Excise Duty, and any other statutory dues with the appropriate authorities.
- b) According to the information and explanation given to us, statutory dues under appeal at various forums aggregating to Rs.428.21 lakh are as under:

<u>S.No</u>	<u>Name of the Statute</u>	<u>Nature of the Dues</u>	<u>Period</u>	<u>Amount</u>	<u>Forum where appeal / matter is pending</u>
1	CESTA	Excise & Custom	1996-97	350000	M.P. High Court, Bench Indore
			1998-99	1594141	CESTAT, New Delhi
			2002-03	148222	CESTAT, New Delhi
			2004-05	3000000	Commissioner Appeal
			2005-06	586755	CESTAT, New Delhi
			2006-07	10000000	Add. DGFT, New Delhi
			2007-08	5591632	Commissioner Appeal
			2008-09	19242228	CESTAT, New Delhi
			2009-10	2308150	Commissioner Appeal
		<b>Total</b>		<b>42821128</b>	

- x) As at 31st March 2010 the accumulated losses of the Company are more than fifty percent of its net worth. The Company has incurred cash profit of Rs.76.44 lacs for the year ended 31st of March 2010 (previous year loss of Rs. 4.98 Crores).
- xi) In our opinion based on our audit procedures & according to the information & explanation given to us, the Company has defaulted in repayment of dues aggregating to Rs.222.87 crores in respect of Financial Institutions and Banks.
- xii) In our opinion and according to the information and explanation given to us. No loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore the provision of clause 4 (xiii) of the companies (Auditors report) Order 2003 are not applicable to the Company.
- xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the companies (Auditors Report) Order 2003 are not applicable to the Company.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion & according to the information & explanation given to us on an overall basis, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us on an overall examination of the Balance Sheet of the Company we are of the opinion that the Company has not utilized funds raised from short-term sources towards repayment of long-term borrowings and acquisition of fixed assets.

xviii) During the year the Company have not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956.

xix) The Company did not issue any debenture during the year.

xx) The Company has not raised any money by way of public issue during the year.

xxi) Based on audit procedures performed and information & explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For RAJENDRA RAJPOOT & COMPANY  
CHARTERED ACCOUNTANT

PLACE: INDORE  
DATE: 07-09-2010

RAKESH JAIN  
PARTNER  
M.NO. 401098

**SIDDHARTHA TUBES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2010**

Particulars	SCH.	Amount (Rs.)	
		31.03.2010	31.03.2009
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :-</b>			
Share Capital	1	480000000	480000000
Share Application	2	1145111668	1145111668
Reserves & Surplus	3	<u>63613762</u>	<u>63613762</u>
		1688725430	1688725430
<b>Loan Funds :-</b>			
Secured Loans	4	3169893666	3507227856
Unsecured Loans	5	<u>511355811</u>	<u>415689051</u>
		3681249477	3922916907
<b>TOTALS :</b>		<u>5369974907</u>	<u>5611642337</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :-</b>			
Gross Block (At Cost)	6	2373362593	2460673631
LESS : Depreciation		<u>883821357</u>	<u>792440465</u>
Net Block		1489541236	1668233166
<b>Capital Work in Progress</b>			
CRM Division		<u>1239525991</u>	<u>1333681206</u>
		2729067227	3001914372
Investments	7	1252000	1252000
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
Inventories	8	219557208	221745108
Sundry Debtors,	9	88955077	126405064
Cash & Bank Balance	10	481876	430521
Loans & Advances	11	<u>319468208</u>	<u>166845519</u>
		628462369	515426212
<b>LESS : Current Liabilities &amp; Prov.</b>			
	12	<u>338402587</u>	<u>310341793</u>
		290059782	205084419
Deferred Tax Assets (Net)		101332503	101332503
<b>MISCELLANEOUS EXPENDITURE :</b>			
Profit & Loss Account		2248263395	2302059043
<b>TOTALS :</b>		<u>5369974907</u>	<u>5611642337</u>

**NOTES ON ACCOUNTS:** 18  
The Schedules referred to herein above form an intergal part of the Balance Sheet

As per our report of even date attached

For & On behalf of the Board

for **RAJENDRA RAJPOOT & CO.**  
CHARTERED ACCOUNTANTS

**RAJENDRA P. GUPTA**  
Jt. MANAGING DIRECTOR

**NAINESH J. SANGHVI**  
CHAIRMAN CUM MANAGING DIRECTOR

**RAKESH JAIN**  
PARTNER  
M.No. 401098  
PLACE : INDORE  
DATE: 07.09.2010

**Lokesh Ghatiya**  
Company Secretary

**SIDDHARTHA TUBES LIMITED**  
**PROFIT & LOSS ACCOUNT AS AT 31ST MARCH 2010**

Particulars	SCH.	Amount (Rs.) 31.03.2010	Amount(Rs.) 31.03.2009
<b>INCOME :</b>			
Sales	13	1836466421	1930478897
Other Income	14	170056195	114453922
Increase(Decrease)in Stock	15	40613751	(3161306)
		<u>2047136367</u>	<u>2041771513</u>
<b>EXPENDITURE :</b>			
Manufacturing & Other Operating Expenses	16	1890299320	1858442995
Interest	17	2162146	4588004
Depreciation		118240057	122542846
Excise Duty		147031236	228507511
Total		<u>2157732759</u>	<u>2214081356</u>
Net Profit / (Loss) for the year before Prior Period Items		(110596392)	(172309843)
Earlier Year Expenses		(262190)	(552843)
Depreciation Written Back		26072208	-
Waivers of Interest		138582022	-
Net Profit / Loss for the year after prior year expenses		53795648	(172862686)
Provision for Fringe Benefit Tax		-	(510000)
Profit / (Loss) after Tax		<u>53795648</u>	<u>(173372686)</u>
ADD : Balance Brought Forward		<u>(2302059043)</u>	<u>(2128686357)</u>
Transfer to Balance Sheet		<u>(2248263395)</u>	<u>(2302059043)</u>

**NOTES ON ACCOUNTS:** 18  
The Schedules referred to herein  
above form an intergal part of the  
Balance Sheet

As per our report of even date attached

For & On behalf of the Board

for **RAJENDRA RAJPOOT & CO.**  
CHARTERED ACCOUNTANTS

**RAKESH JAIN**  
PARTNER  
M.No. 401098

**RAJENDRA P.GUPTA**  
Jt. MANAGING DIRECTOR

**NAINESH J. SANGHVI**  
CHAIRMAN CUM MANAGING DIRECTOR

PLACE : INDORE  
DATE: 07.09.2010

**Lokesh Ghatiya**  
Company Secretary

**SIDDHARTHA TUBES LIMITED**  
SCHEDULES TO THE ACCOUNTS FOR THE YEAR 2009 - 2010

Particulars	Amount (Rs.) 31.03.2010	Amount(Rs.) 31.03.2009
<b>SCHEDULE - 1 :</b>		
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED</b>		
15000000 Equity Shares of Rs.10 each	150000000	150000000
20000000 Preference Shares of Rs.10 each	200000000	200000000
2500000 Preference Shares of Rs.100 each	250000000	250000000
	<u>600000000</u>	<u>600000000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
6000000 Equity Shares of Rs.10/- each fully paid in Cash.	60000000	60000000
18000000 7.5% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid in cash	180000000	180000000
2400000 0% Redeemable Cumulative preference shares of Rs.100/- each fully paid in cash	240000000	240000000
	<u>480000000</u>	<u>480000000</u>
<b>SCHEDULE - 2 :</b>		
<b>SHARE APPLICATION</b>		
(A) Share Application Money	40052000	40052000
<b>(B) CONVERSION OF INTEREST DUES</b>		
IDBI	818028618	818028618
IFCI	47101200	47101200
Standard Chartered Bank	4229850	4229850
DENA BANK	235700000	235700000
	<u>1145111668</u>	<u>1145111668</u>
(*) Note : Under various restructuring schemes sanctioned by the Secured Lenders, Certain Interest dues are to be converted into Equity Shares / 9% Compulsorily Convertible Cumulative Redeemable Preference Shares (9%CCCRPS) / 8.85% Yield to Maturity Cumulative Redeemable Preference Shares (8.85% YTMCRPS). Pending allotment, these dues are classified under Share Application Money. Further, the Company has since reached 'Negotiated Settlement of Dues' (NSD) with IFICI , SCB and IDBI (for a part amount of Rs.25.78 Crore), whereby, inter-alia, these interest dues with stand waived in full on repayment of the NSD amount.		
<b>SCHEDULE - 3 :</b>		
<b>RESERVES &amp; SURPLUS :</b>		
General Reserve	63613762	63613762
Profit & Loss Account(Surplus)	-	-
	<u>63613762</u>	<u>63613762</u>

**SIDDHARTHA TUBES LIMITED**  
SCHEDULES TO THE ACCOUNTS FOR THE YEAR 2009 - 2010

Particulars	Amount (Rs.)		Amount(Rs.)
	31.03.2010		31.03.2009
<b>SCHEDULE - 4 :</b>			
<b>SECURED LOANS :</b>			
<b>A TERM LOAN</b>			
IDBI	485000000		485000000
IDBI (RTL)	199835123		199835123
IDBI (FITL-I)	99936834		99936834
IDBI (NEW FITL)	90249567		90249567
LIC	66500000		66500000
STANDARD CHARTERED BANK	35000000		35000000
S.C.B. (FITL)	5278030		5278030
IFCI	183750000		183750000
IFCI (FITL)	25725000		25725000
INTEREST ACCURED AND DUE	635087246		931936764
DENA BANK (RTL)	95833000		95833000
DENA BANK (WCTL / FITLs)	171725918		171725918
J & K BANK	45705580		45705580
STATE BANK OF INDIA	52710000		52710000
COSMOS BANK LTD., (RTL)	26091000		26091000
COSMOS BANK LTD., (FITLs)	10293375	2228720673	10293375
			2525570191
<b>B REDEEMABLE DEBENTURES</b>			
UTI		-	47500000
<b>C WORKING CAPITAL LOAN:</b>			
State Bank of India	363458184		356442856
Dena Bank	51771863		51771863
The Jammu & Kashmir Bank Ltd.	52766412		52766412
Cosmos Bank, Indore	51302978		51302978
Interest Accured & Due	421873556	941172993	421873556
		3169893666	934157665
			3507227856

**NOTE FOR ABOVE:**

1) Term loans from Financial Institutions are secured by way of first mortgage of all immoveable properties and hypothecation of all the Company's movables (save and except book debts and stocks) including movable Machinery, Spares and Tools both present and future ranking pari-passu inter-se subject to prior charge created/ to be created in favour of the Banks on specified movable assets for securing borrowings for working capital requirements and personal guarantees of the Jt. Managing Director and Managing Director.

2) Loans from Banks for Working Capital are secured by Hypothecation of Company's entire Stock of Raw Materials, Stock-in-process, Finished goods, Stores & Spares, Stock in transit, other current assets and second charge over entire fixed assets of the Company ranking pari-passu inter-se and personal guarantees of the Jt. Managing Director and Managing Director.

3) A Negotiated Settlement of Dues(NSD) has since been reached with IFCI, UTI (since paid in full, Please also refer note no. 2(6) Schedule 18) , Cosmos Bank, LIC , Standard Chartered Bank and J&K Bank. The said NSD entails waiver of part principal, interest (applied and / or accrued) etc. and the NSD amounts are payable over a period of time. Necessary accounting entries will be passed as when the NSD amounts are paid in full to the respective lenders.

**SCHEDULE - 5 :**

<b>Unsecured Loan</b>	511355811	415580811
<b>Hire Purchase Creditors</b>	-	108240
	511355811	415689051

**SIDDHARTHA TUBES LIMITED**

SCHEDULES TO THE ACCOUNTS FOR THE YEAR 2009 - 2010

Particulars	Amount (Rs.) 31.03.2010	Amount(Rs.) 31.03.2009
<b>SCHEDULE - 7 :</b>		
<b>INVESTMENTS :</b>		
Cosmos Co-operative Bank Ltd., 62600 Equity Shares @ Rs.20/- each	1252000	1252000
	<u>1252000</u>	<u>1252000</u>
<b>SCHEDULE - 8 :</b>		
<b>INVENTORIES :</b>		
(As certified)		
Raw Material (At Cost)	94104162	140518033
Consumable Stores & Spares (At Cost)	31744450	28132231
Finished Goods (At Cost)	90255070	51333078
Waste Scrap & Others (At estimated realisable value)	3453526	1761766
	<u>219557208</u>	<u>221745108</u>
<b>SCHEDULE - 9 :</b>		
<b>SUNDRY DEBTORS:</b>		
(Unsecured considered goods)		
Due over six months	15289107	14527959
Others	73665970	111877105
	<u>88955077</u>	<u>126405064</u>
<b>SCHEDULE - 10 :</b>		
<b>CASH &amp; BANK BALANCE :</b>		
Cash on hand	119915	280292
Balance with Scheduled Banks	361961	150229
	<u>481876</u>	<u>430521</u>
<b>SCHEDULE - 11 :</b>		
<b>LOANS &amp; ADVANCEAES</b>		
Prepaid Expenses	1616410	1764056
Advance to Supplier	88521171	83093526
Advance to Staff	666023	709600
Income Tax Advance	6087373	6345826
Advance FBT	-	510000
Amount Paid to FI's / Bank	187050000	21250000
Deposit with Govt. Dept.	9367684	9031276
Margin Money for L/C's & BGs	5537103	6176714
Accrued Interest	2308212	2344581
Other Advances	183823	230287
Income Tax Seizure	328880	328880
Advance against pending claims	3338485	788485
Balance with Central Excise Dept.	889876	162083
Central Excise Duty Cenvat	1765597	6064657
Cenvat Receivable	578480	1038007
Canvat on Capital Goods	4263183	7889595
VAT Receivable	5148076	17300114
Export Incentive	1817832	1817832
	<u>319468208</u>	<u>166845519</u>



**SIDDHARTHA TUBES LIMITED**  
SCHEDULES TO THE ACCOUNTS FOR THE YEAR 2009 - 2010

Particulars	Amount (Rs.) 31.03.2010	Amount(Rs.) 31.03.2009
<b>SCHEDULE - 12 :</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities :		
Sundry Creditors for Suppliers & Services	307614238	297648535
Advance from Customers	21467659	6222934
Other Liabilities	570023	2570465
Excise Duty on Closing Stock	8750667	3899859
	<u>338402587</u>	<u>310341793</u>
<b>SCHEDULE - 13 :</b>		
<b>SALES</b>		
Indigeneous	1836466421	1930478897
	<u>1836466421</u>	<u>1930478897</u>
<b>SCHEDULE - 14 :</b>		
<b>OTHER INCOME</b>		
Job Work Receipts (Tube)	2593606	4838073
Job Work Receipts (CRM)	166589422	108596901
Misc. Receipt	873167	1018948
	<u>170056195</u>	<u>114453922</u>
<b>SCHEDULE - 15 :</b>		
<b>INCREASE (DECREASE) IN STOCK</b>		
Opening Stock :		
Finished Goods	51333080	52659351
Waste, Scrap & Others	1761765	3596799
TOTAL (A) :	<u>53094845</u>	<u>56256150</u>
Closing Stock :		
Finished Goods	90255070	51333079
Waste, Scrap & Others	3453526	1761765
TOTAL (B) :	<u>93708596</u>	<u>53094844</u>
TOTAL ( B - A)	<u>40613751</u>	<u>(3161306)</u>

**SIDDHARTHA TUBES LIMITED**

## SCHEDULES TO THE ACCOUNTS FOR THE YEAR 2009 - 2010

Particulars	Amount (Rs.) 31.03.2010	Amount(Rs.) 31.03.2009
<b>SCHEDULE - 16</b>		
<b>A. MATERIAL CONSUMED :</b>		
Finished Goods Purchased	43480045	13187585
Raw Material Consumed	1556180364	1605809371
Stores & Spares Consumed	44495469	25261202
<b>B. OTHER EXPENDITURE:</b>		
Power & Fuel Consumed	126496860	102298456
<b>PERSONEL COST:</b>		
Salaries & Wages	61553155	45473975
Contribution to Prov. Fund	2427377	2077364
Workmen and Staff Welfare	1336062	920977
Managerial Remuneration	6446597	5442645
<b>REPAIRS &amp; MAINTENANCE:</b>		
Plant & Machinery	4510841	1715259
Building	735392	1106434
Others	220006	184640
Insurance	828946	821135
Other Manufacturing expenses	17719316	13185710
<b>SELLING EXPENSES:</b>		
Packing, Forwarding & Distr. Exp.	6320961	19477097
Discount & Commission	704739	1427164
Advertisement	383295	60225
Sales Promotion	248400	36312
Other Selling Expenses	79760	2509129
<b>OTHER EXPENSES:</b>		
Bank Charges & Commission	408353	257844
Board Meeting Fees	13500	10500
Books & Periodicals	31118	22892
Entertainment / Mess Expenses	425671	214352
Deepawali Expenses	18883	6250
Insurance Charges	205138	92932
Charity & Donation	6100	3201
Legal & Professional Charges	3991395	4630963
Membership & Subscription Fees	156803	96514
Postage, Telegram Exp.	108562	97523
Telephone & Telex Exp.	999687	919894
Printing & Stationery Expenses	604621	529582
Registration & Licence Fees	11500	4522
Rent & Service Charges	1172491	1251325
Travelling & Conveyance Expenses	4074334	5470736
Bus & Tempo Trax Exp.	1188126	1306533
General & Other Expenses	2510553	2352851
Professional Tax (Employer)	4900	4900
<b>AUDITOR'S REMUNERATION</b>		
Audit Fees	125000	100000
Tax Audit Fees	35000	35000
Other Services	20000	20000
Out of Pocket expenses	20000	20000
	<u>1890299320</u>	<u>1858442995</u>

**SIDDHARTHA TUBES LIMITED**

SCHEDULES TO THE ACCOUNTS FOR THE YEAR 2009 - 2010

Particulars	Amount (Rs.) 31.03.2010	Amount(Rs.) 31.03.2009
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**SCHEDULE - 17  
INTEREST AND FINANCE CHARGES**

Finance Charges On Working Capital Facilities & Others	2162146	2170177
On Term Loans	-	2417827
	<u>2162146</u>	<u>4588004</u>

**SIDDHARTHA TUBES LIMITED, SARANGPUR**  
**SCHEDULE TO THE ACCOUNTS FOR THE YEAR 2009 - 2010**

**SCHEDULE - 18:**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS-2009-2010:**

**(1) ACCOUNTING CONVENTION:**

- i. 1 The financial statements are prepared under the historical cost conventions, on accrual basis in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the Provisions of the Companies Act, 1956.
- i. 2 The preparation of financial statements in conformity with Generally Accepted Accounting Principles, require making of estimates and assumptions that affect the reported amounts of Assets and Liabilities at the date of financial statements and the reported amounts of revenues and expenses during the year. Difference between the actual results and estimates are recognised in the year in which the results are known / materialized.
- ii) **FIXED ASSETS:** - The Company has production facilities at Sarangpur (Tube Division) and Shajapur (CRM Division). Fixed Assets of the Tube Division are stated at cost less accumulated depreciation. Similarly the fixed assets of CRM Division except 6Hi CRM Mill are stated at cost less accumulated depreciation. The Company capitalizes all direct costs, relating to the acquisition and installation of Fixed Assets, and Interest if any on borrowed Funds used for acquisition of Fixed Assets upto the date of Assets bearing ready for being put to use.

The 6HI CRM Mill is under commissioning and so far not put to use, hence no depreciation has been provided in the books of accounts.

**iii) DEPRECIATION:**

- (a) Depreciation is provided by the straight-line method at rates and in the manner stipulated in schedule XIV of the Companies Act 1956. Also refer schedule no. 6.
- (b) The amount incurred on Staff Holiday resorts will be amortized / depreciated over a period of ten years. This is the tenth year of amortization.

**iv) INVENTORIES:**

Cost of Inventories have been computed to include all Cost of Purchase, Cost of Conversion and other costs incurred in bringing these to their present location & condition.

- a) In case of Finished Goods, cost is determined adding material, labour and related factory overheads including depreciation and excise duty.
- b) Raw Material, Stores and Spares and Production consumables are valued at lower of historical cost (Net of MODVAT) or Net realisable value applying the First in / first out (FIFO) Method.
- c) By products and Scrap are valued at estimated realizable value.

**v) INVESTMENTS:**

Long term Investments are valued at Cost. There are no Current Investments. No provision for permanent diminishing value of any such investment, (where the Investee Company has accumulated losses etc.) has been made.

**vi) FOREIGN CURRENCY TRANSACTION:**

- a) Purchases and sales in Foreign Currency are accounted at exchange rates prevailing on the date of transaction/payment.
- b) All outstanding Foreign Currency receivables / Liabilities are translated at the exchange rate prevailing on the last day of accounting year.
- c) All exchange differences are dealt with in Profit and Loss Account.

vii) **MODVAT /EXCISE DUTY:**

- a) Modvat on purchase of Raw and other materials, Capital goods / Capital work in progress is deducted from the cost of such materials, Capital goods/Capital work in progress.
- b) Excise duty has been accounted on the basis of both payments made in respect of goods cleared and also provision made for goods lying in bonded warehouses.

viii) **REVENUE RECOGNITION:**

- a) Revenue from the sales of goods is recognised upon passage of title to the customer which, generally, coincides with the delivery.
- b) Sales include Excise Duty; Debit Notes realised from customers but excludes rebates and discounts.
- c) Export Sales includes Deemed Exports of Rs. Nil (Previous Year Rs. Nil).

ix) **TAXATION:**

No Provision for Income Tax is made in the Current year in view of the computation of income resulting in a loss in accordance with the provisions of the I.T. Act 1961. Further, there is no "Book Profit" as envisaged in Section 115 JB of the Income Tax Act.

x) **RETIREMENT BENEFIT:**

Retirement Benefits to employees comprise of payments towards gratuity, and provident funds under the approved schemes of the company. Annual Contribution to the gratuity fund is determined based on a valuation furnished by Life Insurance Corporation of India under the Group Gratuity Scheme. Liability on account of encashment of leave entitlement of employees is provided on accrual basis and in accordance, with the rules of the Company.

xi) **BORROWING COST:**

Interest and other borrowing costs on specific borrowings relating to qualifying assets are capitalized. During the year the Company has not made interest provision on loans which have become NPA with lenders and / or where the respective lenders have not charged interest on the account.

xii) **BALANCE CONFIRMATION:**

The closing balances in respect of receivables / payables are subject to confirmation and consequential adjustment if any.

xiii) **SECURITY DEPOSITS:**

Security Deposits are stated at Cost and interest accrued thereon is shown separately in Balance Sheet under the head interest accrued.

xiv) **RELATED PARTIES DISCLOSURES:**

(1) **KEY MANAGEMENT PERSONNEL:**

(a) **KEY MANAGEMENT PERSONNEL:**

MR. NAINESH J.SANGHVI	- Chairman Cum Managing Director
MR. RAJENDRA PRASAD GUPTA	- Jt. Managing Director
MR. K.R. MURTHY	- Wholetime Director (Technical)
MR. K.C. SHARMA	- Vice President (Marketing)

(2) **SUMMARY OF THE TRANSACTIONS WITH THE ABOVE RELATED PARTIES IS AS FOLLOWS:**

NATURE OF TRANSACTION	TRANSACTION DURING THE YEAR	OUTSTANDING BALANCE AS AT 31.03.2010
(a) <b>KEY MANAGEMENT PERSONNEL</b>		
Remuneration to Directors / Payable	64,46,597	2,70,686
Remuneration to Key Persons /Payable	5,25,084	39,145

xv) **DEFERRED TAXATION:**

As per the provisions of Accounting Standard - 22 issued by the Institute of Chartered Accountants of India, during the year the Company has not recognized any additional deferred tax assets in view of the uncertainty attached to the realisability of the same; which has been caused due to heavy losses incurred by the Company during the year.

xvi) **EARNINGS PER SHARES:**

	2009-2010	2008-2009
Computation of Basic Earning per Share		
(A) Net Profit/(Loss) as per Profit & Loss: Account (Rs. in Lacs)	537.96	(1733.73)
Less: Provision for Preference Dividend	(135.00)	(135.00)
Net Profit/(Loss) for Equity Shareholder	402.96	(1868.73)
(B) Weighted average number of equity shares outstanding	60,00,000	60,00,000
(C) Nominal Value per Equity Shares	10	10
(D) Basic Earnings Per Share (Rs.)	6.72	-
(E) Diluted Earnings Per Share (Rs.)	6.72	-

(xvii) **SEGMENT REPORTING:**

Segmentation has been determined based on activity and product of the Company i.e. Steel Pipes and Tubes and GP/GC / CR Coil / Sheets.

i). Segment **accounting policies.**

Segment accounting policies are generally in line with the accounting policies of the Company. However, the following specific accounting policies have been followed for segment reporting:

- (a) Segment Revenue includes Sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- (b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment results. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "Other Unallowable expenditure".
- (c) Income which relates to the Company as a whole and not allocable to segments is included in "Unallocable other Income".
- (d) Segment assets and liabilities include those directly identifiable with the respective segments.

Consolidated Segment information for the year ended March 31, 2010.

Information about Primary Business Segments:

Particular	STEEL TUBES/PIPES		GP/GC SHEETS/COILS		OTHERS		CONSOLIDATED TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>YEAR ENDING ON</b>								
<b>REVENUE</b>								
External Sales	1173412778	1289495405	616022585	622550934	47031058	18432558	1836466421	1930478897
Domestic								
Export	-	-	-	-			-	-
Other Income	2601094	4838073	167455101	109615849			170056195	114453922
<b>TOTAL REVENUE</b>	<b>1176013872</b>	<b>1294333478</b>	<b>783477686</b>	<b>732166783</b>	<b>47031058</b>	<b>18432558</b>	<b>2006522616</b>	<b>2044932819</b>
<b>Unallocated Corporate Expenses</b>								
<b>RESULT</b>								
Operating Profit / (Loss)	(7276646)	(45584932)	(106821756)	(237143671)			(114098402)	(282728603)
Job Work Receipts / Others	2601094	4838073	167455101	109615849			170056195	114453922
Interest Exp	(1284486)	(246577)	(877660)	(4341427)			(2162146)	(4588004)
Income Tax	-	(510000)	-	-			-	(510000)
<b>NET PROFIT/(LOSS)</b>	<b>(5960038)</b>	<b>(41503436)</b>	<b>59755685</b>	<b>(131869249)</b>			<b>53795647</b>	<b>(173372685)</b>
<b>OTHER INFORMATION</b>								
Segments Assets	302055025	280065444	3050045718	3212692869			3352100743	3492758313
<b>TOTAL ASSETS</b>	<b>302055025</b>	<b>280065444</b>	<b>3050045718</b>	<b>3212692869</b>			<b>3352100743</b>	<b>3492758313</b>
Segments Liabilities	125822492	104804196	212580095	205537597			338402587	310341792
Capital Expenditure	(658520)	253389	(86652518)	2588582			(87311038)	2841971
Depreciation	8493216	8465940	109746841	1140084082			118240057	122474422

Non-Cash Expenses other than Depreciation

- (1) Total Assets excluding investments, TDS and total liabilities does not include Secured & Unsecured Loan.

## 2. CONTINGENT LIABILITIES:

- a) (i) Guarantees issued on behalf of the Company by Banks Rs. 1,34,00,000/-(previous year Rs. 2,54,00,000/- ),  
(ii) Indigenou and Export Letters of Credit issued on behalf of the Company by Banks Rs. Nil (previous year Rs. Nil),

These facilities are secured by hypothecation charge on current assets and second charge on fixed assets of the Company.

- b) In respect of which Company is in Appeal pending before appellate authorities:

	<b>CURRENT YEAR Amt. in Rs.</b>	<b>PREVIOUS YEAR Amt. in Rs.</b>
Central Excise & Custom -	4,28,21,128	4,36,12,978

3. In the opinion of the management, Debts disclosed in the books of accounts due to lenders, creditors and other parties include debts which have become time barred and are not legally payable and / or debts in respect of which the Company has its counter claims. Disclosure of the same in the accounts is not to be treated as acknowledgement of debt by the Company. Suitable accounting effects in the books shall be given at the appropriate stage. However no evidence/legal opinion /documents /correspondence have been provided to the auditors for verification; who are thus unable to make any comment.
4. There are no dues payable to Small Scale Industries, which have been outstanding for more than 30 days as on 31.03.2010 and 31.03.2009. This information regarding Small Scale Industries has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
5. Assignment of a part of financial assistance extended by IDBI to the Company is disputed and challenged by the Company, before the appropriate court(s)/ RBI. The only effect of assignment (if effected), would be to replace IDBI by the assignee as a lender in it's place, in respect of the assigned facilities.
6. Non Convertible Debentures held by UTI stood settled and fully repaid by the Company during the year. Accordingly, waiver of "Principal" and "Interest Accured And Due" as appearing against their name, aggregating to Rs. 2.33 Crore and Rs.29.68 Crore respectively have been written off from the Company's books.
7. IDBI had extended an unsecured Foreign Currency Corporate loan to the Company in 1995. The said loan stood classified as Secured Loans in Company's financial statements in previous years. The Company has not created any charge on it's assets in respect of the loan. The said facility accordingly has been reclassified as unsecured loans during the year.
8. Under the Negotiated settlements of dues reached with various Lenders (IFCI, LIC, J&K Bank, Cosmos Bank, Standard Chartered Bank & (IDBI for the CRPS and Share application Money held by them in the Company)), the Company has paid installments/ interest fallen due upto 31.03.2010. However, in the enent of any default by the Company in meeting the NSD terms, Lenders have retained the right to restore the original liability and / or appropriate such repayments made by the Company against expenses / charges / penalties/applied or unapplied upto date interest etc. The said payment of Rs.18.70 crore (previous year Rs.2.13crores) made upto 31.03.2010 has therefore been separately shown as Advance in the schedule until full repayment of the NSD amount. Necessary accounting entries will be passed in the books of accounts on receiving the respective no dues certificates from the Lenders as and when the NSD amount is repaid in full.



9. **CAPITAL WORK IN PROGRESS :-**

The CRM Division continues to remain partly commissioned. The Capital Work - in - Progress, comprise of costs attributable to the 6 Hi CR Mill, details whereof are as under:

	<b>FOR THE YEAR ENDED</b> <b>31.03.2010</b> <u>Amt. in Rs.</u>	<b>AS ON</b> <b>31.03.2009</b> <u>Amt. in Rs.</u>
Land, Building & Site-Development		
Plant, Machinery & Misc. Fixed Assets	-	-
Supervision, Finance Charges & Capital Expenditure	(94155215)	1036148
Preoperative (Net)	<u>(94155215)</u>	<u>1036148</u>
ADD: Brought forward from last year	1333681206	1332645058
Net Capital work in progress	<u>1239525991</u> =====	<u>1333681206</u> =====

Note: Pursuant to full repayment of the settlement reached with UTI, the interest on NCD's, Capitalised in earlier years stand waived by them. These have been accordingly written back in the Company's books.

10. **MANAGERIAL REMUNERATION TO MANAGING DIRECTORS:**

	<u><b>2009 - 2010</b></u>	<u><b>2008-2009</b></u>
1) Salary	49,73,464	47,33,464
2) Bonus	10,500	10,500
3) Contribution to Provident & other funds	6,42,783	6,06,075
4) Other Perquisites	8,19,850	92,606
	<u>64,46,597</u> -----	<u>54,42,645</u> -----

11. **AUDITORS REMUNERATION:**

	<u><b>2009-2010</b></u>	<u><b>2008 - 2009</b></u>
1) Audit Fees	1,25,000	1,00,000
2) Tax Audit	35,000	35,000
3) Other Services	20,000	20,000
4) Out of Pocket Expenses	20,000	20,000
	<u>2,00,000</u> -----	<u>1,75,000</u> -----

12. (a) The Company is a Sick Industrial Company in terms of Section 3(1) (o) of Sick Industrial Companies (Special Provisos) Act, 1985.

(b) The accounts of the Company have been prepared on going concern basis in spite of the fact that the Company has become a Sick Company under Sick Industrial Companies (Special Provisions) Act, 1985.

13. **QUANTITATIVE & OTHER INFORMATION:**

<b>1) Product Manufactured</b>		Unit	Licensed Capacity	Installed Capacity
I	Steel Pipes & Tubes	M.T.	90000	90000
II	Cold Rolled Formed Sections	M.T.	10000	10000
III	GP/GC Coil / Sheets	M.T.	90000	90000
IV	Cold Rolling	M.T.	50000	50000

<b>2) Turnover</b>		Qty.(MT)	Value
I	Black Pipes	17955.100 (12289.466)	615291415 (516879091)
II	Galvanized Pipes	13171.894 (16006.373)	542366606 (802925385)
III	GP/GC Coil/ Sheets	5711.839 (5257.082)	192227358 (224798732)
IV	CR Coil	12471.674 (8211.620)	412911895 (347330618)
V	Assorted Pipes, Scrap, Waste & Others from Steel Pipes & Tubes	942.665 (758.215)	13109513 (10048244)
VI	Assorted Pipes, Scrap, Waste & Others from CR /GP/GC (Includes 111.279 M.T. for packing & B. Loss)	792.039 (410.882)	10620196 (5813701)
VII	Zinc Waste from Steel Pipes & Tubes (Includes P. Loss 41.578 M.T.)	184.453 (203.700)	2645244 (4008167)
VIII	Zinc Waste from GP/GC	6.710 (6.060)	263136 (242400)
IX	Merchandise (Tube Div.)	401.105 (172.003)	47031058 (18432558)
X	Merchandise (CRM Div.)	Nil (Nil)	Nil (Nil)

<b>3) Raw Material &amp; Stores consumed</b>		2009-10		2008-09	
S.No	Particulars	Qty.(MT)	Value	Qty.(MT)	Value
I	Steel for Pipes & Tubes	32492.930	946697139	28674.122	1044981535
II	Steel for CR Coil	18951.782	541924537	13953.480	481332500
III	Zinc for Pipes & Tubes	461.198	50509753	497.893	51101631
IV	Zinc for GP/GC	61.126	4331584	56.600	10315376
V	Other Materials for Pipes & Tubes		10185128		16913584
VI	Other Materials for GP/GC Coil & Sheets		2532223		1164745
VII	Stores & Spares for Pipes & Tubes		23383513		13310211
VIII	Stores & Spares for GP/GC Coil & Sheets		21111956		11950991

<b>4) Finished Goods</b>		Opening Stock		Closing Stock	
S.No	Particulars	Qty.(MT)	Value	Qty.(MT)	Value
I	Black Pipes	706.332 (457.615)	24218759 (18217613)	782.170 (706.332)	30884849 (24218759)
II	Galvanised Pipe	529.787 (628.555)	22043741 (31639865)	1073.411 (529.787)	52396092 (22043741)
III	GP/GC Coils / Sheets	13.171 (47.409)	555995 (2188530)	42.600 (13.171)	2114451 (555995)
IV	CR Coil	126.391 (15.030)	4514585 (613343)	115.944 (126.391)	4859677 (4514585)
V	Assorted Pipes, Scrap & Other from Sarangpur Works	83.475 (116.236)	1084240 (1394832)	134.324 (83.475)	1777912 (1084240)
VI	CR/MS Waste from Shajapur Works	48.476 (148.961)	629645 (1787532)	63.433 (48.476)	1049499 (629645)
VII	Zinc Waste from Sarangpur works	0.446 (21.114)	7241 (316710)	28.471 (0.446)	533860 (7241)
VIII	Zinc Waste from Shajapur Works	2.503 (6.515)	40639 (97725)	4.920 (2.503)	92255 (40639)

<b>5) Finished Goods Purchase</b>				
	Merchandise		401.105	43480045
I	Sarangpur Works		(172.003)	(13187585)
II	Shajapur Works		NIL (Nil)	NIL (Nil)

<b>6) Earning in Foreign Currency:</b>				
	I Export of Goods Calculated On FOB Basis			NIL (NIL)

<b>7) CIF Value of imports:</b>				
	Raw Materials	Machine	Stores	Others
	(NIL)	NIL	904955	NIL
	(NIL)	(NIL)	(1968856)	(NIL)

<b>8) Expenditure in Foreign Currency</b>				
	I Travelling Exp.			117515 (626590)

<b>9) Production in M.T.</b>		Black Pipes	Galvanised Pipes	C.R.Coils/ Sheets	GP/GC Sheets
I	Black Pipes out of which 8230.512 MT issued for Galvanizing in Current year  <u>G.P. Pipe Production</u>	26261.450 (21135.042)	8477.552 (9234.281)  5237.966 (6065.174)	18165.080 (13688.425) CR Coil (out of which 5703.853 MT issued for GP/GC Coil.	5741.268 (5222.844)
II	Black Pipes out of which  <u>Job Work</u>	Nil (976.410)	Nil (608.150)	2374.150 (772.621)	68146.444 (44496.048)

<b>10) Value of imported and indigenous Raw Material, Spares Parts and Components consumed during the year and percentage of each on total consumption</b>					
		Raw Material		Stores	
		Value in Rs.	Percentage	Value in Rs.	Percentage
	Imported	(Nil)	(0.00%)	904955 (1968856)	2.03% (7.79%)
	Indigenous	1556180364 (1605809371)	100.00% (100.00%)	43590514 (23292346)	97.97% (92.21%)

14. **GENERAL:**

- Figures have been rounded off to the nearest rupee.
- Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with the current year.
- Figures in bracket related to previous year.

SIGNATURE TO SCHEDULES 1 TO 18.

As per our report of even date attached  
For RAJENDRA RAJPOOT & CO.,  
CHARTERED ACCOUNTANTS

for & on behalf of the Board

[RAKESH JAIN]  
PARTNER  
M.NO. 401098

RAJENDRA P. GUPTA  
JT. MANAGING DIRECTOR

NAINESH J.SANGHVI  
CHAIRMAN CUM MANAGING DIRECTOR

PLACE: INDORE  
DATE: 07-09-2010

Lokesh Ghatiya  
Company Secretary

**SIDDHARTHA TUBES LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2010**

PARTICULARS	2009-10 (Rs. In lacs)	2008-09 (Rs. In lacs)
<b>A. Cash Flow From Operating Activities</b>		
Profit before tax and extraordinary items	538.03	(1,728.63)
Add / (Deduct) for:		
Depreciation	1,182.40	1,225.43
Interest	21.62	45.88
Loss/ (Profit) on Sales on F.Assets	(0.07)	-
	<u>1,203.95</u>	<u>1,271.31</u>
Operating Profit before before sale of Investment	1,741.98	(457.32)
Less: Profit on Sales of Investment	-	-
Operating Profit before working capital changes	1,741.98	(457.32)
Add /(Deducted) for:		
Increase / (decrease) in Trade and Other receivables	(1,151.73)	(17.75)
Increase in Inventories	21.88	14.93
Increase / (Decrease) in Trade Payables	280.61	271.76
	<u>(849.24)</u>	<u>268.94</u>
Cash generated from operations	892.74	(188.38)
Interest Paid	(21.62)	(45.88)
Direct Taxes Provision / Paid	-	(5.10)
	<u>(21.62)</u>	<u>(50.98)</u>
Cash Flow before Extraordinary items	871.12	(239.36)
Extraordinary Items	-	-
Net Cash used in Operating Activities (Total 'A')	<u>871.12</u>	<u>(239.36)</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,546.67)	(39.47)
Sale of Fixed Assets	0.60	-
Purchase of Investments	-	100.00
Net Cash used in Investing Activities (Total 'B')	<u>(1,546.07)</u>	<u>60.53</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Add / (Deducted) for:		
Advance against Shares	-	(100.00)
Share Application Money	-	-
Proceeds from long term Borrowings	2,416.67	274.52
Dividend Paid	-	174.52
	<u>2,416.67</u>	<u>174.52</u>
Net Cash generated from Financing activities (Total C)	<u>2,416.67</u>	<u>174.52</u>
Net increase / (Decrease in cash and cash equivalents (A+B+C)	0.51	(4.31)
Add: Cash and Cash Equivalents as at (Opening Balance)	4.31	8.61
Add: Cash and Cash Equivalents as at (Closing Balance)	4.82	4.31

Note: Figures in brackets indicate negative figures

**AUDITORS CERTIFICATE:**

We have checked that attached Cash Flow Statement of Siddhartha Tubes Limited for the year ended 31 st March -2010, from the books and records maintained by the Company in the ordinary course of business and have found it in accordance therewith.

As per our report of even date attached

For & On behalf of the Board

for **RAJENDRA RAJPOOT & CO.**  
CHARTERED ACCOUNTANTS

**RAKESH JAIN**  
PARTNER  
M.No.401098

**RAJENDRA P.GUPTA**  
JT. MANAGING DIRECTOR

**NAINESH J.SANGHVI**  
CHAIRMAN CUM MANAGING DIRECTOR

PLACE : INDORE  
DATE: 07/09/2010

**Lokesh Ghatiya**  
company Secretary

SIDDHARTHA TUBES LIMITED, SARANGPUR  
FIXED ASSETS AND DEPRECIATION FOR THE YEAR 2009-10

Schedule No. 6

Particulars	Rate of Depreciation	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Addition during the year	Deduction during the year	As at 31.03.2010	Up to 31.03.2009	For the year	Dep. Return Back	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Land		5183230	0	0	5183230	0	0	0	0	5183230	5183230
Lease Hold		35000	0	0	35000	0	0	0	0	35000	35000
Building	3.34	412762992	0	15679610	397083382	89942170	13393510	3148451	100187229	296896153	322820822
Staff Building	1.63	15739188	0	362338	15376850	1542996	252119	35437	1759678	13617172	14196192
Plant & Machinery	5.28	1553586753	0	53245048	1500341705	533988703	79920877	16897533	597012047	903329658	1019598050
Electric Installation	5.28	265412927	0	10687456	254725471	85973194	13590579	3392514	96171259	158554212	179439733
Misc. Fixed Assets	5.28	108449539	296003	4225251	104520291	34401264	5558816	1341064	38619016	65901275	74048275
Furniture & Fixture	6.33	6611473	50500	185912	6476061	3598965	411537	70754	3939748	2536313	3012508
Vehicle	9.50	13931865	0	1028791	12903074	8467835	1310038	895118	8882755	4020319	5464030
D.G.Set	5.28	62580709	0	2394278	60186431	21635468	3209448	760015	24084901	36101530	40945241
Computer	16.21	10517648	153460	284344	10386764	9614710	197024	276902	9534832	851932	902937
Pollution Equipment	5.28	431370	0	0	431370	278752	22776	0	301528	129842	152618
Office Equipment	6.33	4654837	390751	108724	4936864	2375525	295724	41378	2629871	2306993	2279312
Staff Holiday Resorts	10.00	776100	0	0	776100	620883	77610	0	698493	77607	155217
<b>Total</b>		<b>2460673631</b>	<b>890714</b>	<b>88201752</b>	<b>2373362593</b>	<b>792440465</b>	<b>118240058</b>	<b>26859166</b>	<b>883821357</b>	<b>1489541236</b>	<b>1668233165</b>
Previous Year		2457831660	3965171	1123200	2460673631	669966043	122542847	68425	792440465	1668233165	1787865616

Note: Miscellaneous Fixed Assets- Work Shop, Lab, Fire Fighting, Equipments, Weigh Bridge, Drawing Equipment, Water, Air, Fuel Line & Packing Equipments.