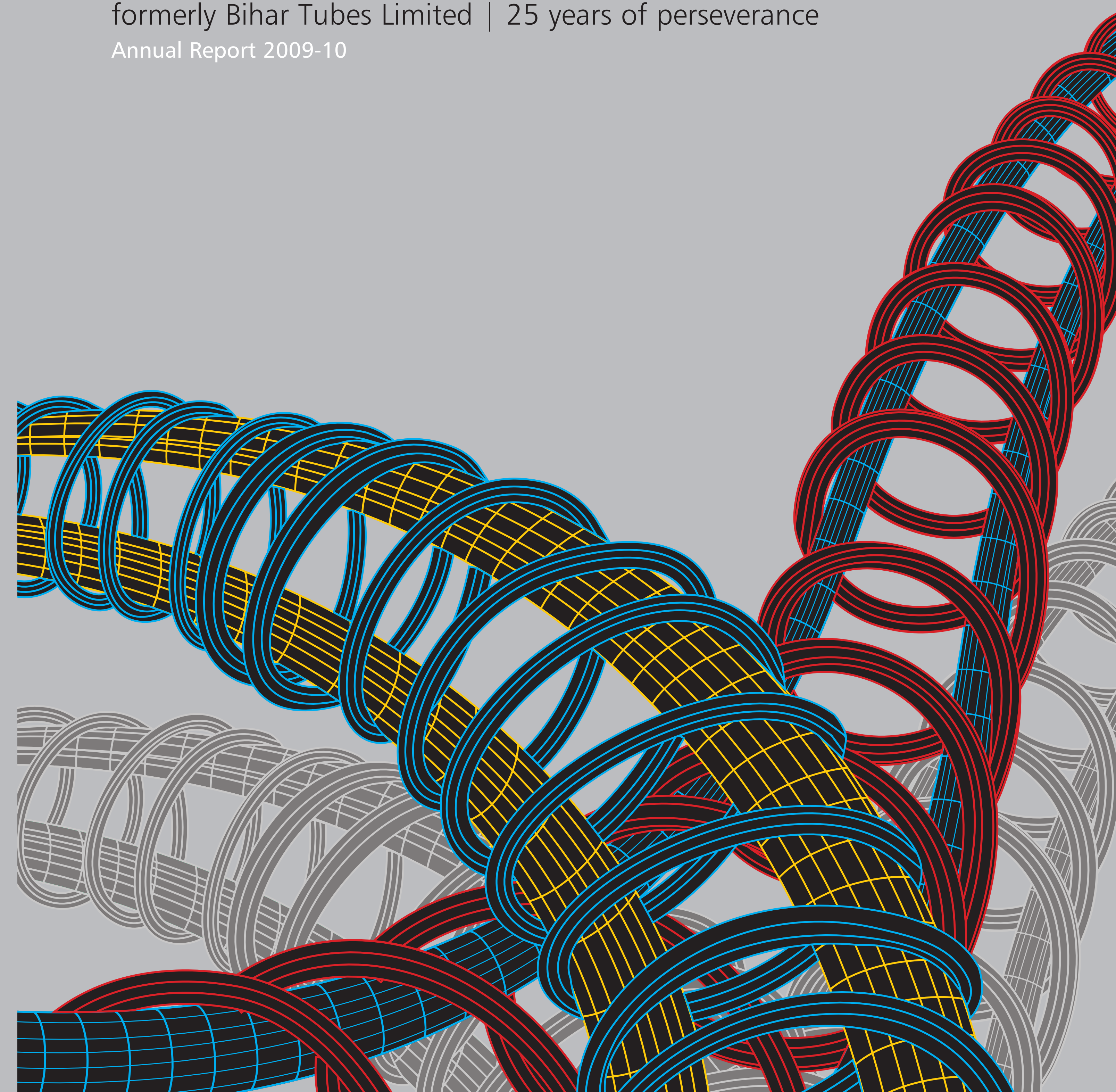
APL APOLLO
Tubes for every reason

APL Apollo Tubes Limited
37, Hargovind Enclave
Vikas Marg, Delhi - 110092

Think you really know?
APL Apollo Tubes Limited

formerly Bihar Tubes Limited | 25 years of perseverance

Annual Report 2009-10



Contents

Our 25-year journey 3

Corporate identity 4

Consolidated highlights, 2009-10 4

Managing Director's review 6

Numbers on infrastructure 18

Product analysis 20

Our strengths 22

Management discussion and analysis 23

Excellence drivers 27

Risk management 31

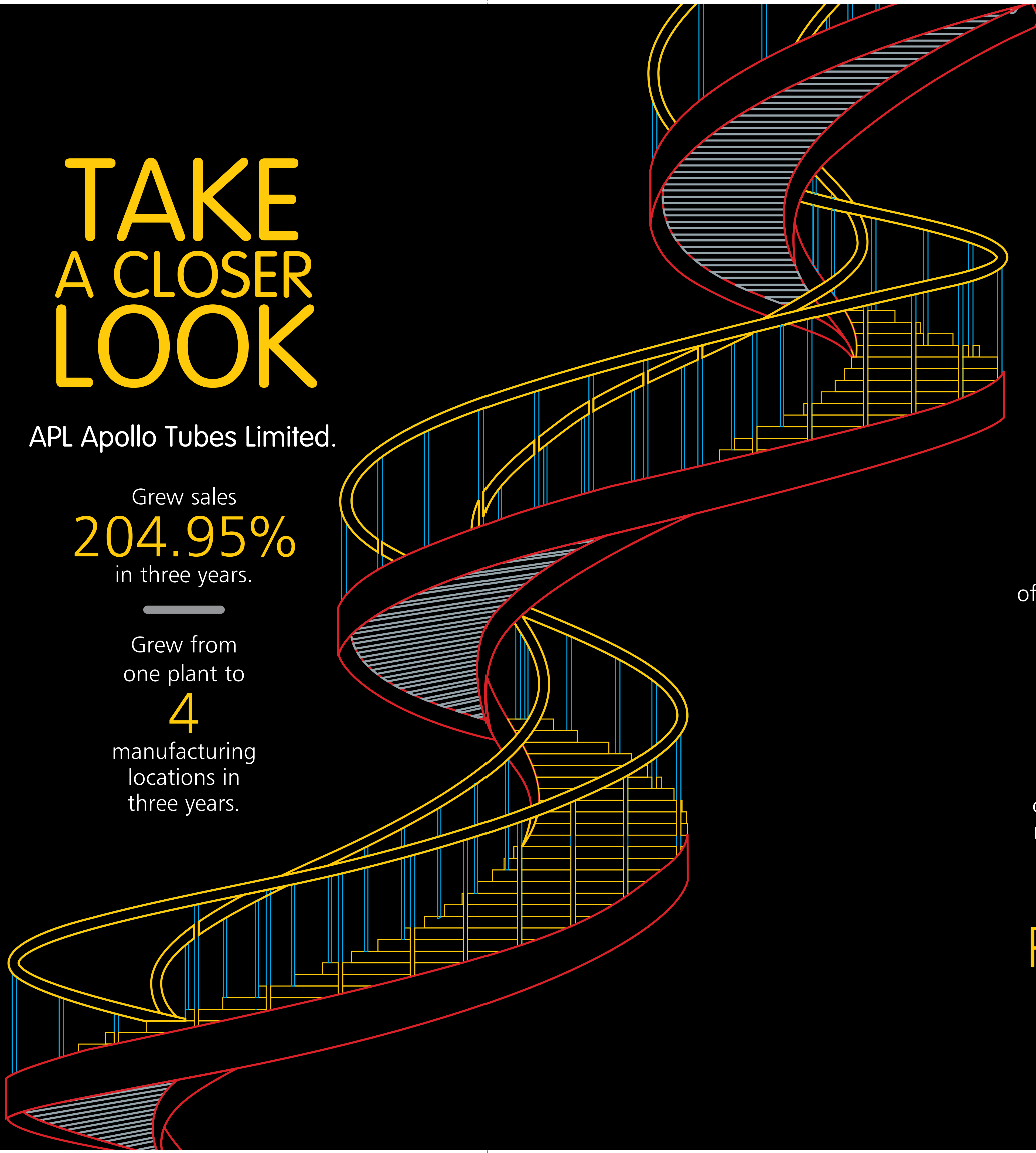
Directors' Report 33

Report on Corporate Governance 37

Financial section 44

TAKE A CLOSER LOOK

APL Apollo Tubes Limited.



Grew sales
204.95%
in three years.

Grew from one plant to
4
manufacturing locations in three years.

Increased capacity
five-fold
in three years

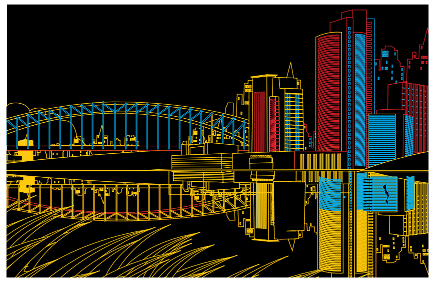
Turned around a losing plant within
8
months of acquisition.

Generated
72.48%
of revenues in 2009-10 as repeat business from existing clients.

Achieved
80%
capacity utilisation of a new plant within three months of start-up.

Pioneered
Indian presence in pre-galvanised tubes.

APL APOLLO
Tubes for every reason



We make the tubes
that make the structures
that make the **telecom towers**
that make it possible to **connect calls** and make **everyday living joyful**

We make the tubes
that make the structures
that make the **urban transport system**
that make **your journey comfortable** and make **your day**

We make the tubes
that make the structures
that make our **infrastructure material-efficient**
that makes it **environment-friendly** by reducing the **CO_2 emissions**

We make the tubes
that make the structures
that make the **Wind mills**
that make sure we use **renewable energy resources** more and **more**

We make the tubes
that make the structures
that go into **beams and metal structures**
that make India's new **airports** attractive and make **Indians proud**

Result: We don't just manufacture tubes. We help our customers **create modern, futuristic** and **sophisticated structures** that *inter alia* enhance **life quality**

25 years of excellence

Our 25-year journey

Our formative years (1986-1995)

APL Apollo Tubes Ltd was founded by late Mr. Sudesh Gupta in 1986 as Bihar Tubes Pvt. Ltd, a steel tube manufacturer. Within three years, the Sikandrabad facility's capacity was raised to 24,000 MTPA. In 1993, it became a public limited company and started galvanising tubes. The Company's IPO in 1995 met with resounding success.

Coming of age (1996-2005)

The Company evolved further, installing cutting-edge technology from Kusakabe, Japan, across its three tube mills. It also diversified into structural pipes. The Company pioneered pre-galvanised tubes manufacturing in India. The APL Apollo® brand became the most preferred choice for the entire spectrum of steel tube users. The Company received ISO 9001:2000 certification from DNV, Netherlands and various other approvals and certificates.

The silver jubilee (2006-2010)

Leading up to a quarter of a century of existence, modernisation continues in the Company with geographically diversified manufacturing facilities and backward integration (started sheet galvanisation). It acquired Apollo Metalex and Shri Lakshmi Metal as wholly-owned subsidiaries. The Company established a 200,000 MTPA capacity greenfield project at Hosur. It received UL, CE, SGF France, ISO 14001:2004 and OHSAS 18001:2007 certifications. And in a bid to reinvent the brand, the Company changed its name to **APL Apollo Tubes Limited.**

What was	What is
Bihar Tubes Limited	APL Apollo Tubes Limited
80,000 MTPA capacity in 2007	4,00,000 MTPA capacity in 2010
Manufactured up to 8 inch diameter tubes, with thickness up to 6 mm	Manufactures up to 12 inch diameter tubes, with thickness up to 8 mm
3 tube mills	10 tube mills
Manufacturing presence in North India	Manufacturing presence in North and South India
Revenue of ₹202.66 crore in 2006-07	Revenue of ₹624.89 crore in 2009-10
Pioneer in pre-galvanised tubes	Leaders in the pre-galvanised tube segment
Marketed its products through dealer networks, OEMs, government contracts and exports	Forayed into the retail segment in addition to a strong network of over 10 outlets

Our mission

- To be among India's three leading steel tube manufacturers
- To satisfy customers requirements by timely supplying high-quality products at affordable rates
- To create sustainable value for all stakeholders
- To involve all our employees in our overall development
- To emerge as a 'one-stop' shop for the entire spectrum of steel tube end users and to attain a paramount market position for distinguished products

Our products

We make tubes for every application – the widest range of steel tubes and pipes in India, comprising ERW black, hot-dipped galvanised, pre-galvanised tubes and hollow sections. 250 plus varieties of steel tubes and hollow sections.

Our pride

The Company's products and process quality are endorsed by the following certifications:

- ISO 9001:2008
  Integrated Management System
- ISO 14001: 2004
  Environment Management Systems
- OHSAS 18001:2007
  Health and Safety Management Systems
- IS 1161: Structural application
- IS 1239: Water and gas application
- IS 3589: Water, gas and sewerage
- IS 3601: General engineering
- IS 4270: Water wells and casing pipes
- IS 4923: Structural tubes for infrastructural purpose
- IS 9295: Idlers for conveyors

The Company has prestigious accreditations like Underwriter Laboratories, CE and SGS France and is a recognised Export House. All its products are endorsed by Bureau of Indian Standard.

Our presence

- Headquartered in New Delhi, India
- Manufactures products across four locations in India
- Direct marketing presence in over 15 states and vast distributor-network across India.
- Exports to over 35 countries across all continents
- Listed entity with ₹30,000 lac of market capitalisation

Our clients

Our products cater to downstream users like urban infrastructure, transmission towers, automotive, bus bodies, airports, metro sectors, green houses, fencing, conveyor systems, scaffoldings, fire-fighting, irrigation, water, gas and oil transportation, among others.

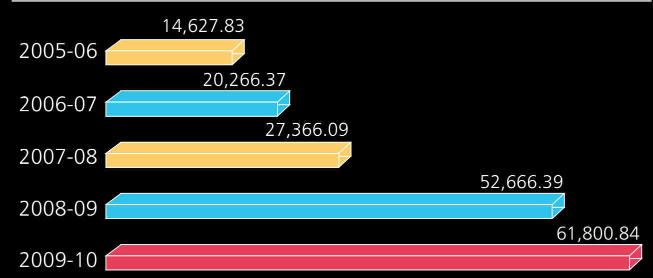
Our clients include brand-enhancing names like Engineer India Limited, Mecon, BPCL, L&T, metro railway (Delhi, Mumbai, Chennai and Hyderabad), Simplex Infra, Suzlon,, Gammon India, Afcons, Firepro, Ashok Leyland, Tata Marco Polo, AGCL, BHEL, Gujarat Gas, Mundra SEZ, IRCON and Airports Authority of India, among others

Consolidated Highlights 2009-10

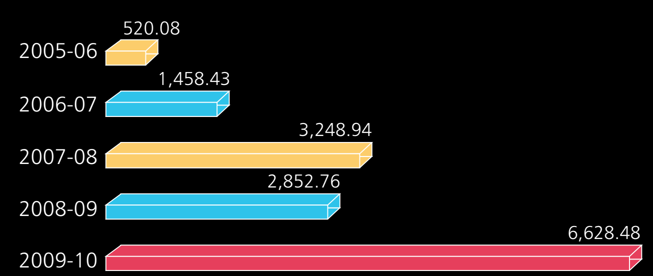
This is what we achieved in 2009-10

- Net sales increased 17.34% from ₹52,666.39 lac in 2008-09 to ₹61,800.84 lac
- PAT increased twelve fold from ₹253.72 lac in 2008-09 to ₹2,977.50 lac
- Commissioned the state-of-the-art Hosur plant
- Commenced the manufacture of tubes up to 12 inches in diameter and equivalent hollow sections
- Strengthened our distributor network and forayed into new territories and industries

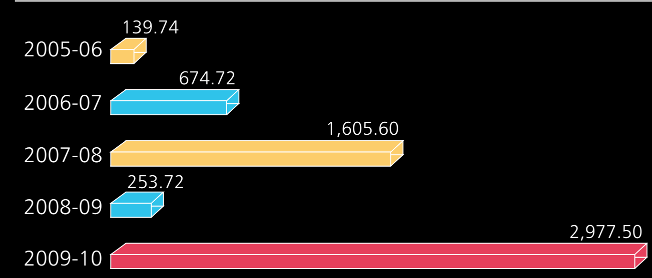
Net sales (₹ in lac)



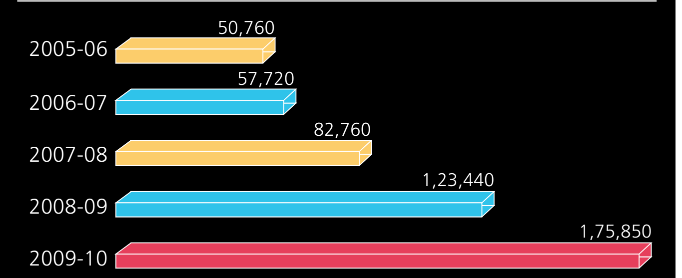
EBIDTA (₹ in lac)



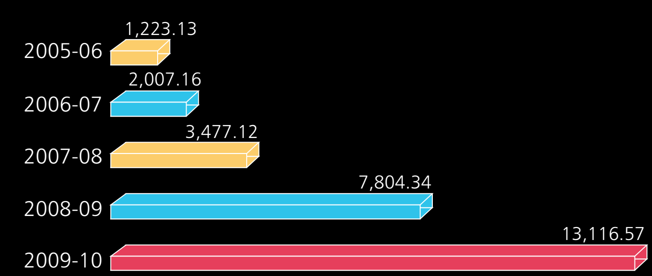
PAT (₹ in lac)



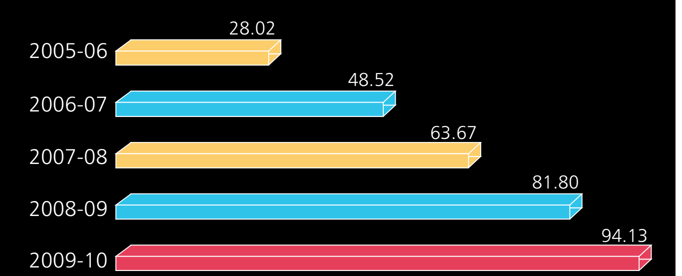
Production (tonnes)



Gross block (₹ in lac)



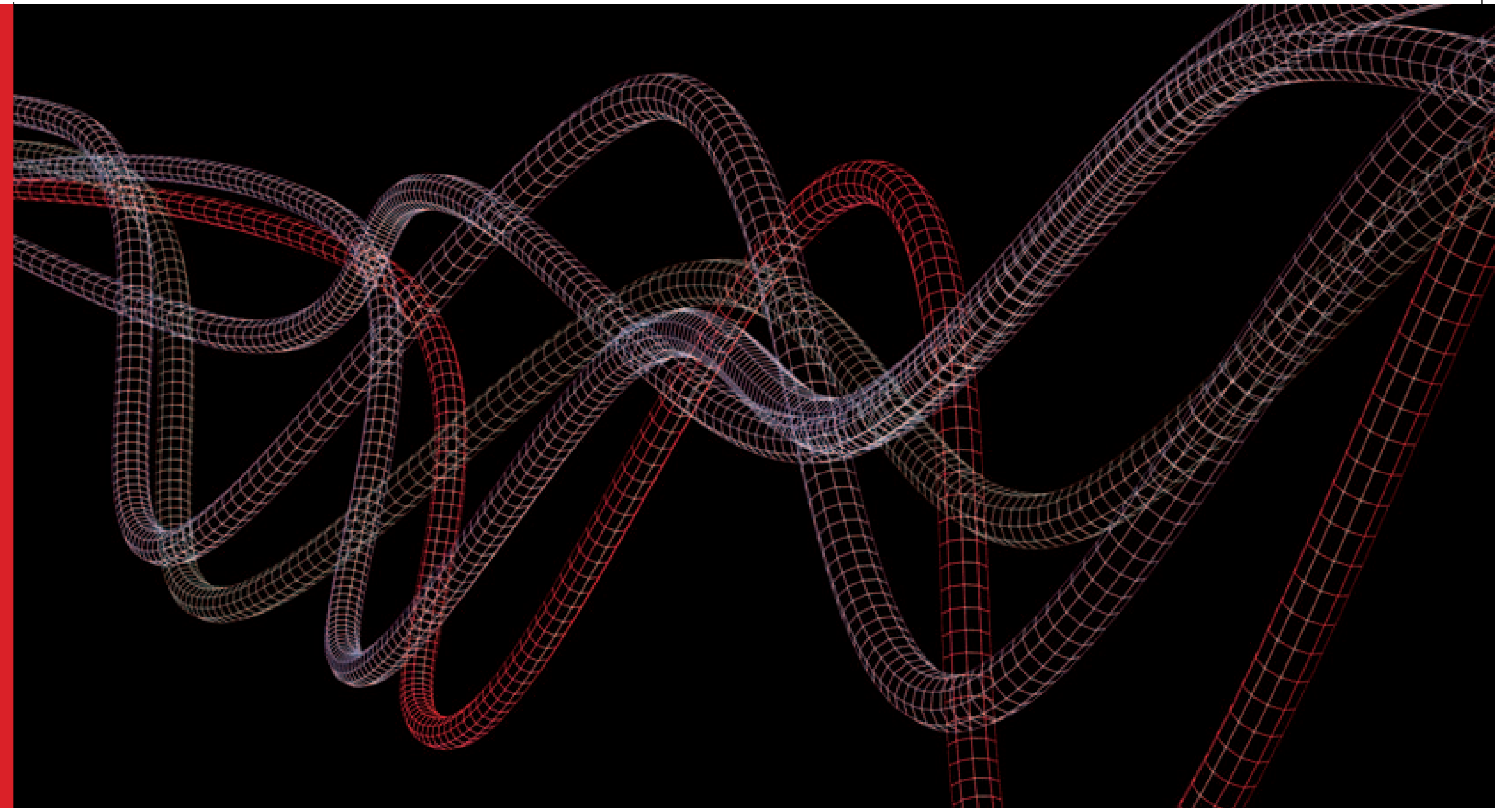
Book Value (₹)



Q&A

"A combination of acquisition, expansion, retailisation and value-addition will strengthen our growth from here to a projected revenue of ₹1,500 crore in 2011-12."

Sanjay Gupta, Managing Director, explains the Company's strategy



Q. What is your opening observation following 25 years in business?

A. Our journey of 25 years was challenging, exciting and rewarding, resulting in a turnover of ₹624.87 crore in 2009-10. What pleases me is that we acquired, expanded, innovated and extended our industry presence. We enjoy respect for pioneering and leading the pre-galvanised tube space and for propelling the growth of the hollow section space within India, with a growing presence across a number of sectors of national importance. The result is that we are considered a proxy of modern India.

Q. The Company had a good year in 2009-10. Where does it go from here?

A. There are some important strategic initiatives that we have embarked upon with the objective to grow our scale and enhance shareholder value:

- **Acquisition:** We have demonstrated that there is considerable value that can be leveraged from the acquisition and subsequent turnaround of a losing unit as it saves time and cost, resulting in a superior return on employed capital. We did this through the acquisition and turnaround of Shree Lakshmi Metal Udyog Ltd. which facilitated our entry into South India. We feel that this is just the right strategy to enter West India and we expect to conclude an acquisition in this regard during the current financial year.

- **Expansion:** We commissioned operations at the state-of-the-art Hosur plant to cater to the growing demand from the South Indian market. This plant doubled our installed capacity and graduated us to the position of the largest steel tube producer of the segment. The facility was invested with world-class technology and infrastructure, expected to result in the manufacture of several products catering to emerging applications across new-age airports, metro networks, green houses and conveyor systems, among others.

- **Retail:** For years, we have marketed products through dealer networks and directly to institutional clients. We feel that it is time to create a retail marketing outlet to showcase our products, educate consumers, understand their needs and market directly. This will do more than just widen our margins: it will enable us to gain a better understanding of market-place realities, resulting in quicker strategic response.

- **Value-addition:** The time has come for us to make a decision to shift towards value-added products. This is important for two reasons – it will help derisk our product mix from cut-throat competition during industry downtrends and it will strengthen margins (and hence, our corporate brand), which we feel will inevitably translate into a stronger discounting on the stock markets and enhance shareholder value. We grew the proportion of value-added products in our product mix significantly in the last few years and we expect to raise this further.

Q. What is happening on the demand side for the Company?

A. The Company is passing through a phase of significant demand growth. The country is witnessing a metro-rail boom following its success in Kolkata and New Delhi; the Company's products are used extensively in such stations and we have enjoyed attractive demand coming out of just one project (DMRC), which augurs well for a time when more such projects are commissioned across the country. The automobile sector in India is perhaps the fastest growing in the world, growing significantly higher than the international average, which will widen the offtake of low-floor buses where our products are used intensively. With increasing per capita disposable income, demand for our products is gaining momentum in new sectors like airports, green houses and conveyer systems, among others. There are a number of sectors like these and their sustained growth is likely to widen the market for our products. Additionally, being from an organised sector with a high visibility is likely to enhance our offtake and market share faster than that of our competitors.

Q. How does the Company expect to enhance shareholder value?

A. At APL Apollo, we expect to enhance shareholder value through the following realities:

- **Increase in scale:** Following the commissioning of our Hosur plant, our installed capacity will have increased to 4,00,000 TPA. This will mean growth during the current financial year and in 2011-12, when the full impact of the expansion will be reflected in the financials. As a result, we expect to report attractive growth right into 2011-12 based on investments already made in our business.

- **Dividend:** To celebrate our 25 years of existence, we expect to declare an interim dividend at the rate of 10% during every quarter in our 25th year (from February 2010 to January 2011).

- **Increase in margins:** As a value-driven organisation, we consider it imperative to enhance margins. I expect that we should be able to add 100 bps to our EBIDTA margins in the current financial year based on a product mix evolving towards value-added varieties like pre-galvanised tubes and hollow sections – economies of scale. In this regard, it would be relevant to indicate that our retail revenues will enjoy a 100-150 bps increase in margins and it will be our endeavour to enhance the retail proportion of our revenues from 10% in 2010-11 to a projected 18% in 2011-12.

- We feel that an increase in return on employed capital and margins will be derived through the acquisition of losing assets, investment in cutting-edge technologies, higher productivity and asset turnaround.

This is what makes our story exciting. *Scale.*

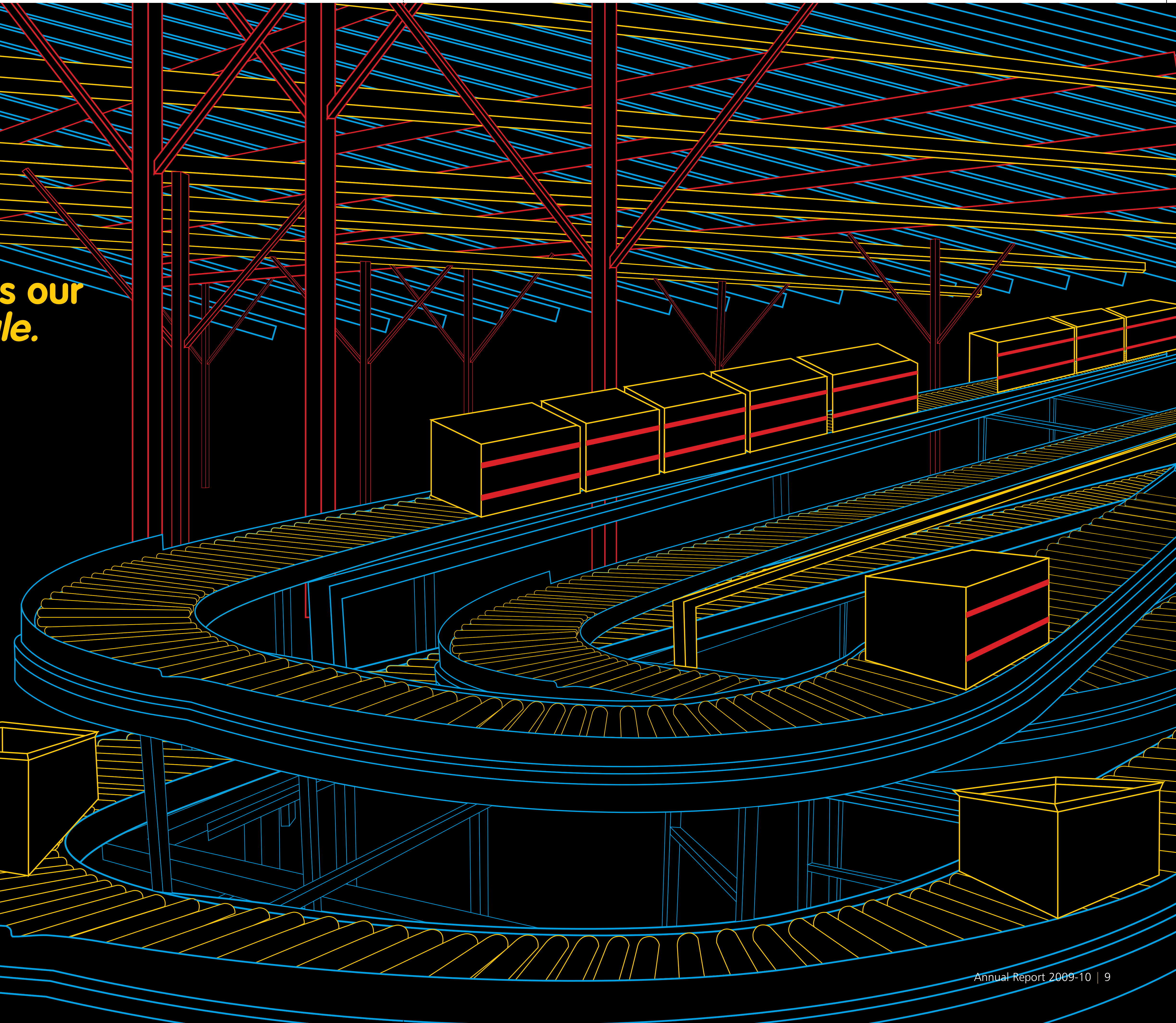
WE WERE A 80,000 TPA ERW TUBE MANUFACTURING COMPANY THREE YEARS AGO. WE ARE A 400,000 TPA COMPANY TODAY.

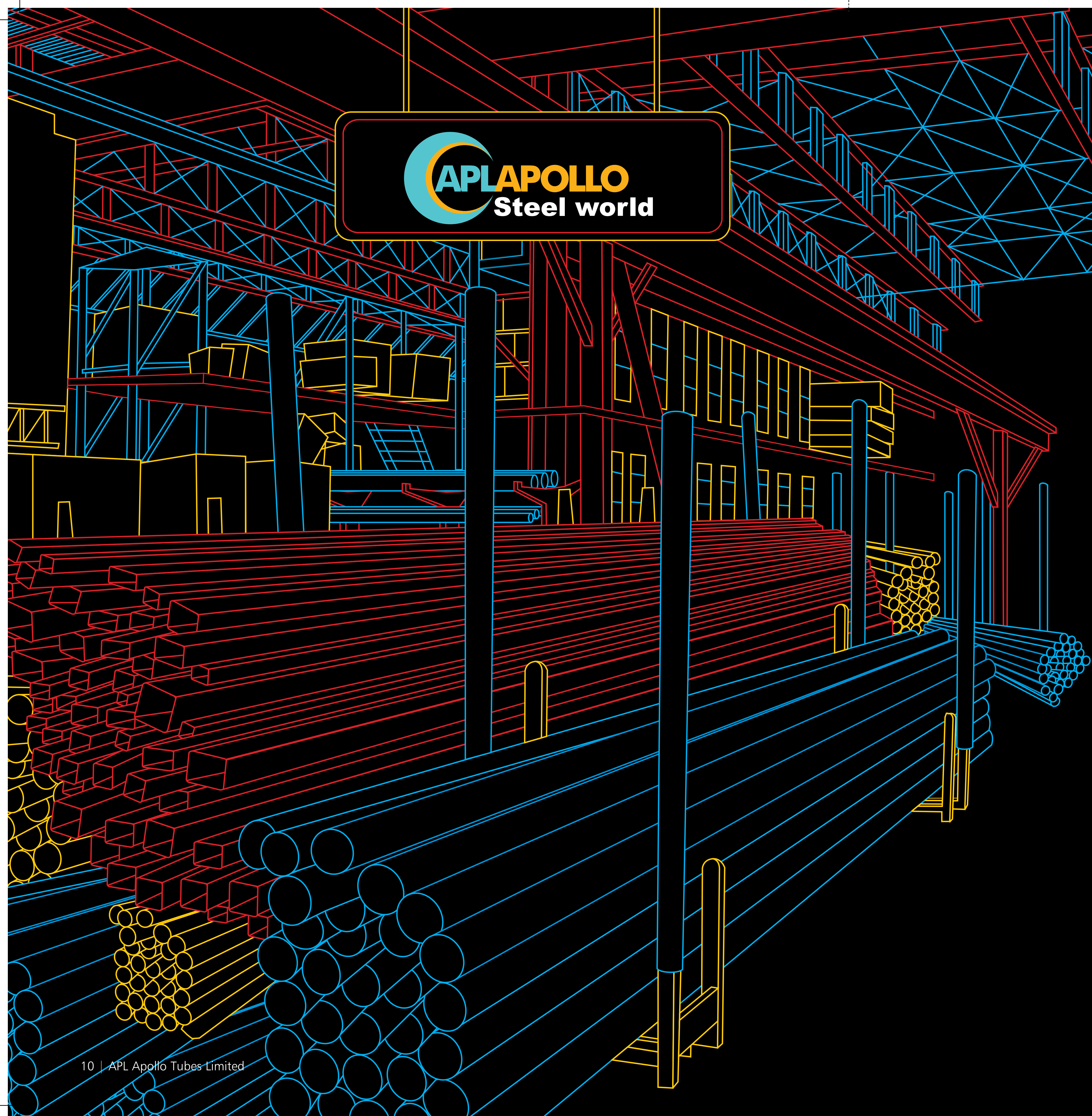
This rapid investment in scale was owing to an overriding conviction: that when India's economic growth rebounded, there should be adequate tube capacity to cater to growing demand.

The Company did something more than just scale capacity: it identified opportunities in emerging markets and established a base in southern India. To expand its presence, the Company is extending from the North and South to West India, augmenting its capacities.

This prudent dispersal of production capacity did two things: it replaced the need to transfer material across India, cutting down logistic costs and transit times. It brought the Company and customers closer, optimising operations.

Result: a more competitive supplier on one hand (us) and delighted customers on the other.





This is what makes our story exciting. *Retail.*

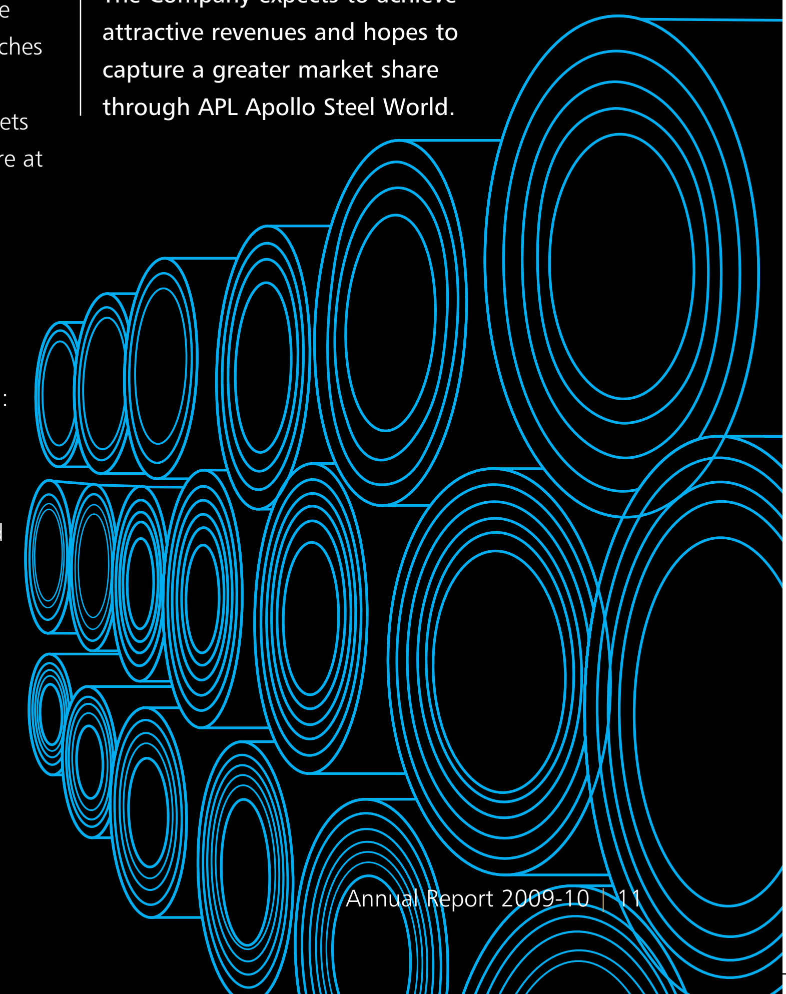
CONVENTIONALLY IN OUR BUSINESS, MUCH OF THE MATERIAL IS MARKETED TO DEALERS WHO IN TURN MARKET OUR PRODUCTS TO END CUSTOMERS.

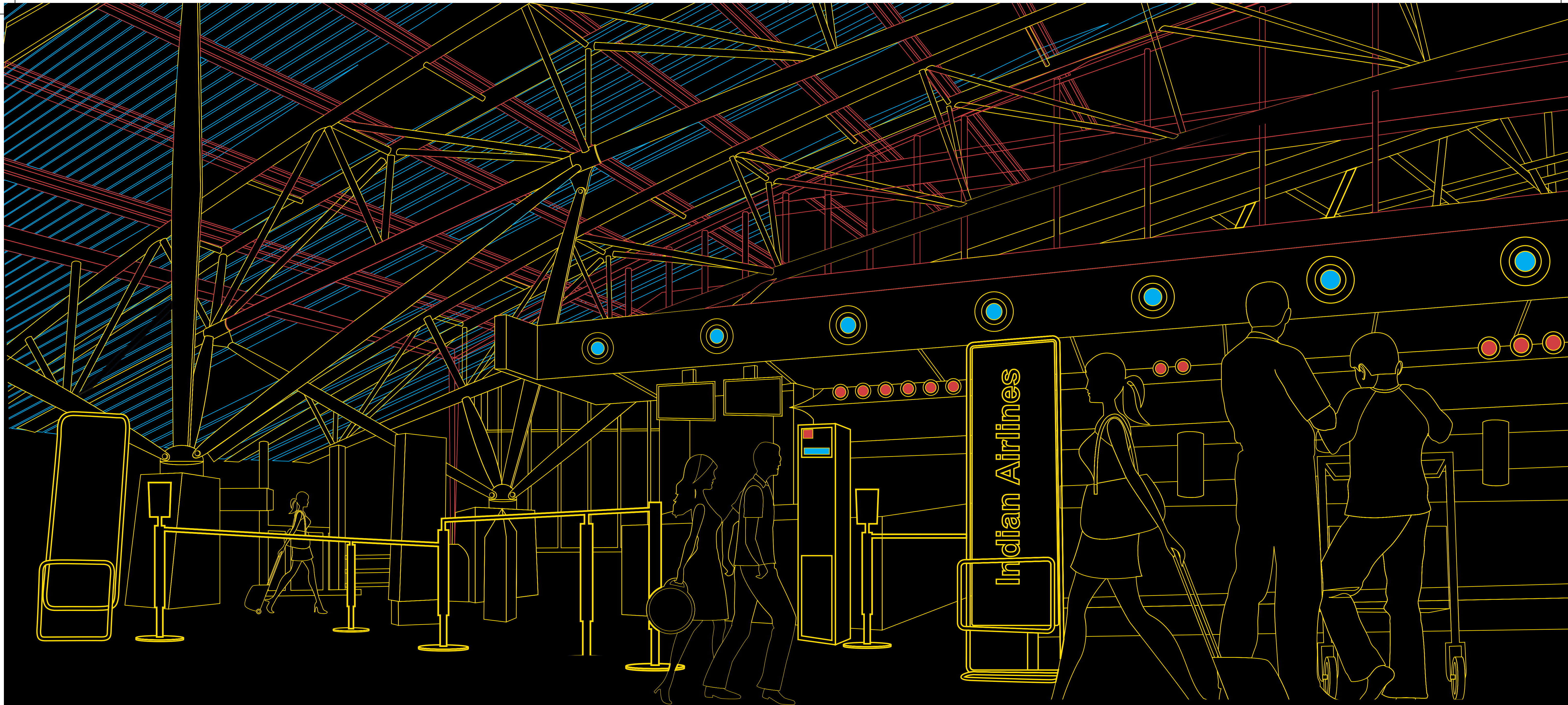
What makes our story compelling is that in view of the explosive demand growth taking place in some of our downstream sectors, we decided to reinforce this dealer-led marketing model with direct sales. We did so through the institution of our APL Apollo Steel World retail chain. We transformed our five existing branches at Ghaziabad, Gurgaon, Jaipur, Ludhiana and Pune into retail outlets and are planning to open five more at Ahmedabad, Bengaluru, Chennai, Hyderabad and Kochi, creating a robust direct servicing and selling network.

The advantages of going direct to consumers comprise the following:

- An ability to service emerging demand closer and quicker
- The provision of continuous and contiguous back-office support to dealers and end-users
- Direct access to marketplace realities leading to informed decision-making
- Cash and carry terms of trade, shrinking receivables
- Better capture of the value chain from raw material to retail

The Company expects to achieve attractive revenues and hopes to capture a greater market share through APL Apollo Steel World.





This is what makes our story exciting. *Product mix.*

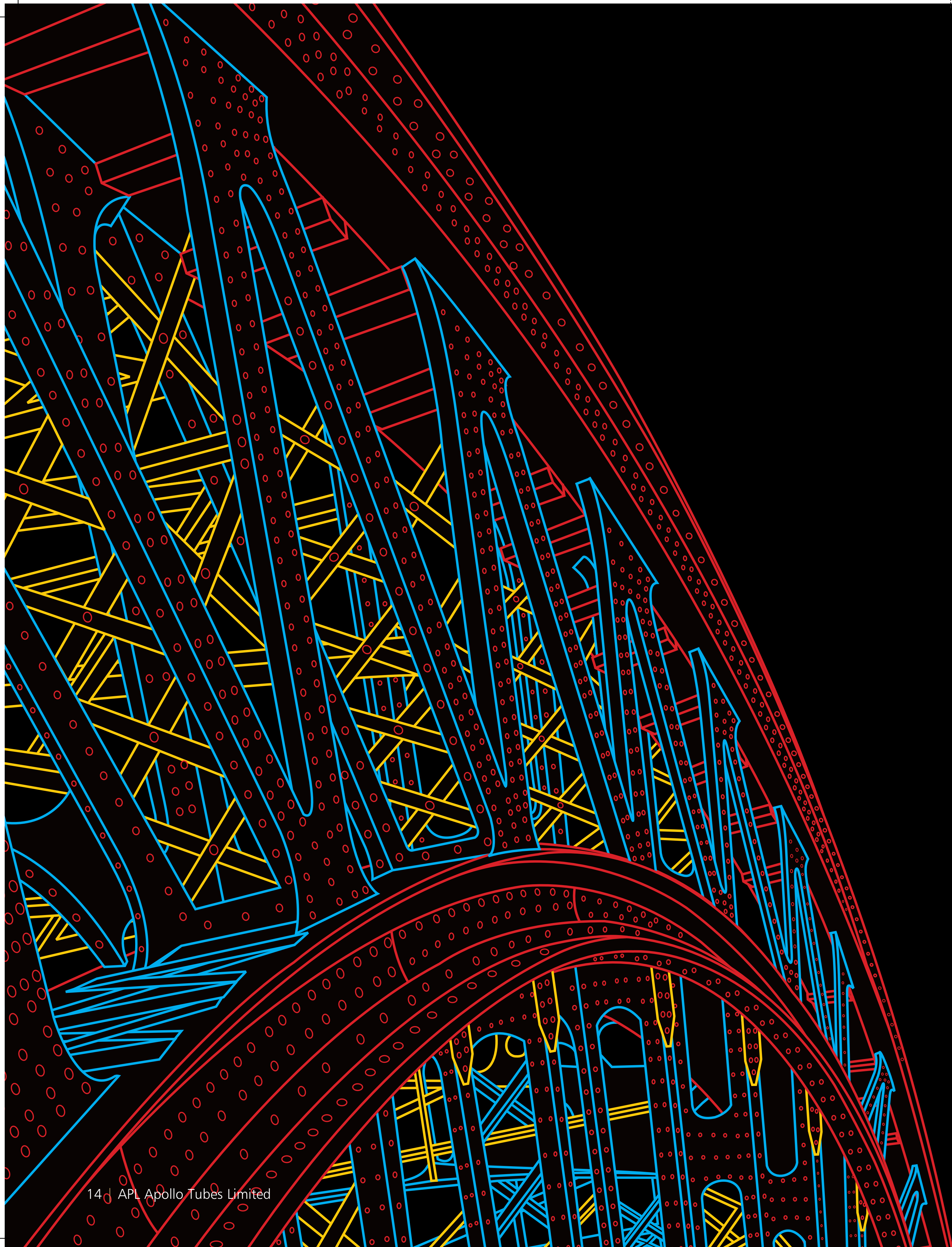
WE WERE ONE OF A NUMBER OF MANUFACTURERS OF CONVENTIONAL STEEL TUBES IN INDIA WITH DOWNSTREAM APPLICATIONS IN THE PLUMBING, IRRIGATION AND ENGINEERING SECTORS NOT TOO LONG AGO. WE ARE A SIGNIFICANT PLAYER IN THE HOLLOW SECTIONS SEGMENT TODAY, CATERING TO NEW-AGE APPLICATIONS IN THE TELECOM, RENEWABLE ENERGY, AIRPORT, POWER, INFRASTRUCTURE, PRE-FABRICATION AND URBAN TRANSPORT SECTORS.

This is what helped strengthen our competitive edge in the area of hollow sections:

- Rapid capacity growth from 80,000 TPA in 2007 to 4,00,000 TPA in 2010
- Over 10 production lines, able to produce the largest range of hollow sections in all variants (black, galavanised and pre-galvanised), in a shorter time for specialised needs
- An ability to provide customers with a diverse product basket ranging from 19x19 mm to 250x250 mm square hollow sections and 40x20 mm to 300x200 mm rectangular hollow sections with multiple options regarding thicknesses.

The result is that our increased supply helped catalyse hollow section demand, resulting in a higher indigenous content in new-age Indian products like airports, malls, metro stations, low floor buses, amusement parks, playground equipment, trolleys, pedestrian walkovers, footbridges and sports galleries, among others. Nowadays, hollow sections are preferred in new-age architectures as they possess more strength and robustness and are used as visible construction elements in structural steel projects, enhancing aesthetics.

Result: the proportion of revenue derived from hollow sections and pre-galvanised tubes shall continue to increase year over year.



This is what makes our story exciting. *Value-addition.*

WE WERE A CONVENTIONAL STEEL PIPE MANUFACTURER ONCE; WE ARE A MOST EXCITING INFRASTRUCTURE-SUPPORTING COMPANY TODAY, WITH A LARGE PRODUCT OFFERING COMPRISING PRE-GALVANISED AND HOLLOW SECTIONS, AMONG OTHERS.

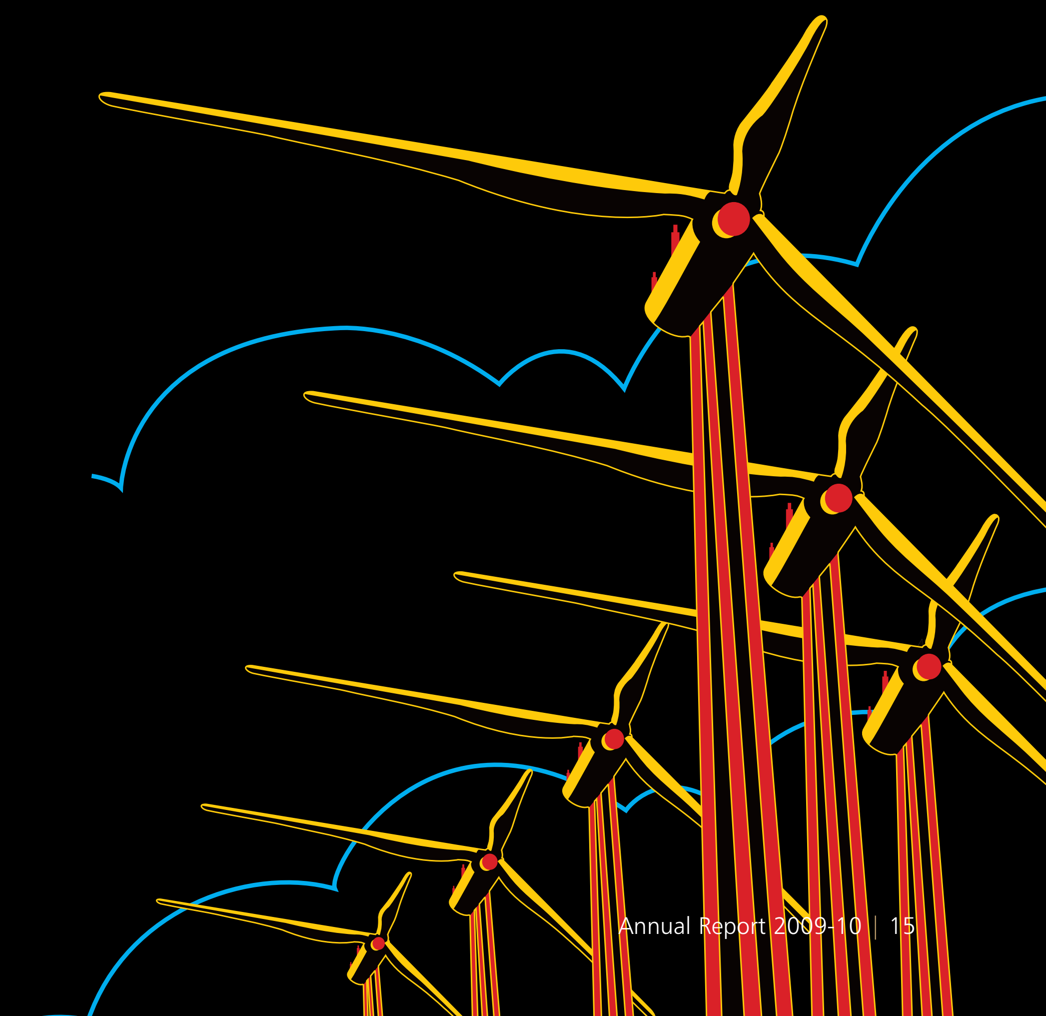
This transition was made through timely foresight – that an increasing number of large and public structures in India being created differently in response to the growing need for style and strength would need a larger proportion of specialised tubes and hollow sections.

We did something daring – we pioneered the graduation from conventional galvanised products to pre-galvanised tubes and hollow sections, resulting in a larger product offering with correspondingly greater value for our consumers and ourselves.

We registered more than 100% growth in the sales volume of pre-galvanised products every year, indicating that our products were well received by customers across pricing, quality and customisation.

Increased product sale is being driven by quality, branding and concept sale. Moreover, the Company's ability to customise the zinc proportion in the final product as per the customers' precise requirement helped enhance value proposition. The Company has in-house sheet galvanisation facilities of 24,000 MTPA installed capacity, and an equal capacity is expected to be added in 2010-11.

The proportion of value-added products increased significantly in last five years.



This is what makes our story exciting. *Range.*

THERE WAS A TIME NOT TOO LONG AGO WHEN WE POSSESSED A LIMITED CAPACITY TO MANUFACTURE A LIMITED NUMBER OF PRODUCTS WITH LIMITED RESOURCES.

We entered a virtuous cycle through the following initiatives:

- We widened our product range in terms of greater outer diameter and higher thickness spreading our manufacturing facilities across India. We are the only player to dominate all four segments – ERW black, galvanised, pre-galvanised tubes and hollow sections.
- We expanded via organic and inorganic routes, augmented installed capacities of existing plants, acquired subsidiaries and made them profit-spinning ventures in almost no time, commissioned a world-class plant in record time and also penetrated deeper into new geographies.

We penetrated new and emerging markets, applications and industries, broadening our clientele. Today we provide solutions for each and every aspect of daily life with products for every sector of emerging economy.

Result: we are considered reliable suppliers for the entire spectrum of steel tube end users and enjoy a leading market position for our distinguished products.

Numbers on infrastructure

20.56
₹ trillion – projected investment in infrastructure for the Eleventh Plan

41
₹ trillion – projected investment in infrastructure for the Twelfth Plan

650
US$ million – size of India's construction market by 2020

11
% GDP invested in infrastructure

1,73,552
₹ crore – infrastructure development allotment in the Union Budget 2010-11, over 46% of the total Plan allocation

290
₹ billion – projected investment in airport infrastructure between 2009-10 and 2013-14

700-900
Million sq. mtrs – commercial and residential space required to be built every year

25.22
% – increase in oil and gas demand from 2009-10 to 2011-12

20
% – annual growth of passenger and cargo traffic at the airports

1,59,398.49
MW – Installed capacity in power sector

6.5
% – growth in the Indian construction sector (housing, infrastructure, industrial and commercial) in 2009-10 against 5.9% in 2008-09

1.01
US$ billion – likely to be spent by the Airports Authority of India in the modernisation of non-metro airports in 2010-11

1,29,707
Km – new rural roads targeted to be constructed during the Eleventh Plan

590
Million – the size of people living in urban India, twice the population of the United States

25,000
Km – rail lines targeted to be complete by 2010

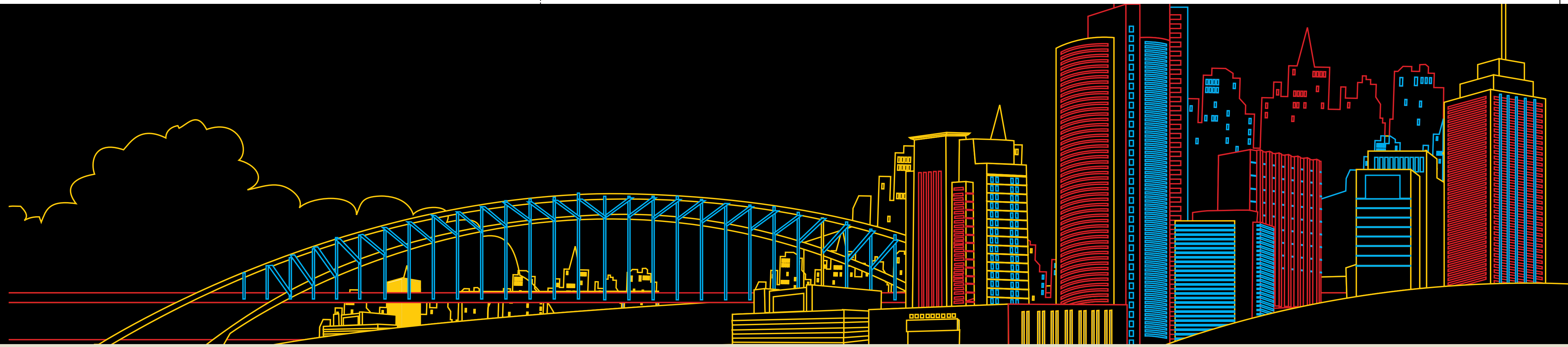
9
% - CAGR expected in infrastructure construction investments over the next three years

100
US$ billion – investment required for a thousand aircrafts over the next two decades

8-9%
CAGR – expected growth of India's steel pipe production across 2008-09 to 2013-14

25-30
Million – subscribers for 3G phones expected by 2012

Product analysis



Hollow sections

23.64% by value of the turnover, 2009-10

Hollow sections are fast emerging as a preferred alternative for rolled products like angles, channels and beams, among others, as they possess a higher tensile capacity owing to concentric connection, increased compressive strength because of a higher radius of gyration, multi-fold tensional capacity and superior fire-resistance. Customers are increasingly using hollow sections to save around 15% of costs.

Rectangular and square hollow-sections find use in residential, commercial and industrial constructions, amusement parks and playground equipment, signage, leisure equipment, road furniture, transport industries, mechanical, heavy engineering, mining and resources, process engineering, material handling and agricultural, among others.

Rectangular and square hollow sections are manufactured in high-speed tube mills, designed around technology provided by Kusakabe, Japan, world leaders in welded tube-making technology. The product thickness ranges from 1.60 mm to 8 mm and the products conform to IS 4923, ASTM 500 (Grade A,B,C,D), EN 10219, S235, 275, 365, YST 210, 240, 310. The Company customises product size and thickness in the higher grades as per customer requirements.

At APL Apollo, hollow sections command several techno-economic advantages over conventional structurals:

- The raw materials are sourced from SAIL and JSW Steel's state-of-the art hot strip mills, which manufacture hot rolled coils comparable with the best in the world.
- The superior material distribution around the axis of hollow sections exhibit superior strength and a decisive advantage in application technology.
- The products possess a higher strength-to-weight ratio, resulting in a steel saving up to 30%.
- The product smoothness and uniformity minimise corrosion, facilitating easy fabrication.
- The product possesses superior aesthetics.

Highlights, 2009-10

- The Company's sales (by volume) of hollow sections increased 51.89% from 26,226 MT in 2008-09 to 39,836 MT.
- The Company's sales (by value) of hollow sections increased 36.63% from ₹10,018.54 lac in 2008-09 to ₹13,688.81 lac.
- The Company's average sales realisations stood at ₹34,360 per MT against ₹38,200 MT in 2008-09.
- The Company commenced the manufacture of 250x250 mm (square) and 300x200 mm (rectangular) hollow sections.

Pre-galvanised tubes

18.16% by value of the turnover, 2009-10

APL Apollo is the only organised player in India to manufacture pre-galvanised tubes. In the absence of credible organised players, the Company enjoys a domestic monopoly and also exports to Africa, Trinidad and Tobago, Barbados, Jamaica and Sri Lanka, among others.

The Company commenced pre-galvanised tube manufacture in 2003. The product finds applications in fencing, cabling, electrical conduits, arches and sheds for nursery plants and greenhouse structures. The Company's product range comprises various sizes (½ inch to 4 inches, with thickness 0.8 mm to 2 mm). The Company acquired Apollo Metalex Pvt. Ltd as a backward integration initiative (24,000-MTPA sheet galvanising capacity) complemented by the single largest capacity of pre-galvanised pipes and tubes in northern India.

APL Apollo supplies pre-galvanised tubes to various industrial projects. The Company specialises in fencing tubes and pipes and entered into agreements with telecom companies to service their growing demand.

Highlights, 2009-10

- The Company's sales (by volume) of pre-galvanised tubes increased 47.78% from 18,126 MT in 2008-09 to 26,786MT
- The Company's sales (by value) of pre-galvanised tubes increased 29.16% from ₹81,38.70 lac in 2008-09 to ₹10,512.16 lac
- The Company's average sales realisations stood at ₹39,250 per MT in 2009-10 against ₹44,900 MT in 2008-09.

Tube/pipe type: Hollow section

Size: 19x19-250x250 mm square, 40x20-300x200 mm rectangular

End user/use: Infrastructure, metro, airports, stadiums, prefab and industrial applications

Major clients: Reliance, L&T, Suzlon, Jubilant, Gammon India, Adani, Sintex, Electrotherm, Airports Authority of India, Delhi Metro Rail, Triveni Engineering, Parsvanath Developers and Moser Baer, among others.

Tube/pipe type: Pre-galvanised

Size: 21 mm to 114 mm outer diameter

End user/use: Fencing, cabling and ducting, automotive (bus body) and green houses

Major clients: India – Tata Marcopolo, Ashok Leyland and Jain Irrigation, among others

Global market – the US, Colombia, Nigeria, Europe, Ireland and Germany and Middle East, among others.

Galvanised tubes

37.77% by value of the turnover, 2009-10

Galvanised tubes are pre-manufactured steel tubes coated with zinc, a protection from the elements, corrosion and rust. This makes galvanised steel tubes ideal in fluid transportation.

Highlights, 2009-10

- The Company's sales (by volume) of galvanised tubes increased 22.12% from 44,583 MT in 2008-09 to 54,443 MT
- The Company's sales (by value) of galvanised tubes increased 9.02% from ₹20,285.51 lac in 2008-09 to ₹22,160.11 lac in 2009-10.
- The Company's average sales realisations stood at ₹39,880 per MT against ₹45,500 per MT in 2008-09

MS black tubes

20.71% by value of the turnover, 2009-10

The Company is one of the largest manufacturers of MS black tubes (0.5 inch to 12 inches) in India. These tubes are coated with protective oil or a black lacquer base. The tubes are rust-proof and require low maintenance.

These tubes are utilised for gas distribution inside and outside the house, hot water circular circulation in boiler systems, fire fighting, scaffolding and power transmission, among others. The thickness of the tube ranges from 1.50 mm to 8 mm and covers various ISI specifications including IS: 1239-Part I, 1161, 3589, 4270, 3601 and 9295. Additionally, tubes are also rolled as per the American and British Standards – BS:1175, 1387 & 1775, BS/EN:39, DIN 2439, 2440, 2441 and 2444, ASTM: 53, 135, 795 (Grade A,B) and EN 10255, S195 covering all available steel grades.

Highlights, 2009-10

- The Company's sales (by volume) of MS black tubes increased 35.17% from 26,277 MT in 2008-09 to 35,519 MT.
- The Company's sales (by value) of MS black tubes increased 20.70% from ₹9,933.06 lac in 2008-09 to ₹11,989.19 lac
- The Company's average sales realisations stood at ₹33,750 per MT in 2009-10 against ₹37,800 MT in 2008-09.

Tube/pipe type: Galvanised

Size: 21 mm to 219.1 mm outer diameter

End user/use: Water, gas, oil transportation and fire fighting and irrigation

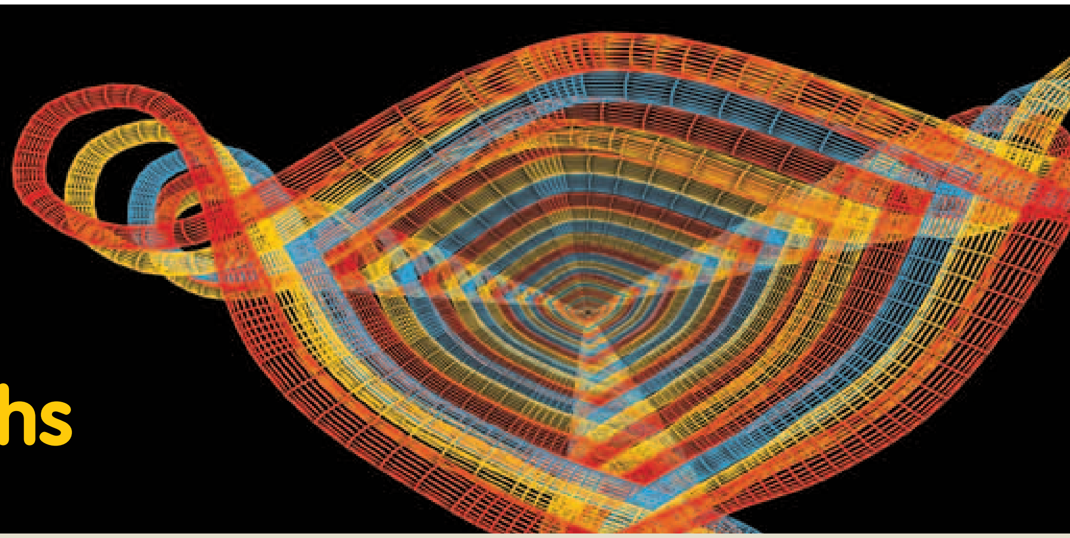
Major clients: BHEL, HPCL, BSNL, EIL, Mecon, Indraprastha Gas, Firepro, Gujarat Gas State Agricultural Department and Water Utilities and UP Jal Nigam, among others.

Tube/pipe type: MS black tubes

Size: 12.07 mm to 323.90 mm outer diameter

End user/use: Fire fighting, conveyor systems, scaffolding, transmission towers, power projects and industrial uses

Major clients: Delhi Metro Rail, NTPC, Nicco, Bajaj Hindustan, Turbo Scaffolding, municipal corporations, L&T, BPCL, Airtel, B L Kashyap, Navayuga, Simplex Infra and Era, among others.



Our strengths

1 Turnaround capability

The Company turned around the losing Shri Lakshmi Metal Udyog Limited within eight months of acquisition in 2008. Since January 2009, the unit is operating at almost 100% capacity utilisation.

2 Footprint

The Company's manufacturing units in North India (Sikandarabad, UP) and South India (Bangalore and Hosur), are proximate to sources of HR coils, saving transportation costs.The Company has a direct marketing presence in 15 Indian states and an international presence in 35 countries.

3 Technology

The Company invested in the latest technology tube mills and other equipment from technology leader Kusakabe, Japan, based on world-class technology

4 Capacity

The Company's installed capacity is 4,00,000 MTPA (including subsidiaries) following the completion of our Hosur facilities. The Company is looking to add another facility of 200,000 MTPA in the western part of India.

5 Value-addition

The Company's proportion of revenues from value-added products is increasing significantly every year. The Company pioneered the manufacture of pre-galvanised tubes in India and is the only organised manufacturer today.

6 Market creating capability

The Company five-folded the sale of steel tubes in South India following the acquisition of the Bangalore-based Shri Lakshmi Metal Udyog Ltd and implementation of the greenfield project at Hosur, helping widen the market in that zone.

7 Product range

The Company provides a wide product range comprising ERW black, galvanised, pre-galvanised tubes and hollow sections with multiple downstream applications.

8 Clientele

The Company's clients comprise brands like EIL, Mecon, BPCL, L&T, metro railways (Delhi, Mumbai, Chennai and Hyderabad), Simplex Infrastructure, Suzlon, Jubilant, Gammon India, Moser Baer, Afcons, Firepro, Ashok Leyland, Tata Marco Polo, AGCL, BHEL Airports, Gujarat Gas, Mundra SEZ, IRCON and Airports Authority of India, among others.

9 Robust financials

The Company enjoyed a gearing of 0.039, ROANW of 16.68% and ROACE of 15.97% in 2009-10.

10 Certifications

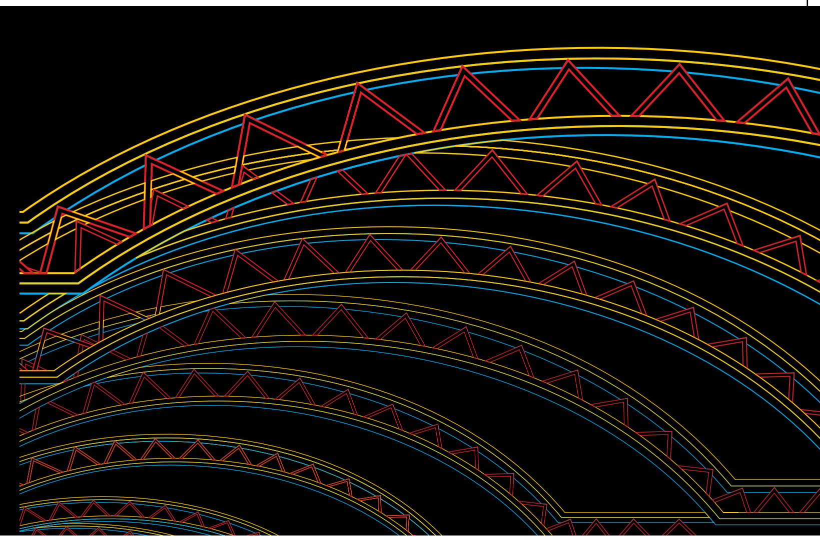
The Company's products were certified by reputed international agencies like SGS (France), Underwriters' Laboratories (USA) and CE (Europe); it received the Recognised Export House status and enjoys ISO 9001:2008, ISO14001: 2004 and OHSAS 18001:2007 certification. Additionally, all its products are BIS-marked.

11 Backward integration

The Company has an in-sheet galvanising facility (through its wholly-owned subsidiary Apollo Metalex), and shall have a similar facility at Hosur soon. Pre-galvanised coils are a raw material for manufacturing pre-galvanised tubes and hollow sections.

12 Retail presence

The Company entered the retail segment with 10 outlets across India and expects revenues derived from this segment to increase significantly.

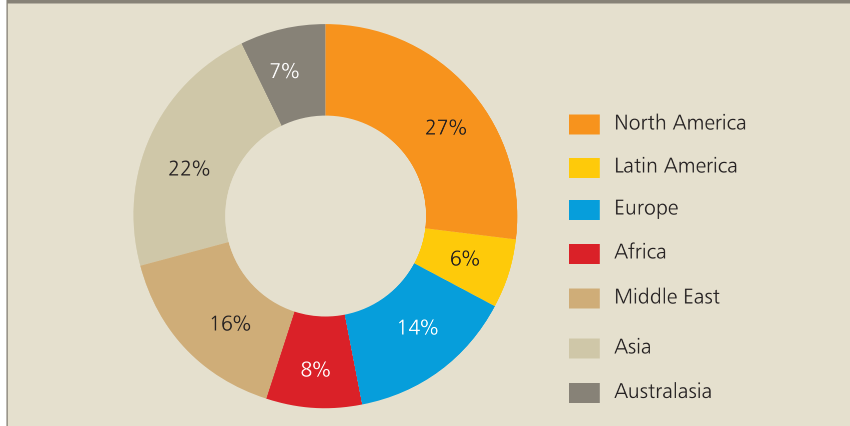


Management discussion and analysis

Global economic overview

After the sharp, broad and synchronised global downturn in late 2008 and early 2009, global economies declined in 2009. Global growth is expected to rebound to 3.9% in 2010 and 4.3% in 2011 *(Source: World Economic Outlook)* and 5.1% for developing countries in 2010 *(Source: Global Economic Prospects 2010 Report by World Bank)* on account of massive monetary and fiscal support, improvement in confidence and a strong recovery in emerging economies.

Share of expected pipe demand (on basis of total length) (Until 2014)



Source: Simdex, March 2010 Update, Unicon Research

Indian economic overview

The Indian economy grew from 6.7% in 2008-09 to 7.4% in 2009-10 following fiscal stimulus and monetary easing, improving global economy, enhanced risk appetite and large capital inflows. The economy registered a robust 8.6% growth in the last quarter while India's manufacturing output grew 10.8% in 2009-10 against 2.9% in 2008-09. IIP overall growth stood at 10.3% in 2009-10 (previous year 2.8%) *(Source: Central Statistical Organization)*.

Global industry overview

Pipe demand is dependent on oil and natural gas realisations and, in turn, exploration and transportation of oil and natural gas in India and the world. The result is that major global projects are likely to add over 3,24,301 km of pipelines by 2014, translating into a pipe demand of 65 mn tonnes and business opportunity of US$78 bn. It is expected that Asia will comprise about 92,085 km (US$22 bn) of pipelines, comprising 28% of the world's total pipe demand by 2014 *(Source: Simdex)*.

Global natural gas consumption is estimated to increase to 153 trillion cubic feet in 2030 based on an annual increment of 1.6% *(Source: EIA International Energy Outlook Report, 2009)*. This is expected to have a huge impetus for the world pipes industry, which is also expected to benefit from increased allocations of the World Bank and Asian Development Bank in countries needing drinking water and sanitation projects.

Indian industry overview

India is among the three leading manufacturers of large diameter pipes after Japan and Europe. The steel tube industry caters to the water, oil and gas networks *(Source: Indian Infrastructure magazine, March 2010)*. India is emerging as a major pipe exporter to the US, Europe and the Middle East. The penetration level of pipelines in the oil and gas transportation sector is a low 32% in India (around 13,517 km) as compared with 59% in the US, 75% in France and 79% globally.

India's pipe industry primarily comprises seamless or welded steel pipes/tubes and ferrous metal pipes/tube fittings manufacture, consuming 15-16% of the country's steel production. The pipe industry is expected to grow 20-25% in three-four years, expanding its user base beyond the construction, agriculture, oil and gas sectors *(Source: Business Standard, 2009)*.

The domestic and export demand for

steel pipes translated into robust industry growth. Oil, gas, water supply and sanitation constituted a significant portion of steel pipe demand. The sharp run in oil prices catalysed exploration and production (E&P) activity, increasing the demand for logistics infrastructure to transport oil and gas. The natural gas transportation infrastructure is around 10,800 km with a capacity to move 270 mn standard cubic meters of gas per day *(Source: The Hindu, March 2010)*. The local industry received a boost after the Government of India initiated a probe into the dumping of seamless pipes in India by Chinese players.

Outlook

The domestic pipe industry is expected to report strong growth owing to huge oil and gas, water supply and irrigation investments. The implementation of major pipelines is expected to add 7,450 km and 248 mmscmd of gas pipeline networks in two-three years to keep pace with the growing demand from consumption centres *(Source: The Hindu, March 2010)*. Besides, the Government of India is keen to develop the national gas grid, which aims to provide piped natural gas connections in 201 more cities by 2015. In response to this, India's steel pipe production is expected to grow at an 8-9% CAGR across 2008-09 to 2013-14 *(Source: HDFC Research)* owing to the following factors:

- Increased E&P activity (for offshore applications and transportation and growing demand for energy transportation) across the medium term
- Increased greenfield projects in Asia, Europe and Africa
- Enhanced replacement demand from the US and Russia
- Increased reliance on imported oil and gas
- Enhanced export requirements of North America

Demand drivers

The performance of the steel pipe industry is influenced by user industries like agriculture, telecom, automobiles, infrastructure, oil and gas, metal engineering cum fabrication and real estate, among others.

Agriculture

Agriculture supports two-thirds of the country's work force, constitutes 18.5% of the national income and 15% of exports *(Source: HDFC Securities Research)*. The government allocated ₹73 bn for Rajiv Gandhi Drinking Water Mission and ₹1,580 bn for irrigation facilities. The aggregate ₹1.19 bn allocation (2010-11) for the JNNURM and low percentage of (40% of 140 million hectares) cultivable land in India represent an attractive growth scope for the steel tube industry. According to the Union Budget 2010-11, the allocation of expenditure to water supply and sanitation is expected to increase by 39%, and in irrigation and flood control by 4.5%. JNNURM's 366 projects worth ₹436.11 billion pertaining to the water supply, sewerage, storm water drainage and solid waster management were approved *(Source: India Infrastructure magazine, February 2010)*. Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) received an approval for 738 water-related projects worth ₹117.74 billion *(Source: India Infrastructure magazine, February 2010)*.

Telecom

India's telecommunication market is one of the largest in the world with 581.81 million subscribers expected to increase to 700 million by 2012. India is the world's second-largest and fastest growing mobile market; the mobile subscriber base increased from 6.4 mn in March 2002 to around 421.8 mn in March 2010, at a CAGR of 68.8%. Indian telecom is among the most attractive sectors in India, with FDI inflows worth over US$8.8 billion between 2000 and 2010. Revenues from the telecom sector are expected to reach US$45 billion by 2012. Even after this unprecedented growth, India's mobile penetration stood at around 43-44% (January 2010), lower than in a number of countries. Broadband penetration in India is only 0.3%, compared with a world average of 6.1%. There are 8.03 million broadband users in India, expected to rise to 30 million by 2012, while internet subscribers are expected to grow to 45 million. There is a huge untapped demand in the rural market with a tele-density of only 16.61% compared with 95.05% in the urban market. The report titled 'India Telecom 2012 Study' says that by 2012, India will have about 25-30 million 3G subscribers. The target of reaching 700 million customers and 45% tele-density by 2012 seems achievable owing to friendly government policies, consistent GDP growth, increasing young population and profitable business models of telecom operators. Moreover, competition and access to consumers will also act as driving forces.

Automobile

The changing lifestyle and increasing disposable income of the middle-class raised the sale of passenger cars, two-wheelers and commercial vehicles by 26.41% in 2009-10. The Indian automotive industry's value is estimated between US$120.09 bn and US$155.12 bn by 2016 and is expected to touch the 10-million mark, catalysing the demand for steel tubes. The Automotive Mission Plan (AMP) 2006-2016 is targeting a US$145 bn sectoral investment, accounting for over 10% of the country's GDP.

Infrastructure

To accelerate the development of quality infrastructure – roads, ports, airports and railways, among others – ₹20,56,150 crore (US$514.04 bn) is likely to be invested in infrastructure under the Eleventh Plan (2007-12). In the Union Budget 2010-11, infrastructure development was allocated ₹1,73,552 crore (US$37.57 bn), 46% of the total Plan allocation. The Planning Commission targets a 10% growth rate with a ₹41-lac crore (US$1,025 bn) investment in infrastructure during the Twelfth Plan (2012-17), twice that of the Eleventh Plan *(Source: Business Standard)*. By 2020, the country's construction market is projected at around US$650 mn (5% of the world's total construction output), which will generate demand for long steel products at a CAGR of 8% in the next three years *(Source: HDFC Securities Research)*.

Oil and gas

The petroleum and natural gas sector (transportation, refining and marketing) constitutes over 15% of India's GDP. India, the world's fifth-largest refiner with a 3% share of the global capacity, is likely to boost refining capacity by 45% (65.3 MTPA) over the next five years *(Source: Deutsche Bank report)*. Oil and gas demand is likely to increase from 186.54 mn tonnes equivalent (mmtoe) in 2009-10 to 233.58 mmtoe in 2011-12 *(Source: Ministry of Petroleum)*. India's 16,000-km oil and gas pipeline network is among the smallest in the world whereas France (roughly one-sixth its size) has about 1,70,000 km pipelines and the US, 3,29,600 km. India's pipeline infrastructure currently has a gas supply capacity of 271 mmscmd, which is expected to nearly double in the next five years to a capacity of 500 mmscmd.

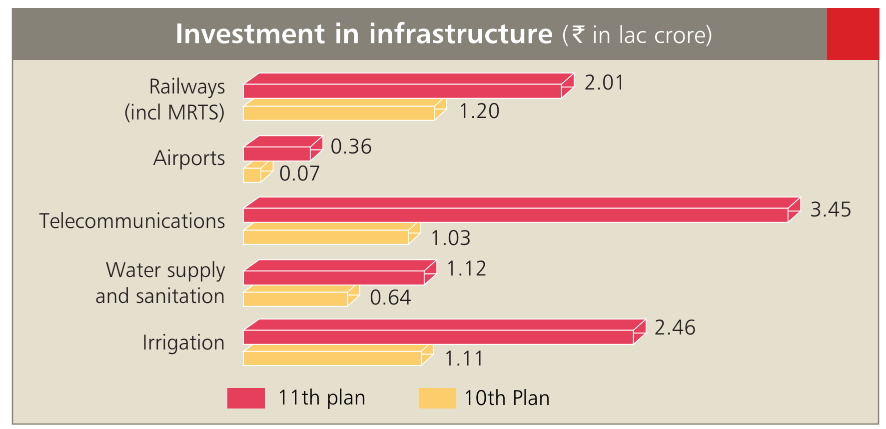
Pipe consumption in the oil and gas sector is expected to grow at 25% annually. Pipelines are considered the cheapest mode of oil product transportation, the cost per tonne being ₹1.30 compared with ₹2.20 by rail and ₹3.02 by road *(Source: SBICAP research report)*.

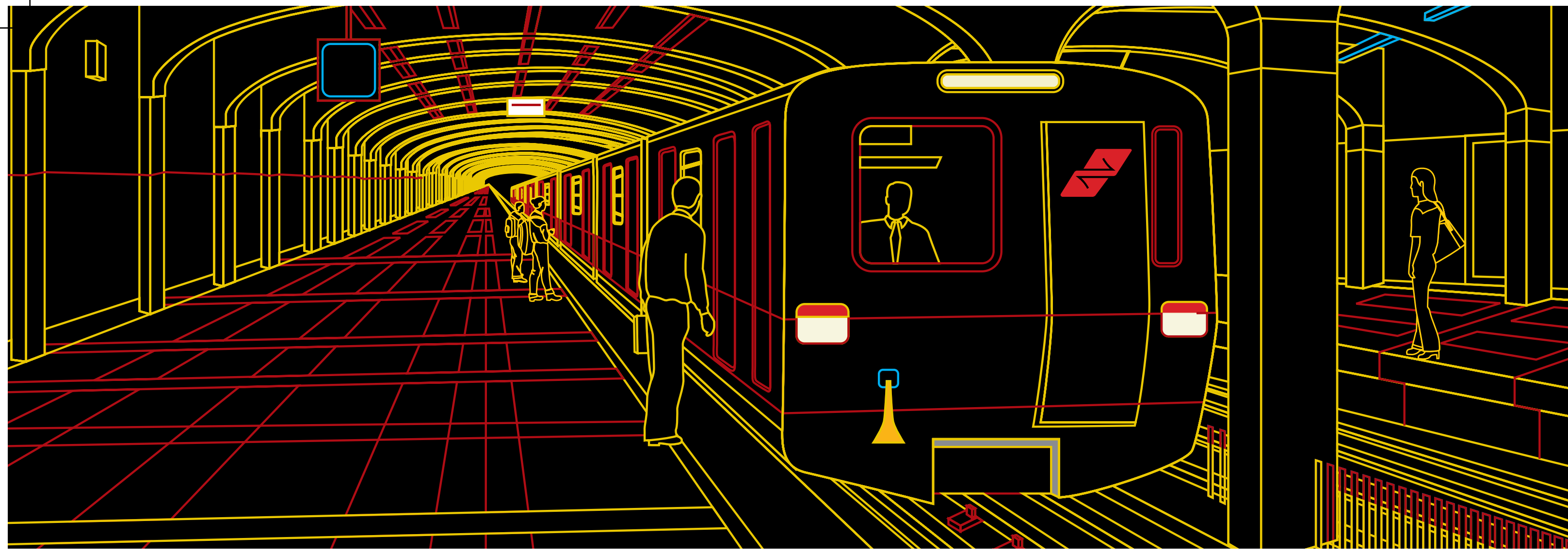
Airports

The Airports Authority of India (AAI) is set to spend over US$ 1.02 billion in 2010, towards the modernisation of non-metro airports. Additionally, 11 new greenfield airports were identified to reduce passenger load on existing airports. Investment opportunities of US$110 billion are being envisaged up to 2020 with US$80 billion towards new aircraft and US$30 billion towards the development of airport infrastructure, according to the Investment Commission of India. A ₹290-billion investment towards airport infrastructure was projected between 2009-10 and 2013-14 *(Source: CRISIL)*. Moreover, at 45 major airports, additional capacities of about 296.95 lac international and 1,035.74 lac domestic passengers would need to be created by 2011-12, as total projected international and domestic passengers would are 539.39 lac and 1,489.70 lac.

Metros

At Chennai, work on the extension of MRTS Phase II from Velachary to St. Thomas Mount is in progress and targeted for completion by March 2012. At Hyderabad, the project was approved in 2008 with a total length of 71 km covering 27 stations. At Bangalore, the project is estimated at ₹6,400 crore and is being financed through equal equity contribution of ₹959.25 crore each from Government of India and the State Government of Karnataka. At Mumbai, the objective is to provide rail-based mass transit connectivity, across areas not connected by the existing suburban rail system, with a projected length of 146.5 km at a total cost of ₹19,525 crore, to be completed in 2021. At Jaipur, the metro will have three corridors and a total of 29 stations, expected to be complete by 2013. In order to accommodate rising public trips, India will need to build at least 35 rail-based mass transit systems in top Tier 1 and Tier 2 cities sequenced over the next 20 years with a cumulative track length of over 8,400





km. India has signed an agreement worth ₹10,500 crore as official development assistance (ODA) from Japan, for the construction of a dedicated freight corridor and five MRTS projects *(Source: IBEF)*.

Real estate

The medium housing segment is expected to grow at a CAGR of 25%, and the luxury housing segment at 33% during 2009-13. The Indian real estate market is expected to grow at a CAGR of 15-16% over 2010-15.

Renewable energy

The Ministry of New and Renewable Energy (MNRE) is deliberating a draft national Renewable Energy Policy for India which proposes a national renewable portfolio standard (RPS) requiring 20% of Indian electricity to be derived from renewables by 2020. Even as renewable energy remains a small fraction of India's installed capacity, the country is blessed with over 150,000 MW of exploitable renewable potential. India ranked as the third-most attractive country to invest in the renewable energy after the USA and Germany *(Source: Ernst and Young Country Attractiveness Indices)*. The government proposed to increase the budgetary allocation (2010-11) for MNRE by 61% from ₹6.2 billion to ₹10 billion. As on March 31, 2010, renewable energy sources include small hydro projects (2,604.92 MW), biomass gasifier and biomass power, (2,167.73 MW), urban and industrial water power and solar (101.01 MW) and wind energy (10,647.45 MW), aggregating a total of 15,521.11 MW of power. The government established the National Clean Energy Fund (NCEF) for funding research and innovative projects in clean energy technologies.

Buses

The Central Government, under JNNURM, sanctioned the purchase of 15,260 buses for different cities in India for ₹4,723.94 crores. Out of 15,260 buses, low-floor buses constitute 800 to 1,000 units. For 2010-11, the government decided to modernise the DTC fleet by purchasing new low-floor air-conditioned and non-air conditioned buses before the Commonwealth Games 2010. Factoring JNNURM/STU orders, the bus segment is expected to grow at around 35%.

The growth in all these sectors will translate into increase demand for the Company's products.

Environment management

The Company's stringent environment policy complied with the directives issued by the Government of India, state governments and pollution control boards (PCBs). The Company is ISO 140001:2004 and OHSAS 18001:2007 certified.

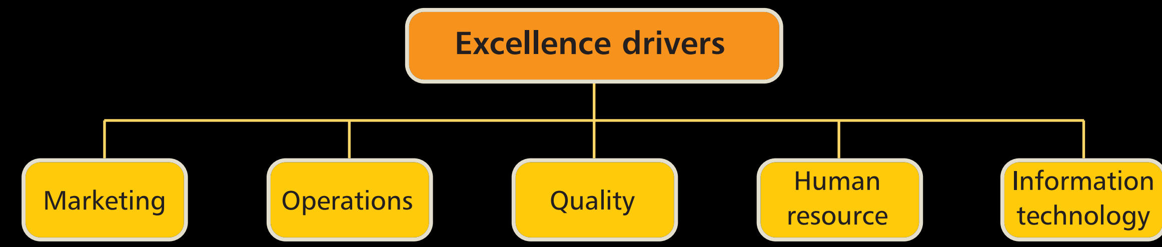
The Company's waste management initiatives include welding waste (end-cuttings of steel tubes) which is sold as scrap to mini-steel mills, where they are combined with molten steel for producing lower steel varieties. Besides, blowing ash, generated from galvanising zinc, is processed and oxides separated from zinc powder and marketed to brass manufacturers.

Internal control

The Company's institutionalised internal-control procedure encompassed financial and operating functions. It provided proper accounting control, monitoring operational efficiency and general economic trend, while protecting assets from unauthorised use or losses, and ensured reliability of financial and operational information. This facilitated the detection of fraud and irregularities.

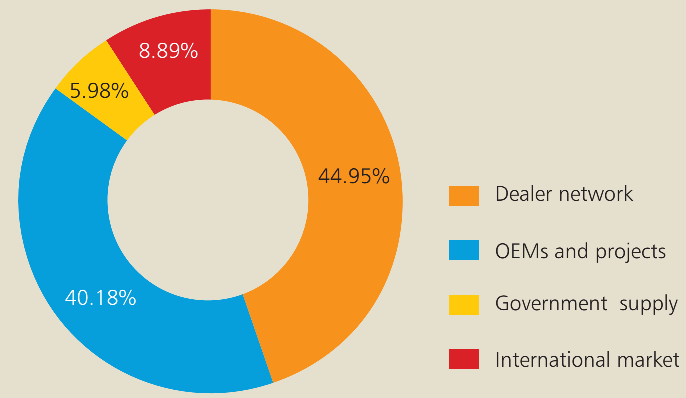
Internal control was designed to ensure that records – financial or others – were reliable for preparing financial statements and maintaining the accountability of assets. The Audit Committee comprising Independent Directors from the Board reviewed plans, significant audit findings, adequacy of internal controls and compliance with accounting standards.

Excellence drivers



Marketing

The Company has a strong infrastructure supporting tube and pipe play with a focus on value- added products like hollow sections and pre-galvanised tubes. The Company markets products through various segments including a dealer network (350 dealers and sub-dealers), original equipment manufacturers, projects, export, government contracts and rate contracts.



The 4 Ps of the Company

Product: The Company's product range comprises ERW black, galvanised and pre-galvanised tubes and hollow sections with the widest portfolio of variants. The Company is a competitive supplier of quality tubes for a variety of applications. The Company's multiple tube mills address diverse customer orders entailing shorter lead times. The Company increased the proportion of value-added products in its product mix enthusiastically. Over 150 agencies approved the Company's products, enhancing offtake.

Price: The Company has competitive prices for its products and has the ability to provide products as per the customers specific requirements, which resulting in the greater value for money for the customers.

Place: The Company has a wide presence in India with a strong base in North and South India, facilitated by a manufacturing presence across four locations, direct marketing presence in 15 states and a pan-India distribution network. The result: low logistic costs and timely product delivery. The Company's plant in Hosur (Tamil Nadu) is an initiative to make products available to South Indian clients faster and cheaper. The Company's prominent clients comprise EIL, Mecon, BPCL, L&T, Metros (Delhi, Mumbai, Chennai and Hyderabad), Simplex Infra, Suzlon, Jubilant, Gammon India, Moser Baer, Afcons, Firepro, Ashok Leyland, Tata Marco Polo, AGCL, BHEL Airports, Gujarat Gas, Mundra SEZ, IRCON, and Airports Authority of India, among others. The Company export to over 35 countries (the UK, Germany, Ireland, Sri Lanka, Trinidad & Tobago, Colombia, Nigeria, Dubai and some Middle East countries, among others) The Company's products were certified by reputed international agencies like SGS (France), Underwriters' Laboratories (USA) and CE (Europe); it received the Recognised Export House status and enjoyed ISO 9001:2008, ISO14001: 2004 and OHSAS 18001:2007 certification and its products were BIS marked.

Promotion: The Company markets products under the APL Apollo brand, a positioning that strengthened for the following initiatives:

- Positioned around the 'Tubes for every reason' catchline
- Invested ₹87 lac in promotion and publicity in 2009-10
- Organised dealers and plumber meets in various regions
- Ran a campaign for creating awareness among various industrial user
- Participated in a conference organised by the Fire and Security Association of India
- Participated in the International Tube Fair 2010 at Dusseldorf, Germany

Highlights, 2009-10

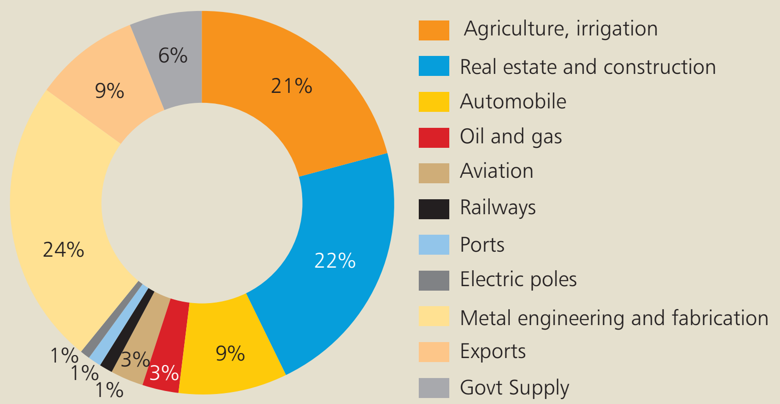
- Enjoyed a huge demand for pre-galvanised hollow sections from bus-body manufacturers
- Added clients like Ashok Leyland, Tata Marco Polo, Delhi Airport (supplied through L&T and Alupro), Gujarat Gas, Mundra Port SEZ, Automobile Corporation of Goa, Bina Oman Refinery, HPCL and IRCON International
- Participated in the Wire and Tube Show 2010, Dusseldorf, to enhance industry visibility
- Increased dealers from 240 in 2008-09 to 350
- Altered the proportion of institutional to retail clients from 20:80 to 30:70
- Opened a branch in Pune to grow its western presence

Road ahead

The Company expects to strengthen its presence, brand, diversification, demand and OEM sales. The manufacturing facility at Hosur, Tamil Nadu will enable the Company to increase sales from ₹1.6 lac MT in 2009-10 to an estimated ₹4 lac MT by 2011-12.

Clientele industry break-up

The Company derives the majority of its revenues from industries like auto, oil and gas, infrastructure and agriculture, among others. The Company organises functions to stay in continuous contact with the customer base, immediately redresses customer grievances and frequently visits dealers and sub-dealers, to maintain sound customer relations.



Operations

The Company manufactures steel tube products to meet diverse applications across industries and sectors. The Company has two manufacturing units in North India (Sikandrabad) and two other units in South India (Bangalore and Hosur), aggregating 4,00,000 MTPA.

The Company purchases HR coils (raw material) from SAIL (North) and JSW Steel (South). The presence of manufacturing units in North and South India enable the Company to save logistic costs, replenish stocks and service orders faster.

The Company invested in the latest technology, equipment and processes from Kusakabe (Japan), one of the world leaders in tube technology. This ensures faster delivery of a range of superior cost-effective and high-yield products. For instance, the Company is one of the few domestic players with the capability to manufacture 0.5 inch to 2.5 inch diameter products at 150 mt/ minute, customised to match customer specifications, addressing the entire range of Indian, American, British, European and Japanese quality specifications. The Company is accredited with ISO 9001, ISO 14001:2004 and OHSAS 18001:2007, in addition to being CE, UL, SGS France certified

The Company commissioned its Greenfield project at Hosur, Tamil Nadu with an installed capacity of 2,00,000 MTPA, addressing growing requirements in southern and western part of India for new-age applications in airports, metro networks, greenhouses and conveyer systems, among others.

Highlights, 2009-10

- Commissioned manufacturing facilities at Hosur, Tamil Nadu
- Increased production 42.46% from 1,23,440 MTPA in 2008-09 to 1,75,850 MTPA
- Enhanced capacity utilisation from 62.03% in 2008-09 to 70.62%
- Started manufacturing section tubes of 100x100 mm with 7 mm thickness which are special tubes of fine material
- Started manufacturing 10 inch and 12 inch diameter tubes (earlier 8 inches) and equivalent hollow section tubes
- Started manufacturing higher diameter tubes up to 8 mm thickness

Road ahead

The Company intends to automate mills, reduce rejects and slash production costs. It plans to establish a plant in Maharashtra to cater to the market demand in western India. The Company intends to manufacture high-grade tubes for precision pre-fabricated rolls used in for conveyor belts at airports and tubes for propeller shafts in 2010-11.

Manufacturing units	Products manufactured	Capacity
APL Apollo Tubes Limited Unit I Sikandrabad, UP	ERW black, hot-dipped galvanised, pre-galvanised tubes and hollow sections	1,25,000 MTPA
Apollo Metalex Pvt. Ltd (100% subsidiary) Sikandrabad, UP	Coil galvanising facility, pre-galvanised tubes and pre-galvanised hollow sections	25,000 MTPA
Shri Lakshmi Metal Udyog Limited (100% subsidiary) Bengaluru, Karnataka	ERW black, hot-dipped galvanised, pre-galvanised tubes and hollow sections	50,000 MTPA
APL Apollo Tubes Ltd, Unit II Hosur, Tamil Nadu	ERW black, hot-dipped galvanised, pre-galvanised tubes and hollow sections with coil galvanising facility	2,00,000 MTPA

Quality

The Company follows a stringent quality policy with a robust quality management system and is accredited with ISO 9001, ISO 14001:2004 and OHSAS 18001:2007 besides being CE, UL and SGS France certified and received the Export House status. A comprehensive quality check is carried out at all stages from raw material procurement to end product, ISI-marked delivery.

The Company invested in state-of-the-art technology ensuring the finest product quality and production efficiency. The quality checks include a hardness test, flattening test, tensile test and drift test, among others. The mills installed online non-destructive testing and eddy current testing to check tube defects like cracks, pin holes, open welds, voids, inclusions, concentrated porosity, weld defects, mechanical damages, opened-up skin laminations, deep pitting and parent material defects. An ABC analysis comprises a graphical comparison of production parameters with standard norms. The Company strengthened its quality management system by outsourcing different kinds of checks from NABL and other approved labs.

The Company is one amongst very few companies in India with a CE marking, strengthening exports to Europe. The Company also received certifications from SGS Group (France) and Underwriter Laboratories.

Highlights, 2009-10

The Company undertook steps to enhance licensed categories which would be awarded in 2010-11. Quality was further strengthened through investment in cutting-edge assets, acceleration in introduction of tailor-made products compliant with all quality standards. The Company made existing products better than competing alternatives and enhanced quality to drive the health of customer businesses.

Road ahead

The Company expects to receive IS 9295 (idlers) and IS 3074 (automobiles) in 2010-11 and emerge as India's first ERW steel tube manufacturer with an IS 3074 license. The Company is increasing its investment in quality and research, inter-alia, strengthening its prospects to bid successfully for large contracts among others.

Did you know?
The Company was the pioneer and still is the only organised player in India's pre-galvanised tube segment.

Did you know?
The Company is the only player of the segment with all variants ERW black, galvanised, pre-galvanised tubes and hollow sections.

Human resource

The Company recognises people as the primary source of its competitiveness and continues to focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfill their aspirations.

The following steps were taken on the human resource front to ensure that the Company in India can continuously cater to changing business adversities and opportunities:

- Leadership development and succession planning
- Career planning and job rotation
- Orientation programmes

Performance of employees are reviewed on a regular basis to improve efficiency and connection with line functioning. It further helps to capture employee concerns on an on-going basis, analyse their concerns to identify need for policy changes, establish one-to-one connect with officers and create a repository of the employee ideas and concerns.

The Company has a scalable recruitment process, which enables it to attract and retain dynamic employees. Recruitments are finanlised by a panel comprising department heads, the HR head and Directors. The Company provides on-the job training, informal training, classroom training, internal training courses, external training courses, mentoring, skills training, product training, technical training, role-play and exercises. The Company ensures that the training and development includes aspects such as ethics and morality, attitude and behaviour, leadership and determination and skills and knowledge, among others.

Highlights, 2009-10
- Experience 25th year of industrial harmonious and peace
- Emphasised on the training and development needs of the employees. As a result of the ongoing endeavour per employee revenue generation increased significantly.

Road ahead
The Company intends to continue reinforcing favourable and dynamic work environment to encourage innovation and meritocracy. The Company heavily invested recreational facilities at its workplaces including its newly built corporate office that catalyse job-satisfaction and results in enhanced efficiency.

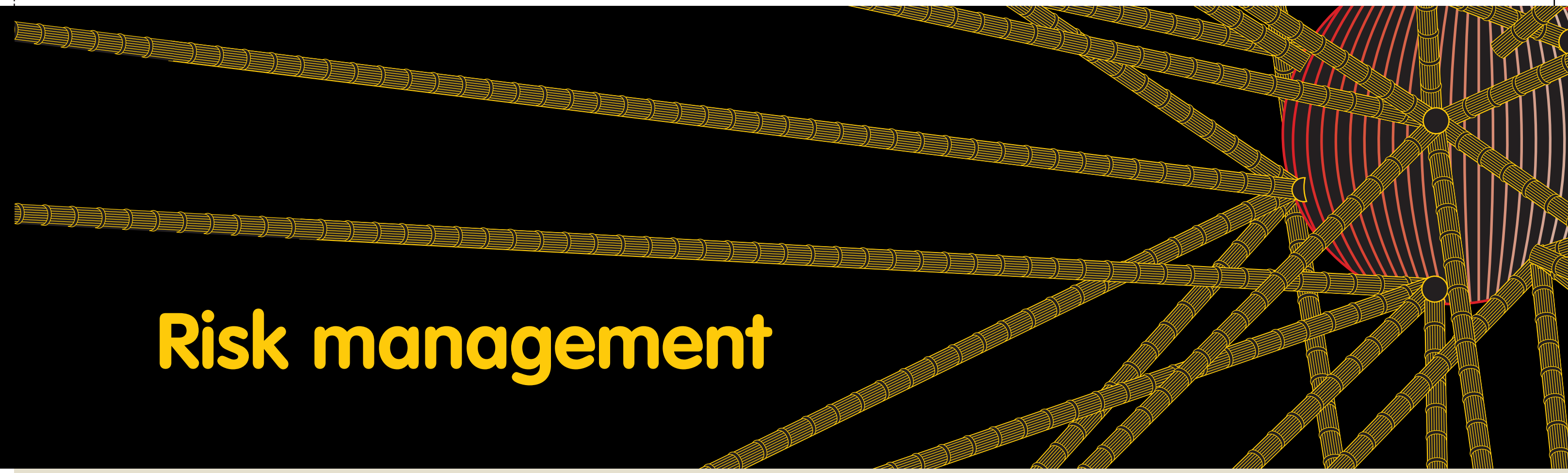
Information technology

In this age of prompt decision-making and efficient data management, information technology defines a company's strength. At APL Apollo, the latest technologies help to maintain a competitive edge over other players. In today's environment it is very crucial to ensure that all the plants, offices, branches and sales depots are equipped and connected with updated technologies in order to serve clients, secure cost competitiveness and maintain leadership. Vigorous co-ordination between all the departments and verticals of the organisation is vital for smooth operations. The Company intends to migrate to an integrated SAP platform shortly.

The four benefits of IT comprised: Easy communication across the world through ITES, 'availability, accuracy and control over vital business data,' increased efficiency by providing real time information, and the facility to channel partners and distributors to check their status online (including stock position, pending orders, dispatch details, billings, amount paid, outstanding status).

Highlights, 2009-10
- Strengthened data protection and security
- Upgraded the hardware, installed latest devices and purchased all necessary licenses
- Undertook a detailed study of the existing systems and prepared a GAP analysis to conveniently move towards SAP

Road ahead
The Company will introduce SAP implementation to generate production, stores, stocks, sales, orders and other financial data in real time. MPLS VPN will be provided across all locations for better connectivity, along with security surveillance.



Risk management

Risk represents the uncertainties and adversities related to any business that could materially impact a company's performance and prospects. Considering this, APL Apollo Limited identifies, assesses and takes proactive measures to minimise potential losses arising from exposure to risks.

1 Industry downturns could hamper growth

Mitigating factors
- Robust demand due to huge planned capital outlay for infrastructure related activities
- Domestic steel pipe production is expected to grow at an 8-9% CAGR across 2008-09 to 2013-14 *(Source: HDFC research).*
- The government aims to provide piped natural gas connections in an additional 201 cities by 2015.

2 Increasing competition could dent margins

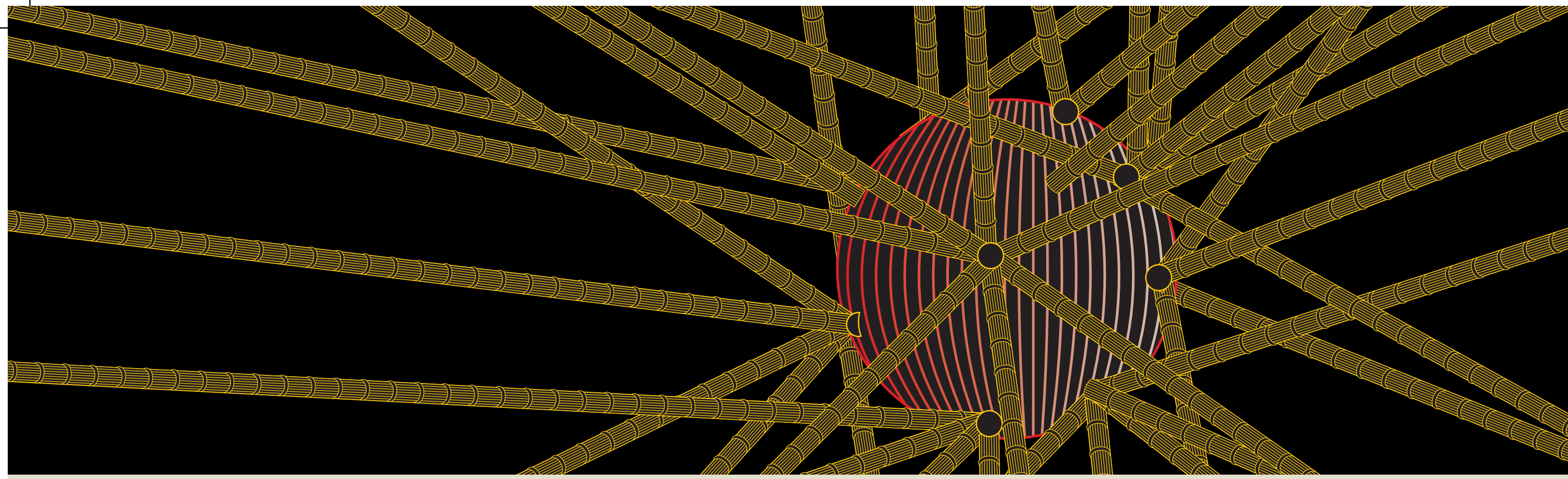
Mitigating factors
- The Company has a vast, pan-India distribution network.
- The Company is dynamic in its approach, fighting competition and adapting to market conditions.
- The Company is rapidly shifting its product mix towards value-added products.
- The Company pioneered pre-galvanised tube manufacture in the organised sector.
- The Company is enthusiastically increasing its market share in hollow sections space.
- The Company entered into strategic alliances with reputed international entities to benefit from their know-how, engineering insights and project management skills, diversifying its manufacturing facilities geographically.

3 Inability to widen the geographic spread could affect business

Mitigating factors
- The Company's manufacturing facility is proximate to raw materials in both North and South India; southern Indian presence enables the Company to supply its products to the southern market in a short period, saving logistics cost.
- The Company intends to have similar manufacturing facilities in the western part of India to cater to growing demand in that region and export market.
- The Company has a pan-India presence and also exports to 35 countries from its existing manufacturing locations.

4 Poor availability of raw materials could affect operations

Mitigating factors
- The Company entered into Memorandums of Understanding with key raw material suppliers.
- The Company maintains sufficient inventory as a preventive measure against volatility.
- The Company ensures optimum utilisation and effective raw material management through better coordination.



5 Inability to attract, recruit and retain skilled personnel could adversely affect the business operations

Mitigating factors

- The Company recruits talent at every level and enhances functional and behavioural skills through training.
- The Company follows stringent norms for recruitment, training and development of employees.
- The Company ensures better work environment for better productivity and overall development of the employees.

6 Low product quality could impact goodwill

Mitigating factors

- The Company is accredited with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certification.
- The Company adhered to quality control norms laid down by Bureau of Indian Standards and have 7 ISI licenses.
- The Company, as per policy, operates at zero tolerance to provide best quality material and service to its customers.
- The Company strictly implements its quality policy and use online non-destructive testing system to detect real time error.
- The Company consistently increased investments in quality control and product-testing which enhanced quality excellence.

7 Technology obsolescence could affect profits

Mitigating factors

- The Company's in-house R&D division focused on the development of technologically innovative products.
- The Company installed the latest technology systems from the world leaders to maintain quality standards. The Company invested heavily in technology in the last decade and continues to do so.
- The Company has state-of-the-art plants across India, equipped with the latest technology and processes.

8 Inability to mobilise adequate funds might jeopardise growth

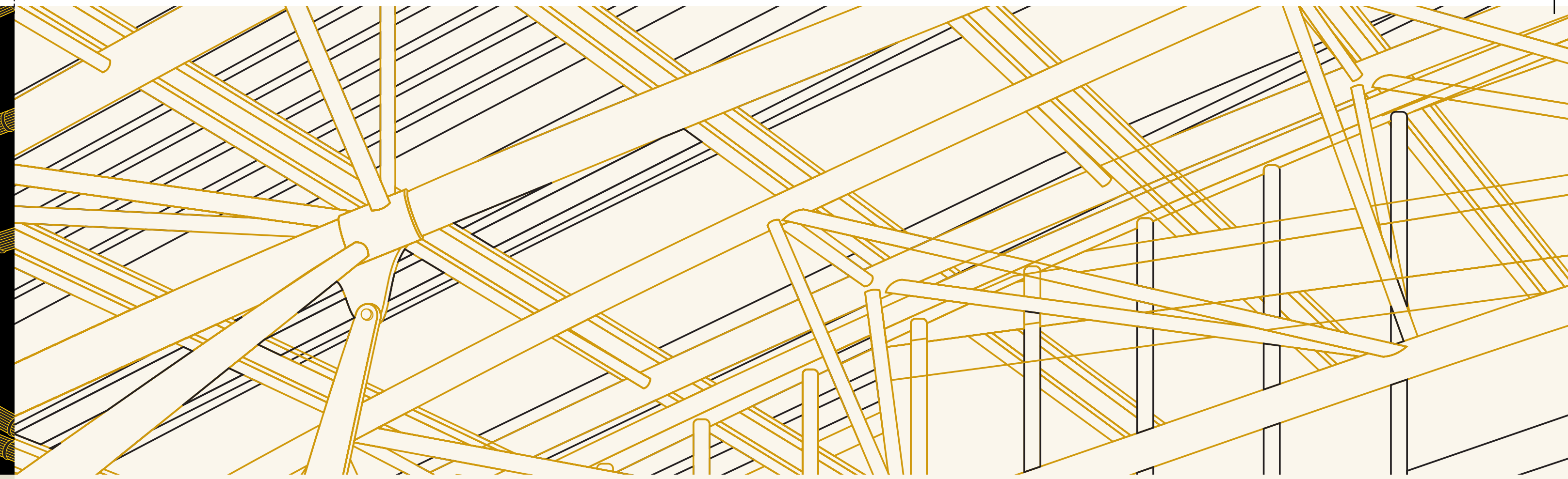
Mitigating factors

- The Company's debt-equity ratio stood at 0.039 as on March 31, 2010 with an interest coverage of 3.85 times.
- The Company ensures sufficient inflow of working capital in the system and has adequate checks and appraisal systems in place.
- The Company strengthened its net worth from ₹16,602.90 lac in 2008-09 to ₹19,105.48 lac in 2009-10, enhancing room for borrowing.

9 Violation of environment norms could attract regulatory actions

Mitigating factors

- The Company is ISO 14001:2004 and OHSAS 18001:2007 certified.
- The Company's stringent environment policy complied with the directives issued by the Government of India, state government and pollution control boards (PCBs).
- The Company installed an ETP plant for waste treatment and has a special water harvesting plant.



Directors' Report

Dear members

The Board of Directors hereby presents the 25th annual report on the business and operations of your Company along with the financial statements, consolidated and standalone, for the year ended March 31, 2010.

Performance

Your Company recorded a significant growth during the financial year under review. The consolidated net sales grew to ₹61,800.84 lacs, registering a growth of 17.34% over the previous year's sales of ₹52,666.39 lacs. Earnings before depreciation, interest and taxation [EBDITA] stood at ₹6,628.48 lacs in the current year, as compared with ₹2,852.76 lacs in the previous year. During the year under report, consolidated sale of steel tubes was 1,56,584 MT, compared with 1,15,214 MT in the preceding year.

Dividend

As a part of Silver Jubilee Celebrations, the Company declared two interim dividends of 10% each for the financial year 2009-10 on the 2,02,96,683 outstanding equity shares. The total dividend payout works out to ₹4,05,93,366, i.e. ₹2 per equity share. These interim dividends be considered and approved as final dividend for the financial year under discussion.

Overview

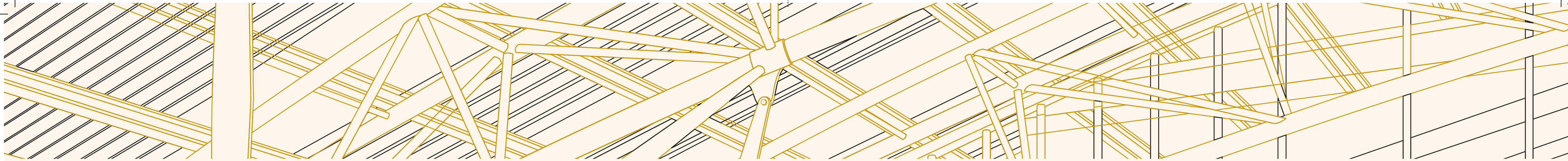
Following two years of the worst global economic downturn in most peoples' living memory, which resulted in sharp decline in volumes in the steel industry and a consequent significant plunge in steel prices across the world, the world seems to be regaining some economic stability but with dramatic shifts in the concentration of economic strength. The growth rates in developed world economies are still extremely moderate, while countries in the developing world have registered high levels of economic growth and some have become new centers of global capacity, demand and control over natural resources. The steel industry has also been impacted by these global shifts, and as a result the requirement of steel is growing in new emerging markets, where downstream user industries are experiencing high demand.

India emerged as a strong economy during this crisis period, where the demand conditions continued to be relatively stable, even though prices dropped significantly in line with the global pricing scenario, and as such is being considered as a new and robust centre of economic activities.

Recognising the need for growth and riding on the rising Indian economy, APL Apollo put into action initiatives that will ensure its growth is sustainable, including expansion, new acquisitions, retail, value-added manufacturing and strategic procurement, among others. Detailed analysis covered in the 'management discussion and analysis' pages forms part of this Directors' Report.

Operations

We started our journey twenty five years ago with an impeccable mission and have carved an unparalleled position in the industry. Our passion for excellence, investment in technology and engineering, a genuine team spirit, clear objectives, ethical business practices and



well-defined goals have infused an accelerated pace of growth in the expansion of our Company. Through integrated product pipeline, world-class brand, upstream and downstream tie-ups along with a rapidly growing domestic market and consumption centers across the world we have come to acquire a leader's status.

Our multi-location manufacturing facilities offer a comprehensive range of steel products, ERW black tubes and pipes, hot-dipped galvanised and pre-galvanised tubes, hollow sections and structurals, among others. Towards our goals of growth, we have transformed five of the our branches in Ghaziabad, Gurgaon, Jaipur, Pune and Ludhiana to a full-fledged steel product retail chain under the name of APL Apollo Steel World. Additionally, we expect to soon open five more outlets in Cochin, Chennai, Hyderabad, Bangaluru and Ahmedabad.

Expansions

We commissioned world-scale manufacturing facilities at Hosur, Tamil Nadu, with installed capacity of 2,00,000 MTPA, with a view to support the Company's current operations and its growth aspirations, strengthen our position in the southern part of India and extend the brand 'APL Apollo®' in promising markets. Today, we are the largest player of the segment having multi-locational installed capacities of 4,00,000 MTPA. After having manufacturing lines in northern and southern India, we are actively pursuing the opportunity to have a presence in West India. Under active consideration is either a greenfield project or acquisition of an existing facility of similar capacity as that of Hosur Plant.

Change of name

'APL Apollo' signifies our passion and commitment for innovations, superior quality, services and trust. Considering the outstanding reputation of our vibrant brand 'APL Apollo' in both Indian and international markets, the name of the Company was changed from 'Bihar Tubes Limited' to 'APL Apollo Tubes Limited' to attain a strategic image makeover and brand building.

Capital

There was no change in the Company's issued, subscribed and paid-up capital and it stands at ₹2,029.67 lacs as on date. The authorised share capital of the Company remained at ₹25 crores, consisting of 250 lac shares of ₹10 each.

Subsidiaries

The Company has two subsidiaries namely Apollo Metalex Private Limited and Shri Lakshmi Metal Udyog Limited. A statement of the Company's interest in the subsidiary along with all other statutory information pursuant to Section 212 of the Companies Act, 1956, is enclosed and forms part of this annual report.

Directors

In accordance with the Companies Act, 1956, and pursuant to Article No. 89 of the Articles of Association of the Company, Mr. Vinay Gupta and Mr. Aniq Husain retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Company lost one of its valuable Directors, Mr. Mukesh K Jain, due to his untimely demise on July 2, 2010. The Directors would like to place on record their appreciation for his leadership and contributions to the growth of the Company.

Necessary resolutions for the appointment/re-appointment of the aforesaid Directors have been included in the notice convening the AGM.

None of the Directors are disqualified from being appointed as Directors as specified in the terms of Section 274(1) (g) of the Companies Act, 1956.

Auditors and Audit Report

The Auditors M/s VAPS & Co., Chartered Accountants, retire at the Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Notes to Accounts, referred in the Auditors Report, are self-explanatory and therefore do not require any further comment.

Consolidated financial statements

Consolidated financial statements were prepared by your Company in accordance with the requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements and the Auditor's Report thereon form part of this annual report.

Directors responsibility statement

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2010 the applicable accounting standards were followed
- They have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the Company's state of affairs and profits at the end of financial year
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- They have prepared the annual accounts for the financial year ended March 31, 2010 on a going-concern basis

Energy conservation, technology absorption, R&D cell and foreign exchange earnings and outgo

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are as below:

(Amount in ₹)

Particulars	2010	2009
I. Purchase		
Unit	47,94,069.00	45,92,289.00
Total amount (₹)	2,37,71,368.00	2,19,04,304.00
Rate per unit (₹)	4.96	4.77
II. Own generation through DG		
Unit	24,08,292.00	13,50,600.00
Fuel consumed (Ltr)	7,17,173.00	4,49,975.00
Fuel consumed (₹)	2,24,17,044.00	1,43,14,137.00
Cost per unit (₹)	9.31	10.60
III. Foreign exchange earnings	23,96,20,154.80	82,57,08,230.12
Foreign exchange outgo	6,82,60,250.40	4,04,48,237.00

Corporate Governance

As per the requirements of Clause 49 of the Listing Agreement with the stock exchanges, a detailed report on compliance of Corporate Governance is annexed herewith and forms part of this annual report. The Auditors' certificate on compliance with the mandatory requirements of Clause 49 is annexed to this report.

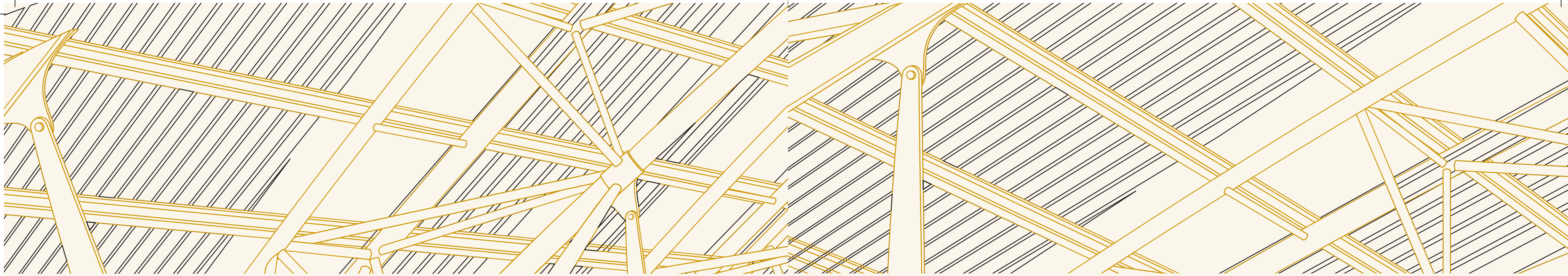
Fixed deposits

We have not accepted any fixed deposits till date and, as such, no amount of principal or interest was outstanding as of the balance sheet till date.

Health and safety

The Company is strongly committed to providing and maintaining a safe, healthy workplace for employees and anyone else likely to be affected by hazards in the workplace. Initiatives that ensure a working environment that minimises incidents of risk or personal injury, ill health or damage to property include employee and workplace inductions, appropriate training for all employees, effective supervision, safe plants, equipment and systems of work and regular consultation on health and safety issues.

The development of a safe working culture is the responsibility of everyone



and can be best achieved through the cooperative efforts of employees. A safe culture will be reinforced through continual risk assessment, provision of information concerning such risks and the promotion, instruction, training and supervision of employees to ensure safe work practices.

Environment

The Company is committed to minimising the environmental impact of its operations and products by adopting sustainable practices and continuous improvements in environmental performance. Climate change is one of the most important issues facing the world today. APL Apollo aims to contribute positively to the communities around or near its operations and actively participates in community initiatives, and encourages biodiversity and nature conservation.

The Company is committed to ensuring the incorporation of environmental responsibility as a part of its normal business practice.

Personnel

The Company believes that its employees are key contributors to its business success and efficiency operations. With prime focus on attracting and retaining the talent in the industry, the Company offers an excellent working environment and compensations. The Company has a rich pool of technical and managerial skills required for the efficient growth of operations.

Your Company enjoys very cordial relations with all its employees. During the year under report, except Mr. Sanjay Gupta, Managing Director of the Company, who is in receipt of ₹24,00,000 per annum having 17 years of experience, associated with the Company since December 30, 1994, there is no employee in respect of whom the particulars are required to be disclosed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Acknowledgement

The Directors take this opportunity to places on record their thankful appreciation for the assistance and co-operation received from the Company's shareholders, customers, suppliers, bankers, government and all other concerned authorities. The Board also wishes to place on record its sincere appreciation of the employees of all levels, for their hard work, dedication and commitment.

For and on behalf of the Board

Delhi 110092
September 1, 2010

Regd. Office:
37, Hargobind Enclave,
Vikas Marg, Delhi – 110092

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Report on Corporate Governance

Your Company has complied, in all material respects, with the features of Corporate Governance code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

The Status of the Corporate Governance code of the Listing Agreement by APL Apollo Tubes Limited is given below:

1. Company Philosophy on code of Governance

The Company believes in and has consistently followed good Corporate Governance. A sound governance process consists of various business practices, which don't only result in enhanced shareholders' value in the long run but also enables the Company to fulfill its obligations towards its customers, employees, vendors and to the society in general. The Company firmly believes that good governance is founded upon the principles of transparency, accountability, independent monitoring and environmental consciousness.

2. Board of the Directors

Composition

The Board of Directors consists of an optimal mix of Executive Directors and Independent Professionals who have in-depth knowledge of business, in addition to expertise in their areas of specialisation. The Directors bring in expertise in the fields of human resource development, strategy, management, finance and economics among others. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that management adheres to high standards of ethics, transparency and disclosure.

As on March 31, 2010, the Board consisted of seven Directors. The Board meets the requirement of not less than one half being independent Directors. The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement (Corporate Governance Code) with the Stock Exchanges.

None of the Directors hold chairmanship of more than 5 committees or Membership in more than 10 committees of public limited companies.

Board Functions & Procedure

The Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board always had complete freedom to express their opinion and decisions are taken after detailed discussions after which, a consensus is reached. They are also free to bring any matter up for discussion at the Board Meetings with the permission of the Chairman.

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once in every quarter to review the quarterly results and other items of agenda as required under Annexure 1A of Clause 49 of Listing Agreement, and if necessary, additional meetings are held. It has always been the Company's policy and practice that apart from matters requiring the Board's approval by law, all major decisions including quarterly/yearly results of the Company and its divisions, financial restructuring, capital expenditure proposals, sale and acquisition of material nature of assets, mortgage and guarantee, among others, are regularly placed before the Board. This is in addition to information with regard to detailed analysis of operations, major litigations, feedback reports and minutes of all committee meetings.

During the financial year 2009-10, seven Board Meetings were held on April 30, 2009, July 29, 2009, September 4, 2009, October 31, 2009, December 14, 2009, January 11, 2010 and March 3, 2010.

The Composition of Board of Directors, their shareholding, attendance during the year and at the last Annual General Meeting, Number of other Directorships, Committee memberships and Chairmanships held by them as at March 31, 2010 are given below:

Directors	Category	Shares Held	Attendance		No. of other Directorships#
			Board Meetings	Last AGM	Directorships
Mr. Sanjay Gupta	CMD	196450	7	Yes	3
Mr. Vinay Gupta	NE	21900	6	Yes	3
Mr. Sameer Gupta	NE	20103	6	Yes	3
Mr. S T Gerela	NE*	-	1	No	1
Mr. Aniq Husain	NE*	-	5	Yes	1
Mr. C S Johri	NE*	-	7	Yes	-
Mr. Mukesh K Jain	NE*	-	3	No	-

C = Chairman, MD = Managing Director, NE = Non-Executive Director

** Also Independent in terms of Provisions of Clause 49 (1) (A) (iii)*

 # Excludes private/foreign companies.

All the independent Directors fulfil the minimum age criteria i.e. 21 years as specified in Clause 49 of the listing agreement. No Director is related to any other Director on the Board in terms of the definition of "relative" given under the Companies Act, 1956, except Mr. Sanjay Gupta, Mr. Vinay Gupta and Mr. Sameer Gupta, who are brothers.

** None of the Directors hold chairmanship/membership in Board Committees (Clause 49 of Listing Agreement) of other companies.*

3. Audit Committee

The Audit Committee comprises of 3 Directors out of which 2 are Non-Executive and Independent Directors. The Chairman of the committee is a Non-Executive Independent Director. All the Members of the committee have good financial and accounting knowledge. Auditors and Vice-President (Finance) are invitees to the meetings and Company Secretary acts as secretary of the committee. The minutes of the Audit Committee Meetings are placed before subsequent Board Meeting.

During the year, the meetings of the Audit Committee were held on April 30, 2009, July 29, 2009, September 4, 2009, October 10, 2009 and January 11, 2010. The composition of the Audit Committee as on March 31, 2010 and the meetings attended by its members are as under:

S. No.	Name of Directors	Category	Meetings Attended
1.	Mr. C S Johri (Chairman)	Independent Non-executive	5
2.	Mr. Aniq Husain	Independent Non-executive	4
3.	Mr. Sameer Gupta	Non-executive Promoter	4

The Chairman of Audit Committee was present in the last Annual General Meeting to answer shareholders queries.

Scope and functions

The terms of reference of audit committee includes overseeing the audit functions, review of the Company's financial performance, compliance with Accounting Standard and all other matters specified under Clause 49 of the Listing agreement and in Section 292A of the Companies Act, 1956. The Audit Committee's role includes overview of our financial reporting process, recommending the appointment and removal of statutory auditors, fixing audit fees, reviewing management discussion and analysis, annual financial statements prior to submitting those to the Board, reviewing related party transactions and financial risk management policies.

4. Remuneration Committee

The Board has constituted a Remuneration Committee to evaluate the performance and remuneration of directors and approving remuneration and terms of whole-time Directors within the overall ceilings approved by the shareholders. The decisions of the Remuneration Committee are placed in the subsequent board meeting. The constitution of the Remuneration Committee as at March 31, 2010 as follows:

S. No.	Name of Directors	Status
1.	Mr. Aniq Husain	Chairman
2.	Mr. C S Johri	Member
3.	Mr. S T Gerela	Member

Remuneration to Directors

During the year ended March 31, 2010 only Mr. Sanjay Gupta was paid Salary: ₹24,00,000 Other Benefits: Nil and no payment was made to any other Director.

5. Investor Grievance Committee

The Investor Grievance Committee constituted by the Board comprises three members with an Independent Non-executive Director as Chairman of the committee. The constitution of Investor Grievance Committee as on March 31, 2010 as follows:

S. No.	Name of Directors	Status
1.	Mr. S T Gerela	Independent Non-executive
2.	Mr. C S Johri	Independent Non-executive
3.	Mr. Vinay Gupta	Non-executive Promoter

Scope and functions

The scope and functions of the Committee includes approval of transfer/transmission of shares and other matters like consolidation/slip of certificates, issue of duplicate share certificates, dematerialisation/ rematerialisation of shares in stipulated period of time.

The Committee also supervises redressal of Investor Grievances and ensures cordial investors relations.

During the year, the committee met twice on July 29, 2009 and January 11, 2010.

All the Committee meetings held during the year were duly attended by all the Committee members. Details of share transfer/transmission etc. as approved by the Committee are placed at the Board Meetings from time to time.

Details of Shareholders' complaints received and replied to their satisfaction: the Company has adequate systems and procedures to handle the investors grievances and the same being resolved on priority basis.

During the year twelve investor's complaints was received and resolved within the stipulated period. By March 31, 2010 no investor complaint was pending.

6. Details of last three Annual General Meeting

Financial Year	Date	Time	Venue
2006-07	29.09.2007	12.30 P.M.	Gg's Banquet, Plot No. 14, Laxmi Nagar District Center, Vikas Marg, Delhi
2007-08	30.09.2008	12.30 P.M.	Gg's Banquet, Plot No. 14, Laxmi Nagar District Center, Vikas Marg, Delhi
2008-09	30.09.2009	12.30 P.M.	Gg's Banquet, Plot No. 14, Laxmi Nagar District Center, Vikas Marg, Delhi

No resolution was put through postal ballot in last years.

7. Disclosure

a) Management discussion and analysis

The detailed Management discussion and analysis report is given separately in the annual report.

b) Disclosure on materially significant related party transactions

Transactions with related parties are being disclosed separately in notes to the accounts in the annual report. There was no transaction of material nature with the Directors or the Management during the year that had potential conflicts with the interest of the Company at large.

c) Detail of non-compliance, penalties, strictures etc.

During the last three years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any statutory authority for non-compliance of any matter related to capital market.

d) Whistle Blower Policy

The Company has adopted a proper procedure in this regard. Employees can report to the management their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. Further no personnel have been denied access to the Audit Committee.

e) Code of Conduct

In line with the amended Clause 49 of the Listing Agreement, the Company has adopted a Code Of Conduct for its Directors and Senior Executives. The same has also been placed on the Company's website www.aplapollo.com under the head 'Investor Relations'

Declaration as required under Clause 49 of listing agreement

All the members of the Board and senior management personnel complied with the Code of Conduct for the financial year ended March 31, 2010

Sanjay Gupta
Managing Director

Delhi 110 092
September 1, 2010

f) Certification by CEO

A certificate obtained from Chief Executive Officer on the Financial Statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board, who took note of it and took the same on record.

g) Secretarial Audit

A qualified practicing Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the share capital with National Securities Depository Services Ltd. ("NSDL") and Central Depository Services Ltd. ("CDSL") and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with total number of shares in physical forms and total number of demat shares held with NSDL and CDSL

h) Brief resume of Director being appointed / re-appointed

A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board and his shareholdings in the Company forms part of the Notice of the Annual General Meeting, annexed to this Annual Report.

i) Compliance with mandatory and non-mandatory requirements

The Company has complied with all the mandatory requirements along with some non-mandatory requirements also.

8. Means of Communication

The information about the financial performance of the Company is disseminated on a regular basis through newspapers and website of the Company www.aplapollo.com besides communicating the same to the Stock Exchanges. Further, financial results, corporate notices etc. of the Company are published in the newspapers like Economic Times, Financial Express, Business Standard, Navbharat Times (hindi) and Jansatta (hindi).

Designated exclusive e-mail ID: The Company has designated the following e-mail ID exclusively for investor servicing: investors@aplapollo.com

9. Share Holders Information

Annual general meeting

Date and Time	:	September 30, 2010 at 3.30 P.M.
Venue	:	Gg's Banquet, Plot No. 14, Laxmi Nagar District Center, Vikas Marg, Delhi
Book Closure	:	September 27, 2010 to September 30, 2010 (Both days inclusive)

Financial calendar (tentative)

Period	:	Board Meetings
Results for Quarter Ended Jun 30, 2010	:	end Jul 2010
Results for Quarter Ended Sep 30, 2010	:	end Oct 2010
Results for Quarter Ended Dec 31, 2010	:	end Jan 2010
Results for Quarter Ended Mar 31, 2011	:	end Apr 2011

Listing information

1. Delhi Stock Ex. Assn. Limited [RSE]
2. U.P. Stock Ex. Assn. Limited, Kanpur
3. Ahmedabad Stock Ex. Limited, Ahmedabad
4. Calcutta Stock Ex. Assn. Limited, Kolkata

In addition, Equity Shares of the Company are permitted to trade at Bombay Stock Exchange under BSE-Indonext segment (Scrip Code : 590059)

The Listing Fees of all the stock exchanges has been paid.

Distribution Schedule as at March 31, 2010

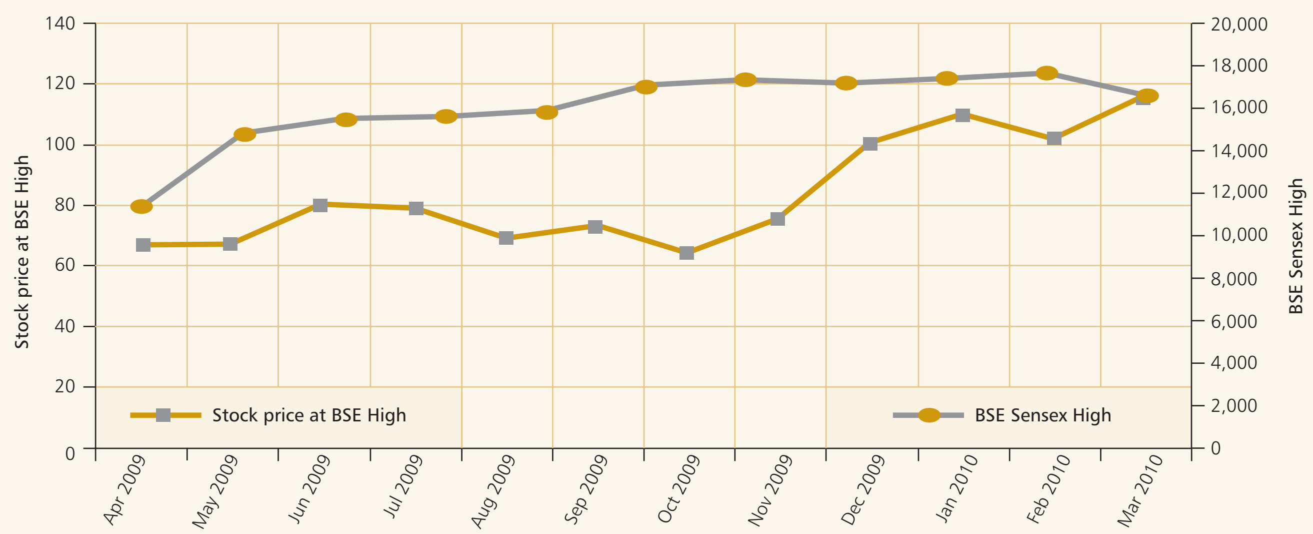
Nos. of Equity Shares held	No. of Shareholders	% to Total	No. of Shares	% to Total
upto 500	4,447	83.65	5,54,657	2.73
501-1000	337	6.34	2,85,421	1.40
1001-2000	167	3.14	2,71,448	1.34
2001-3000	79	1.49	2,00,596	0.99
3001-4000	41	0.77	1,50,696	0.74
4001-5000	35	0.66	1,65,640	0.82
5001-10000	64	1.20	5,01,240	2.47
10001 and above	146	2.75	1,81,66,985	89.51
TOTAL	5,316	100.00	2,02,96,683	100.00

Shareholding pattern as on March 31, 2010

Category	No. of Shares Held	% to Total Voting Rights	% to Total Holding
Indian Promoters	76,85,000	37.863	37.863
Foreign Financial Institutes [FII]	5,73,714	2.827	2.827
Bodies Corporate	69,75,029	34.365	34.365
Indian Public	49,82,231	24.547	24.547
NRIs / OBCs	80,709	0.398	0.398
TOTAL	2,02,96,683	100.000	100.000

Market Price Data*

Months	Stock price at BSE			BSE Sensex	
	High	Low	Traded Quantity	High	Low
April 2009	66.60	32.00	33,09,982	11,492.10	9,546.29
May 2009	66.60	46.05	18,18,213	14,930.54	11,621.30
June 2009	80.00	56.00	37,55,650	15,600.30	14,016.95
July 2009	79.20	50.00	25,85,486	15,732.81	13,219.99
August 2009	69.00	47.10	21,39,542	16,002.46	14,684.45
September 2009	73.00	55.15	22,52,123	17,142.52	15,356.72
October 2009	63.85	55.00	8,71,941	17,493.17	15,805.20
November 2009	75.00	52.20	26,85,918	17,290.48	15,330.56
December 2009	99.90	61.40	1,95,04,341	17,530.94	16,577.78
January 2010	109.35	82.15	60,41,919	17,790.33	15,982.08
February 2010	101.50	73.05	17,45,710	16,669.25	15,651.99
March 2010	115.00	87.10	55,51,728	17,793.01	16,438.45



Registrar and Share Transfer Agent

M/s. Abhipra Capital Limited
GF- Abhipra Complex,
Dilkhush Industrial Area
A-387, G.T. Karnal Road Azadpur,
Delhi-110033
Tele No. 011-42390725
Fax No. 011-27215530
rta@abhipra.com

Share transfer system

Share transfer and related operations for APL Apollo Tubes Limited are conducted by M/s Abhipra Capital Limited, which is registered with the SEBI as Category I Registrar. Share transfer is normally affected within stipulated period, provided all the required documents are submitted.

Dematerialisation of Shares

Equity Shares equivalent to 93.80% of the Share Capital have been dematerialised upto March 31, 2010. The trading of the Company's equity share fall under the category of compulsory delivery in dematerialised made by all categories of investors.

Plant Location

Unit – I
A-19, Industrial Area,
Sikandrabad, Distt. Bulandsahar (U.P.)
Phone: 95-5735-222504, 223157

Unit –II
No. 332-338, Alur Village,
Perandapalli, Hosur, Tamil Nadu.
Phone : 04344-560550

Investors Correspondence

Investors correspondence can be made on Registered Office of the Company as given under:

Investor cell
APL Apollo Tubes Limited
37, Hargobind Enclave,
Vikas Marg, Delhi-110092.
Phone: 011-22373437
Fax: 011-22373537
Mail : investors@aplapollo.com

For and on behalf of the Board

Sanjay Gupta — Managing Director
Vinay Gupta — Director

Delhi 110 092
September 1, 2010

AUDITORS' CERTIFICATE

To the Members of the APL Apollo Tubes Limited

We have examined the compliance of conditions of Corporate Governance by the APL Apollo Tubes Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the stock exchange(s).

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

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

We further state 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 VAPS & CO.
Chartered Accountants
Firm Regn. No. 003612N

P.K. Jain
Partner
M. No. 82515

New Delhi
September 1, 2010

Financial Section

Consolidated Auditors' Report

To,
The Board of Directors,
APL Apollo Tubes Limited
(formerly Bihar Tubes Limited)
Delhi 110092

1. We have audited the attached consolidated balance sheet of APL Apollo Tubes Limited, formerly Bihar Tubes Limited (the "Company") and its' subsidiaries (together referred as "Group") as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with the 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. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards 21, (CFS), issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and its' Subsidiaries included in the Consolidated Financial Statement.

4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010.

   b) in the case of the consolidated profit and loss, of the profit / loss for the year ended on that date; and

   c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For VAPS & Co.
Chartered Accountants
Firm Regn. No.: 003612 N

P. K. Jain
Partner
Membership No.: 82515

Place: New Delhi
Dated: September 1, 2010

Consolidated Balance Sheet As at March 31, 2010

(Amount in ₹)

	Schedule	As at 31.03.2010		As at 31.03.2009	
SOURCES OF FUNDS					
1. Shareholders' Fund					
a) Share Capital	A	202,966,830		202,966,830	
b) Reserve & Surplus	B	1,707,580,623		1,457,323,319	
			1,910,547,453		1,660,290,149
2. Loan Funds					
a) Secured Loan	C	1,567,532,129		1,788,776,878	
b) Unsecured Loan	D	–		237,316	
			1,567,532,129		1,789,014,194
3. Deferred Tax Liability	E		108,983,103		56,687,623
Total			3,587,062,685		3,505,991,966
APPLICATION OF FUNDS					
1. Fixed Assets	F				
Gross Block		1,311,656,659		780,433,710	
Less : Depreciation		102,260,114		70,319,378	
Net Block			1,209,396,545		710,114,332
2. Investments	G		–		20,387,612
3. Current Assets, Loans & Advances	H	2,765,511,448		2,977,675,959	
Less : Current Liabilities & Provisions	I	394,828,577		202,264,087	
			2,370,682,871		2,775,411,872
4. Misc. Expenditure	J		6,983,269		78,150
Total			3,587,062,685		3,505,991,966
Notes on Balance Sheet and Profit & Loss Account	T				

As per our Separate Audit Report of even date attached.

For VAPS & Co.
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

Consolidated Profit and Loss Account For the year ended March 31, 2010

(Amount in ₹)

	Schedule	Year ended 31.03.2010		Year ended 31.03.2009	
INCOME					
Gross Realisation	K	6,659,482,772		5,802,253,871	
Less : Excise Duty & Cess		479,399,812		535,615,039	
Net Realisation			6,180,082,960		5,266,638,832
Other Income	L		68,875,026		61,229,219
Variation in Stock	M		168,199,198		(61,758,464)
Profit on Sales of Capital Assets			22,800,098		326,629
Total			6,439,957,282		5,266,436,216
EXPENDITURE					
Raw Material Consumed	N		5,218,352,844		4,481,854,071
Manufacturing Expenses	O		167,000,477		136,067,553
Excise Duty on Increase/Decrease in Stock			21,875,459		(31,941,288)
Power and Fuel	P		116,377,987		86,596,027
Administrative and Other Expenses	Q		58,217,376		51,585,780
Financial Charges	R		172,184,866		186,404,562
Selling and Other Expenses	S		192,227,076		201,067,701
Depreciation	F		36,132,869		21,011,969
Misc. Expenditure Written off	J		1,758,842		26,050
Loss on Sales of Capital Assets			1,299,735		55,903,991
			5,985,427,530		5,188,576,415
Profit for the Year Before Tax			454,529,752		77,859,801
Less : Provision for					
Current Year Tax			107,620,931		22,366,310
Deferred Tax Liability (Net)			52,295,481		28,707,984
Fringe Benefit Tax			–		742,636
Wealth Tax			52,665		–
Add : MAT Credit Entitlement			4,439,480		–
Less : Prior Year Adjustments			1,228,805		366,501
Less : Income Tax for A.Y. 2007-2008			–		304,512
Less : Fringe Benefit Tax for A.Y. 2008-2009			21,840		–
			297,749,511		25,371,858
Add : Profit and Loss b/f			272,333,867		249,462,009
Amount Available for Appropriation			570,083,378		274,833,867
Interim Dividend Paid			40,593,366		–
Dividend Distribution Tax on Interim Dividend			6,898,842		–
Transfer to General Reserve			20,000,000		2,500,000
Balance Carried to Balance Sheet			502,591,170		272,333,867
Earning Per Share (Basic) - ₹			13.61		4.40
Earning Per Share (Diluted) - ₹			13.61		4.40
(as per Note No. 8 of Schedule T)					

As per our Separate Audit Report of even date attached.

For VAPS & Co.
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

(Amount in ₹)

	Year ended 31.03.2010		Year ended 31.03.2009	
1. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		431,729,654		133,757,526
Add: Adjustments for:				
Depreciation	36,132,869		21,002,868	
Misc. Expenses Written Off	1,758,842		26,050	
Interest & Finance Charges	172,184,866		186,404,562	
Loss on sale of fixed assets	1,235,838		–	
Prior period items	(1,228,805)	210,083,610	(366,501)	207,066,979
Operating Profit Before Working Capital Changes		641,813,263		340,824,505
Adjustments for:				
Increase/Decrease in Sundry Debtors	(85,189,701)		(207,552,490)	
Increase/Decrease in Other Receivables	(132,606,594)		(143,868,760)	
Increase/Decrease in Inventories	(360,688,863)		245,183,360	
Increase/Decrease in Trade & Other Payable	83,401,018	(495,084,140)	(74,771,695)	(181,009,585)
Cash Generated From Operations		146,729,123		159,814,920
Direct Taxes paid including Fringe Benefit Tax		(30,724,538)		(91,872,562)
Cash Flow before extra ordinary items		116,004,585		67,942,358
Extra ordinary items		22,800,098		(55,897,725)
Net Cash from Operating Activities (A)		138,804,683		12,044,633
2. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(559,090,967)		(299,518,363)	
Misc. Expenditure	(8,663,961)		–	
Sale of Fixed Assets	22,440,047		4,188,530	
Advances for Fixed Assets	160,219,653		(346,901,230)	
Misc. investments	20,387,612		(2,753,953)	
Net Cash from Investing Activities (B)		(364,707,616)		(644,985,017)
3. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds of Shares Issued during the Year	–		880,743,757	
Receipt / Repayment of Secured loans	(221,244,749)		992,152,247	
Receipt / Repayment of Unsecured loans	(237,316)		(164,926,582)	
Dividend & DDT paid	(47,492,208)		–	
Interest & Finance Charges	(172,184,866)		(186,404,562)	
Net Cash from Financing Activities (C)		(441,159,139)		1,521,564,860
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(667,062,072)		888,624,477
ADD: Cash & Cash Equivalents at the Beginning of the Year		938,923,700		50,299,223
Cash & Cash Equivalents at the End of the Year		271,861,628		938,923,700

Notes :

1. Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per Schedule-H.
2. The Cash Flow Statement has been prepared under the "Indirect method " as set out in the Accounting Standard (AS -3), "Cash Flow Statement".
3. Figures in Brackets indicate cash outflow.

As per our Separate Audit Report of even date attached.

For **VAPS & Co.**
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
A SHARE CAPITAL		
Authorized		
25,000,000 Equity Shares of ₹ 10/- each		
(Previous year 25,000,000 Equity Shares of ₹ 10/- each)	250,000,000	250,000,000
Issued, Subscribed and Paid Up		
20,296,683 Equity Shares of ₹ 10/- each		
(Previous Year 20,296,683 Equity Shares of ₹ 10/- each)	202,966,830	202,966,830
Total	202,966,830	202,966,830

	As at 31.03.2010	As at 31.03.2009
B RESERVE AND SURPLUS		
i. Security Premium		
At the commencement of the year	1,168,590,927	256,860,000
Add: Amount received on Share Issues	–	961,377,741
Less : Expenses on GDRs issue	–	49,646,814
Total (i)	1,168,590,927	1,168,590,927
ii. General Reserve		
At the commencement of the year	16,398,526	22,683,526
Less : Amount utilized for issue of bonus shares	–	9,695,000
Add : Amount transferred from Profit & Loss Account	20,000,000	2,500,000
Add : Amount received on forfeiting the warrant	–	910,000
Total (ii)	36,398,526	16,398,526
iii. Balance in Profit and Loss Account (iii)	502,591,170	272,333,866
Total (i+ii+iii)	1,707,580,623	1,457,323,319

	As at 31.03.2010	As at 31.03.2009
C SECURED LOANS		
A. Term Loans		
1. From Banks	72,790,933	74,619,580
2. Car loans from Banks	7,205,649	3,702,900
B. Working capital facilities from Banks	1,302,474,561	987,018,089
C. Secured Overdraft	185,060,986	723,436,309
Total	1,567,532,129	1,788,776,878

Notes :

A (1). Term Loan of ₹ 72,790,933/- from ICICI Bank Ltd. is secured against mortgage of residential properties (2 Nos.) under construction at Land-II, Jaypee Greens, Greater Noida (U.P.)

A (2). Car loans from various Banks are against hypothecation of vehicles

B. Working capital facilities from Union Bank of India are secured by first charge on inventories and book debts and first charge on all moveable and immovable fixed assets of the Company and further guaranteed by Directors of the Company and their relatives along with Corporate Guarantee of M/s V.S. Exim (P) Ltd.

Working capital facilities from banks includes foreign currency loan of US$ 5,000,000

C. Secured Overdraft availed from Union Bank of India are against pledge of Company's Fixed Deposits.

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
D UNSECURED LOANS		
From Others	–	237,316
Total	–	237,316

E DEFERRED TAX LIABILITY		
Last Year Balance	56,687,623	27,979,639
Add for the Current Year	52,295,481	28,707,984
Total	108,983,104	56,687,623

F FIXED ASSETS

Description	Rate @	GROSS BLOCK As at 01.04.2009	Addition during the year	Sales during the year	As at 31.03.2010	DEPRECIATION Upto 31.03.2009	For the year	Adjusted during the year	Upto 31.03.2010	NET BLOCK As at 31.03.2010	As at 31.03.2009
A. Fixed Assets											
Land	--	45,508,194	29,702,081	–	75,210,275	–	–	–	–	75,210,275	45,508,194
Building	3.34%	147,494,694	146,265,101	–	293,759,795	9,001,722	6,849,013	–	15,850,735	277,909,059	138,492,972
Plant & Machinery	4.75%	445,523,528	283,428,116	26,606,139	702,345,504	53,111,506	26,281,862	3,852,206	75,541,162	626,804,342	392,412,022
Office Equipment	4.75%	2,214,183	1,062,616	–	3,276,799	619,566	130,558	–	750,124	2,526,675	1,594,617
Vehicle	9.50%	17,408,448	9,380,452	1,261,879	25,527,021	6,349,259	2,070,200	339,927	8,079,531	17,447,490	11,059,189
Furniture & Fixture	6.33%	1,264,666	447,382	–	1,712,048	143,825	93,665	–	237,490	1,474,558	1,120,841
Computer	16.21%	3,448,355	1,771,598	–	5,219,953	1,085,603	705,529	–	1,791,132	3,428,821	2,362,752
Trade Marks	9.50%	21,500	–	–	21,500	7,897	2,043	–	9,940	11,560	13,603
Zinc (46.142 M.T.)	–	2,132,553	–	–	2,132,553	–	–	–	–	2,132,553	2,132,553
Sub Total (A)		665,016,121	472,057,345	27,868,018	1,109,205,448	70,319,378	36,132,869	4,192,133	102,260,114	1,006,945,333	594,696,743
B. Work-in-Progress											
WIP (Plant)	–	24,611,800	271,325,974	181,065,525	114,872,249	–	–	–	–	114,872,249	24,611,800
WIP (Building)		90,412,886	96,824,746	109,860,170	77,377,462	–	–	–	–	77,377,462	90,412,886
Expenses Pending for Allocation		392,903	11,864,857	2,056,260	10,201,500	–	–	–	–	10,201,500	392,903
Sub Total (B)		115,417,589	380,015,577	292,981,955	202,451,211	–	–	–	–	202,451,211	115,417,589
Current Year Figure		780,433,710	852,072,922	320,849,974	1,311,656,659	70,319,378	36,132,869	4,192,133	102,260,114	1,209,396,544	710,114,332
Previous Year Figure		483,175,521	335,128,915	37,870,726	780,433,710	52,335,735	21,011,969	3,028,326	70,319,378	710,114,331	374,923,562

	As at 31.03.2010	As at 31.03.2009
G INVESTMENTS		
Quoted		
Long Term investment in Equity Shares	–	20,387,612
(Other than in subsidiary companies)		
	–	20,387,612

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
H CURRENT ASSETS LOANS AND ADVANCES		
A. Current Assets		
Inventories (As physically verified and valued by the management)		
Raw Material	281,816,981	104,083,630
Finished Goods	478,449,045	321,290,356
Scrap & Rejections	18,325,721	7,696,791
Consumable Store	24,445,551	11,256,091
Trading Goods Stock	1,978,433	–
Sundry Debtors (Unsecured and considered good)		
More than 6 months	20,335,027	10,517,110
Others	793,470,045	716,555,720
Cash and Bank Balance	11,533,522	84,953,593
FDR's with Schedule Banks	241,088,645	825,533,774
Accrued Interest on FDR's & Securities	19,239,461	28,436,333
Total	1,890,682,431	2,110,323,398
B. Loans and Advances		
Advances recoverable in cash or in kind		
Claims Receivable	104,430,054	98,006,193
Excise Duty & Cess Receivable	38,536,650	27,342,815
Income Tax Deducted at Source	24,520,108	12,321,219
Securities	20,873,581	12,523,042
Advance to Suppliers & Others	591,065,411	633,364,579
Prepaid Expenses	4,591,124	247,789
Export Incentive Receivable	29,827,423	52,945,916
Service Tax Recoverable	10,948,341	8,348,059
Advance Tax	18,159,803	27,190
Advance Fringe Benefit Tax	880,660	562,129
MAT Credit Entitlement	4,439,480	–
Sales Tax Recoverable	26,556,382	21,663,632
Total	874,829,017	867,352,562
Total	2,765,511,448	2,977,675,959

I CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors for Raw Material	13,783,721	33,256,579
Sundry Creditors for Others	49,363,646	15,369,242
Expenses Payable	94,892,585	31,054,686
Advances from Parties	67,275,068	82,887,049
IEPF-Unclaimed Dividend	397,275	76,639
(shall be credited when due)		
Total (A)	225,712,295	162,644,194
B. Provisions		
Provision For Excise Duty on Finished Goods	38,714,941	16,839,482
Provision for Taxation	129,658,705	22,037,774
Provision for Fringe Benefit Tax	742,636	742,636
Total (B)	169,116,282	39,619,892
Total (A+B)	394,828,577	202,264,087

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
J MISCELLANEOUS EXPENDITURE		
Misc. Expenditure	8,742,111	104,200
Less: Misc. Expenditure Written off	1,758,842	26,050
Total	6,983,269	78,150

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
K GROSS REALIZATION		
Domestic Sales	6,027,326,664	4,503,755,332
Export Sales	592,006,797	1,245,897,354
Other operating income		
Job Work	1,808,110	1,133,035
Export incentive	38,341,201	51,468,150
Total	6,659,482,772	5,802,253,871
L OTHER INCOME		
Interest Received on FDR	63,783,211	42,057,447
Miscellaneous Income	544,411	15,511,758
Dividend	20,000	1,367,100
Profit from trading	4,431,387	494,654
Interest Received on others	96,017	1,798,260
	68,875,026	61,229,219
M VARIATION IN STOCK		
Closing Stock		
Finished Goods	478,449,045	321,290,356
Scrap & Rejections	18,325,721	7,285,213
Total (A)	496,774,767	328,575,569
Less : Opening Stock		
Finished Goods	321,290,356	373,345,163
Scrap & Rejections	7,285,213	16,988,870
Total (B)	328,575,569	390,334,032
Net (A- B)	168,199,198	(61,758,464)
N RAW MATERIAL CONSUMED		
Opening Stock	104,083,630	285,682,230
Add : Purchase During the Year	5,396,086,195	4,300,255,470
Total	5,500,169,825	4,585,937,701
Less : Closing Stock	281,816,981	104,083,630
Net	5,218,352,844	4,481,854,071
O MANUFACTURING EXPENSES		
Wages	41,430,421	23,110,168
Consumable Stores	67,484,921	65,750,401
Job Work Charges	684,407	–
Freight & Cartage Inward	55,824,970	45,700,349
Insurance	44,498	105,819
Rent	1,531,261	1,400,816
Total	167,000,477	136,067,553

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
P POWER AND FUEL		
Electricity Expenses	50,571,726	39,234,484
Generator Running Charges	26,108,176	16,740,098
Furnace Oil	39,698,085	30,621,445
Total	116,377,987	86,596,027
Q ADMINISTRATIVE AND OTHER EXPENSES		
Salaries	15,531,801	10,362,107
Director's Remuneration	3,600,000	2,400,000
Office Rent	5,160,057	3,474,375
Printing & Stationery	1,467,416	1,204,090
Postage & Telephone	2,591,219	2,415,463
Charity & Donation	80,802	291,106
Vehicle Repair & Maintenance	1,439,179	1,040,519
Fees & Taxes	3,302,697	5,320,356
Insurance	239,884	352,349
Travelling Expenses		
Director's Travelling	911,869	3,755,236
Other Travelling	3,710,853	2,716,684
Legal Expenses	3,748,465	4,755,905
Vehicle Running Expenses	416,580	345,340
Miscellaneous Expenses	13,720,121	11,040,375
Auditor's Remuneration	1,300,000	1,275,000
Office Maintenance Expenses	996,432	836,875
Total	58,217,376	51,585,780
R FINANCIAL CHARGES		
Interest on Working Capital	110,830,792	87,002,558
Interest on Secured Overdraft	47,380,114	34,115,604
Interest on Term Loan	–	33,331
Interest to Others	1,901,883	10,780,743
Exchange Difference	4,678,846	46,150,000
Bank & Other Charges	7,393,231	8,322,327
Total	172,184,866	186,404,562
S SELLING AND OTHER EXPENSES		
Advertisement Expenses	1,802,797	1,781,139
Commission and Discount	42,493,212	39,247,962
Freight Outward	145,303,768	146,353,964
Insurance	183,370	238,161
Sales Promotion	1,113,400	873,573
Additional Sales Tax	1,330,528	56,748
Export Duty	–	12,516,154
Total	192,227,076	201,067,701

T ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) General Principles of Consolidation

The financial statements of the parent Company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, income and expenses after eliminating all inter-company balances/transactions and resulting unrealised gain/loss.

Consolidated Financial Statements are prepared by applying accounting policies as followed by the Company and its subsidiaries; to the extent it is practicable. Significant differences in the accounting policies, if any, are appropriately disclosed by way of Notes to the Consolidated Financial Statements.

All intercompany transactions; balance and unrealised surpluses and deficits on transactions between group companies are eliminated.

Name of the Company	Relationship	% of ownership/ Interest
Apollo Metalex Pvt Ltd	Subsidiary	100%
Shri Lakshmi Metal Udyog Ltd.	Subsidiary	100%

Note: The consolidated financial results for the financial year ended March 31, 2010 comprise the financial results of APL Apollo Tubes Ltd and its' 100% subsidiaries Shri Lakshmi Metal Udyog Ltd and Apollo Metalex (P) Ltd. and have been prepared in accordance with the AS-21 issued by the ICAI

2) Basis of Preparation of Financial Statement

The financial statements have been prepared under the historical cost convention on the basis of going concern and in accordance with the Accounting Standard 1 Referred to in section 211(3c) of the Companies Act, 1956.

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

3) Fixed Assets

Fixed Assets are stated at cost net of duty credit availed less accumulated depreciation and impairments, if any. The cost includes cost of acquisition/construction, installation and preoperative expenditure including trial run expenses (net of revenue) and borrowing costs incurred during pre-operation period. Expenses incurred on capital assets are carried forward as capital work in progress at cost till the same are ready for use.

Pre-operative expenses, including interest on borrowings for the capital goods, where applicable incurred till the capital goods are ready for commercial production, are treated as part of the cost of capital goods and capitalised.

Machinery spares which are specific to particular item of fixed assets and whose use is irregular are capitalised as part of the cost of machinery.

4) Impairment of Assets

The Company recognizes all the losses as per Accounting Standard -28 due to the impairment of assets in the year of review of the physical conditions of the Assets and is measured by the amount by which, the carrying amount of the Assets exceeds the Fair Value of the Asset.

5) Depreciation

Depreciation on fixed assets is provided on straight-line basis at the rates specified under Schedule XIV of the Companies Act, 1956. Depreciation for assets purchased / sold during the period is proportionately charged.

6) Inventories Valuation

Raw material is valued at cost (First in First Out basis) or nets realisable value whichever is lower. Finished Goods are valued at cost or net realisable value whichever is lower. Stock of Scrap is valued at net realisable value. Stock of Trading Goods is valued at Cost (Weighted Average/ First in First Out basis).

7) Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within profit and loss account. Current assets and current liabilities in foreign currency outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the profit and loss account of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognised in profit and loss account over the life of the contract.

8) Duties & Credits

Excise Duty is accounted for at the time of clearance of goods except closing stock of finished goods lying at the works.

Cenvat Credit, to the extent available during the year, is adjusted towards cost of materials.

Duty credit on export sales has been taken on accrued basis whether license has been issued after closing of the financial year.

9) Sales are inclusive of excise duty and after deducting the trade discount and also sales tax applicable.

10) Retirement Benefits

The Company has provided for the retirement benefits as per the actuarial valuation under the Projected Unit Credit Method. However in Apollo Metalex Pvt. Ltd being in the second year of the operation, the provision for Gratuity Liability is not applicable as per the applicable Indian laws.

Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the period when the contributions to the respective funds are due.

11) Borrowing Cost

Borrowing cost is charged to the Profit & Loss Account, except cost of borrowing for the acquisition of qualifying assets, which is capitalized till the date of commercial use of the assets.

12) Taxes on Income

Provision for current tax is made considering various allowances, disallowances and benefits available to the Company under the provisions of Income Tax Law.

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at tax rate substantively enacted by the Balance Sheet date to the

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

extent the timing differences are expected to be crystallized.

13) Misc. Expenditure

Misc. expenditure represents ancillary cost incurred in connection with the incorporation and share issue expenses. It has been decided to write off these expenses over the period of five years.

14) Revenue Recognition

Sale of goods is recognised when the risk and reward of ownership are passed on to the customers. Revenue from services is recognized when the services are complete.

15) Investments

Long term investments, other than investment in Associates and Subsidiaries, are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Income/ Loss from investments are recognized in the year in which it is generated.

16) Provision and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a present obligation that may require an outflow of resources or where a reliable estimate of such obligation cannot be made.

17) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

18) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

B. NOTES FORMING PART OF ACCOUNTS

1) Contingent liability not provided for in respect of:

(In Lacs)

S. No.	Particulars	31.03.2010	31.03.2009
1.	Counter guarantee to Union Bank of India for performance guarantee given to various departments	565.96	242.55
2.	Outstanding Letter of Credit	335.00	554.00
3.	As on March 31, 2010, there was a foreign currency loan amounting US$ 50 Lacs (Previous year: US$ 50 Lacs).		

2) Raw Material Consumed*

a) H.R. Strip

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Stock	2,012.120	578.99	5,673.749	2,019.48
Add: Purchase	162,282.585	47,028.14	105,912.012	35,976.98
Add: Recd. from Job Work	84.280	25.41	–	–
Less: Issued for Production	149,510.134	42,688.41	104,550.336	35,662.50
Less : Sales	7,769.688	2,408.29	5,023.302	1,754.97
Less : Scrap from job work	3.170	0.91	–	–
Closing Stock : at works	6,267.563	2,217.73	2,012.123	578.99
with consignee	828.430	317.20	–	–

b) G.P. Coil

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Stock	578.277	183.89	1,553.884	626.22
Add: Purchase	13,198.255	4,498.38	12,906.290	5,155.95
Less: Issued for Production	12,492.116	4,234.00	10,683.616	4,021.11
Less: Sales	746.721	234.22	3,198.280	1,577.17
Closing Stock at works	537.695	214.05	578.278	183.89

c) Zinc

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Stock	187.865	175.06	85.388	93.85
Add: Purchase	3,199.392	3,380.41	2,675.826	2,121.83
Less: Issued for Production	2,926.449	3,015.96	2,139.891	1,620.58
Less: Sales	244.310	270.65	433.458	420.04
Closing Stock at works	216.498	268.86	187.865	175.06

d) Socket

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Stock	36.444	20.24	65.213	37.17
Add: Purchase	165.467	97.62	321.693	200.22
Less: Issued for Production	163.850	97.06	514.670	190.62
Less: Sales	4.660	3.03	37.040	26.53
Closing Stock at works	33.401	17.77	36.444	20.24

e) Black Pipe

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Stock	–	–	–	–
Add: Purchase	356.555	119.28	2,408.800	914.16
Less: Issued for Production	356.555	119.28	2,408.800	914.16
Closing Stock at works	–	–	–	–

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

f) GI Pipe

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Stock	–	–	–	–
Add: Purchase	390.610	162.22	2,088.900	927.83
Less: Issued for Production	390.610	162.22	2,088.900	927.83
Closing Stock at works	–	–	–	–

g) GP Pipe

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Stock	–	–	–	–
Add: Purchase	1,455.170	620.94	–	–
Less: Issued for Production	1,455.170	620.94	–	–
Closing Stock at works	–	–	–	–

* Sale / purchase among Parent and its subsidiary companies has not been adjusted.

3) Licensed and Installed Capacity, Production and Turnover

a) Licensed and Installed Capacity

	2010 Qty. (M.T.)		2009 Qty. (M.T.)	
	Licensed	Installed	Licensed	Installed
M S Pipes	Not Applicable	274,000	Not Applicable	224,000

b) Production*

a. M.S. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at works	3,815.059	2,683.533
- Lying with consignee	2,156.507	2,031.737
Add: Production during the year	127,403.874	91,180.023
Add: Recd. from job work	17.710	–
Less: Sale	73,464.138	50,766.089
Less: Issued for GI Pipe	54,025.545	39,157.630
Closing Stock - at works	5,412.223	3,815.067
- Lying with consignee	491.244	2,156.507

b. G.P. Pipes

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at works	422.685	242.452
- Lying with consignee	340.777	149.600
Add: Production during the year	26,132.938	16,220.564
Add: Recd. from job work	688.55	0.000
Less: Sale	27,167.092	15,849.154
Closing Stock - at works	242.942	422.685
- Lying with consignee	174.916	340.777

c. G.I. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at works	1,335.964	410.723
- Lying with consignee	494.076	834.169
Add: Production during the year	56,524.436	34,232.010
Add: Recd. from job work	68.170	–
Less: Sale	55,594.906	34,029.458
Closing Stock - at works	2,289.353	953.368
- Lying with consignee	538.387	494.076

d. G.P. Sheet

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at works	121.363	1,255.117
- Lying with consignee	–	–
Add: Production during the year	17,072.739	9,412.722
Less: Sale	2,218.980	3,710.160
Less: Issued for Production	14,237.137	6,836.316
Less: Issued for Job work	50.010	–
Closing Stock - at works	687.975	121.363

* Sale / purchase among Parent and its subsidiary companies has not been adjusted.

4) Closing Stock of finished goods has been valued inclusive of Excise Duty amounting to ₹ 38,714,941 (Previous Year ₹ 16,839,482) as per ASI-14 (Revised) issued by the Institute of Chartered Accountants of India.

5) Earnings per share (EPS) computed in accordance with AS-20.

Basic

	2010	2009
a. Net profit after tax	276,249,148	80,949,219
b. Number of Weighted Average Equity Share of ₹ 10 each	20,296,683	18,409,309
c. Basic Earnings per share	13.61	4.40
d. Nominal Value per share	10.00	10.00

Diluted

	2010	2009
a. Net profit after tax	276,249,148	80,949,219
b. Number of Weighted Average Equity Share of ₹ 10 each	20,296,683	18,409,309
c. Diluted Earnings per share	13.61	4.40
d. Nominal Value per share	10.00	10.00

6) Deferred Taxes - As per Accounting Standard (AS-22) on accounting for taxes on income, issued by the Institute of Chartered Accountants of India, The Deferred tax liability as on March 31, 2010 is as follows:

(Amount in ₹)

	2010	2009
Deferred Tax Liability	109,262,675	56,687,623
Deferred Tax Assets	2,79,571	–
Net Deferred Tax Liability	108,983,104	56,687,623

7) The Group has only one segment i.e. manufacturing of Steel tubes and pipes, therefore segment reporting as required under Accounting Standard –17 is considered as not applicable.

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

8) Interest & Financial Expense:

Particulars	2010	2009
Expended	172,184,866	186,404,562
Earned	63,783,211	42,057,447
Net Interest & Financial Expense	108,401,655	144,347,115

9) Brand Building:

During the year the Company incurred an expenditure of ₹ 8,663,961 on Brand building exercise, which has been grouped under miscellaneous expenses and will be amortized in 5 years equally.

10) Related Party Disclosures:

A) Name of related parties and description of relationships:

Associates

Apollo Pipes Ltd.

V. S. Exim (P) Ltd.

APL Infrastructure (P) Ltd.

Key Management Personnel

Sh. Sanjay Gupta - Managing Director

Relatives of Key Management Personnel

Mrs. Neera Gupta - Wife of Sh. Sanjay Gupta

Mrs. Saroj Rani Gupta - Mother of Director

B) Detail of Related Party Transactions

As required by Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, since CFS presents information about the Parent and its subsidiary as a single enterprise, it is not necessary to disclose intra-group transactions.

(Amount in ₹)

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Sale of Goods/Job Work/Machinery	27,284,174	–	–	27,284,174
Purchase of Goods/ Job Work/Machinery	27,132	–	–	27,132
Transfer of DEPB	7,071,477	–	–	7,071,477
Director's Remuneration Paid	–	3,600,000	–	3,600,000
Office/Works/ Vehicle Rent Paid	1,210,300	–	3,780,000	4,990,300
Funds – Received	–	–	–	–
Funds – Given	–	–	–	–

c) Amount due to and/or from related parties as at March 31, 2010

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Amount due to and/or from related parties	–	–	–	–
Amount due from related parties	72,337	–	–	72,337

		2010	2009
11)	Value of Import (₹)	34,286,025	30,667,083
12)	Value of Export (₹)	591,363,032	1,245,897,354
13)	Expenditure in foreign currency (₹) (Including Import)	36,886,163	40,482,584

14) The outstanding balance of Debtors/Creditors in the books of the Company is subject to confirmation.

15) Duty credit on Export Sales has been taken on accrued basis whether license has been issued by JDGFT after closing of the financial year.

16) Auditors Remuneration (excluding Service Tax)

(Amount in ₹)

	2010	2009
i) Statutory Audit Fee	980,000	985,000
ii) Taxation matters	220,000	190,000
iii) Other Services	100,000	100,000
Total	1,300,000	1,275,000

17) Break up of Managerial Remuneration

(Amount in ₹)

	2010	2009
i) Salaries	3,600,000	2,100,000
ii) Contribution to Provident Fund	–	–
iii) Other Perquisites	–	–
iv) Commission	–	–
Total	3,600,000	2,100,000

18) Break up of Directors Travelling Expenses:

(Amount in ₹)

	2010	2009
i) Foreign Travelling	223,762	3,317,809
ii) Inland Travelling	688,107	437,427

19) On the basis of information available with the Company, it does not owe any outstanding dues towards Small Scale Industrial Undertaking amended Schedule VI of the Companies Act, 1956 vide Notification No. GSR 129 (E) dated 22.02.99, in case the sum owned is ₹ 1.00 Lac or more which is outstanding for more than 30 days as at March 31, 2010.

20) On the basis of information available with the Company, the Company does not have any amounts due to suppliers under the Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2010.

21) The figures of previous year have been regrouped/ rearranged/ recasted to conform to those of the current year.

As per our Separate Audit Report of even date attached.

For VAPS & Co.
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

Auditors' Report

To,
The Members,
APL Apollo Tubes Limited
(formerly Bihar Tubes Limited)
Delhi 110092

1. We have audited the attached Balance Sheet of APL Apollo Tubes Limited as at March 31, 2010 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed hereto. 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 the 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 (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the explanations furnished to us during the course of our audit, we give in the Annexure a statement specified in paragraph 4 and 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 purpose of our audit.

   b) In our opinion proper books of accounts as required by law has kept by the Company so far as it appears from our examination of such books.

   c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.

   d) In our opinion the Balance Sheet, the Profit & Loss Account and Cash Flow Statement are in compliance with the Accounting Standards referred to in sub section (3c) of section 211 of the Companies Act, 1956.

   e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account and Cash Flow Statement read together with the notes thereon give the information as required by the Companies Act,1956 in the manner so required and give a true and fair view:

      i) In so far as it relates to the Balance Sheet of the State of Affairs of the Company as at March 31, 2010,

      ii) In he case of Profit & Loss Account of the profit of the Company for the year ended on that date, and

      iii) In the case of Cash Flow Statement of the cash flows of the Company for the year ended on that date.

   f) Based on representation made by all the Directors of the Company to the Board and the information and explanations as made available to us by the Company, none of the directors of the Company prima-facie have any disqualification as referred to in clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For VAPS & Co.
Chartered Accountants
Firm Regn. No.: 003612 N

P. K. Jain
Partner
Membership No.: 82515

Place: New Delhi
Dated: September 1, 2010

Annexure to the Auditors' Report

Re: APL Apollo Tubes Limited
(formerly Bihar Tubes Limited)
Referred to in paragraph 3 of our report of even date

1. a) The Company has maintained proper records showing full particular including quantitative details and situation of fixed assets.

   b) A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.

   c) Fixed assets disposed off during the year were not significant. According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.

2. a) The inventories (excluding stocks with the third parties) have been physically verified during the year by the management. In respect of inventory lying with the third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   b) 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.

   c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verifications.

3. a) The Company has granted unsecured loan to two companies (Wholly owned subsidiary companies), firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Maximum amount involved during the year was ₹ 2,044 Lacs (Rupees Two Thousand and Forty Four Lacs Only) and the year end balance of loan given to such parties was ₹ 778 Lacs (Rupees Seven Hundred and Seventy Eight Lacs Only). In our opinion the rate of interest and other terms and conditions on which loans have been given to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

   b) The Company has not taken any unsecured loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

   c) The rate of interest and other terms and conditions of the above-mentioned loan are not prima facie prejudicial to the interest of the Company.

   d) The repayment of principal and interest are as per the agreed terms.

4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system.

5. a) In our opinion and according to information and explanations given to us the transactions that needed to be entered in the register maintained under section 301 of the Act have been entered in the register

   b) As per information and explanations given to us aforesaid transactions have been made at price which are reasonable having regard to the prevailing market price at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections of 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule 1975.

7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 we are of the opinion that prima facie the prescribed accounts and record have been made and maintained. We have not made however a detailed examination of the record with a view to determine whether they are accurate or complete.

9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.

   b) According to the information and explanations given to us, no undisputed amount payable in respect of

Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Service Tax, Cess etc. were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.

c) According to the information and explanation given to us and records of the Company examined by us, the particulars dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax, Cess which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹)	Period to which dues relates	Authority where the dispute is pending for decision
Central Excise Act, 1944	Central Excise levied u/s 11A of Central Excise Act, 1944.	36,70,183	07.08.1996	Before the High Court Judicature of Allahabad
,,	Penalty u/s 11 AC of Central Excise Rules, 1944 read with Rule 9(2) & 173Q of Central Excise Act, 1944.	36,70,183	07.08.1996	Before the High Court Judicature of Allahabad
,,	Recovery u/s 57 I (4) of Central Excise Act,1944 of modvat credit availed and utilized in contravention of the provisions of Rule 57F(3) of Central Excise Rules, 1944.	3,52,445	07.08.1996	Before the High Court Judicature of Allahabad
,,	Penalty u/s 11AC of Central Excise Rules, 1944 read with Rule 9(2) & 173Q of Central Excise Rule, 1944.	3,52,445	07.08.1996	Before the High Court Judicature of Allahabad
,,	Central Excise duty levied u/s 11 A of Central Excise Act, 1944.	4,53,676	15.08.1999	Commissioner (Appeals) Central Excise, Noida
,,	Penalty u/s 11 AC of Centeral Excise Act, 1944.	4,53,676	15.08.1999	Commissioner (Appeals) Central Excise, Noida
,,	Penalty under Rule 9(2) and 173Q of Centeral Excise Rule, 1944.	1,00,000	15.08.1999	Commissioner (Appeals) Central Excise, Noida
,,	Penalty u/s 11 AC read with Rule 25 of Central Excise Rule 2001/2002 and 173Q of Central Excise Rule,1944.	40,00,000	1.12.2001 to 31.03.2004	CESTAT, New Delhi
,,	Central Excise duty on Zinc Ash/Dross demanded under Rule 12 of Cenvat credit Rules 2002/Rule 14 of Cenvat credit/ Rule 2004, read with Rule 6(3)(b) [explanation II] of cenvat credit Rules 2002/2004 and proviso to section 11 A of Central Excise Act, 1944.	47,17,737	March-04 to September-07	CESTAT, New Delhi
,,	Penalty under Rule 13(2) of Cenvat Credit Rules 2001/ Rule 15 of Cenvat credit Rules 2004 read with section 11 AC of Central Excise Act, 1944.	47,17,737	March-04 to September-07	CESTAT, New Delhi
,,	Central Excise duty demanded on Zink ash/Dross in terms of section 11A of Central Excise Act, 1944.	6,46,425	May -08 to July- 08	CESTAT, New Delhi
,,	Central Excise duty demanded on Zink ash/Dross in terms of section 11A of Central Excise Act, 1944.	3,12,663	May -08 to June- 08	Commissioner (Appeals) Central Excise, Noida
,,	Penalty under Rule 25 of Central Excise Rules 2002 read with section 11AC of Central Excise Act, 1944.	65,000	,,	,,
,,	Demand in Terms of section 11A on Zinc Ash/ Dross clearance.	10,83,460	July-08 to March-09	Commissioner (Appeals) Central Excise, Noida
,,	Penalty under Rule 25 of Central Excise Rules 2002 read with section 11AC of Central Excise Act, 1944.	30,000	,,	,,
U.P. Tax on Entry of Goods in to Local areas Act, 2007	The constitutional validity of U.P. Tax on Entry of Goods in to Local areas Act, 2007 had been Challenged.	3,96,07,117	November-08 to March-10	Deputy Commissioner (Assessment) Commercial Tax, Sikandrabad

10. The Company has no accumulated losses as at March 31, 2010 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.

12. We have been informed that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence paragraph 4(XII) of the order is not applicable.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (auditors' report) Order, 2003 as amended 2004 are not applicable to the Company.

14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investment and timely entries have been made therein. All shares, debentures and other investments have been held by Company in its own name.

15. The Company has given corporate guarantee for securing working capital facilities sanctioned by Union Bank of India to its Subsidiary Companies. In our opinion, the terms and conditions on which the Company has given said guarantees are not prejudicial to the interest of the Company.

16. In our opinion and according to information and explanations given to us by the Company the term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to Parties and Companies covered in the register to be maintained under section 301 of the Act.

19. During the period covered by our audit report, the Company has not issued any debentures.

20. The Company has not raised any money from public issue and as such question of end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2010.

For VAPS & Co.
Chartered Accountants
Firm Regn. No.: 003612 N

P. K. Jain
Partner
Membership No.: 82515

Place: New Delhi
Dated: September 1, 2010

Balance Sheet As at March 31, 2010

(Amount in ₹)

	Schedule	As at 31.03.2010		As at 31.03.2009	
SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	A	202,966,830		202,966,830	
b) Reserve & Surplus	B	1,758,879,974		1,633,990,523	
			1,961,846,804		1,836,957,353
2. Loan Funds					
Secured Loan	C	1,070,671,700		1,372,374,921	
			1,070,671,700		1,372,374,921
3. Deferred Tax Liability	D		81,597,190		36,845,979
Total			3,114,115,694		3,246,178,253
APPLICATION OF FUNDS					
1. Fixed Assets	E				
Gross Block		966,954,134		533,423,168	
Less : Depreciation		69,177,260		48,592,194	
Net Block			897,776,874		484,830,974
2. Investments	F		435,103,747		455,491,359
3. Net Current Assets					
Current Assets, Loans & Advances	G	2,057,237,987		2,472,932,435	
Less : Current Liabilities & Provisions	H	282,934,083		167,076,515	
			1,774,303,904		2,305,855,920
4. Misc. Expenditure	I		6,931,169		-
Total			3,114,115,694		3,246,178,253
Notes on Balance Sheet and Profit & Loss Account	S				

As per our Separate Audit Report of even date attached.

For **VAPS & Co.**
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

Profit and Loss Account For the year ended March 31, 2010

(Amount in ₹)

	Schedule	Year ended 31.03.2010		Year ended 31.03.2009	
INCOME					
Gross Realization	J	4,072,556,591		4,295,913,254	
Less : Excise Duty & Cess		278,246,467		380,098,685	
Net Realization			3,794,310,124		3,915,814,569
Other Income	K		68,371,059		58,887,299
Variation in Stock	L		120,072,210		(15,323,961)
Profit on Sale of Capital Assets			22,800,098		326,629
Total			**4,005,553,491**		**3,959,704,536**
EXPENDITURE					
Raw Material Consumed	M		3,260,327,310		3,445,670,662
Manufacturing Expenses	N		83,354,860		65,168,297
Excise Duty on Increase/Decrease in Stock			16,524,707		(23,438,872)
Power and Fuel	O		70,721,002		57,275,548
Administrative and Other Expenses	P		42,702,803		37,603,581
Financial Charges	Q		121,787,593		133,593,073
Selling and Other Expenses	R		124,822,341		143,099,124
Depreciation	E		24,768,472		12,859,748
Misc Expenditure Written off	I		1,732,792		-
Loss on Sale of Capital Assets			1,235,838		55,897,725
			3,747,977,718		**3,927,728,886**
Profit for the Year Before Tax			257,575,772		31,975,651
Less : Provision for					
Current Year Tax			43,563,500		16,367,400
Deferred Tax Liability (Net)			44,751,211		14,215,484
Fringe Benefit Tax			-		500,900
Wealth Tax			52,665		-
Add : MAT Credit Entitlement			4,439,480		-
Less : Prior Year Adjustments			1,244,377		-
Less : Income Tax for A.Y. 2007-2008			-		304,512
Less : Fringe Benefit Tax for A.Y. 2008-2009			21,840		-
			172,381,659		**587,355**
Add : Profit and Loss b/f			223,958,323		223,370,967
Amount Available for Appropriation			**396,339,982**		**223,958,322**
Interim Dividend Paid			40,593,366		-
Dividend Distribution Tax on Interim Dividend			6,898,842		-
Transfer to General Reserve			20,000,000		
Balance Carried to Balance Sheet			**328,847,774**		**223,958,322**
Earning Per Share (Basic) - ₹			7.43		3.05
Earning Per Share (Diluted) - ₹			7.43		3.05
(as per Note No. 6 of Schedule S)					

As per our Separate Audit Report of even date attached.

For **VAPS & Co.**
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

(Amount in ₹)

	Year ended 31.03.2010		Year ended 31.03.2009	
1. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		234,775,675		87,873,375
Add: Adjustments for:				
Depreciation	24,768,472		12,859,748	
Misc. Expenses Written Off	1,732,792			
Interest & Finance Charges	121,787,593		133,593,073	
Loss on sale of fixed assets	1,235,838		-	
Prior period items	(1,244,377)	148,280,319	-	146,452,821
Operating Profit Before Working Capital Changes		383,055,994		234,326,196
Adjustments for:				
Increase/Decrease in Sundry Debtors	(16,026,769)		2,932,746	
Increase/Decrease in Other Receivables	(70,930,775)		(174,476,170)	
Increase/Decrease in Inventories	(280,054,607)		212,051,357	
Increase/Decrease in Trade & Other Payable	72,294,068	(294,718,084)	(34,265,460)	6,242,474
Cash Generated from Operations		88,337,910		240,568,670
Direct Taxes paid including Fringe Benefit Tax		(24,299,341)		(88,972,902)
Cash Flow before extra ordinary items		64,038,569		151,595,768
Extra ordinary items		22,800,098		(55,897,725)
Net Cash from Operating Activities (A)		**86,838,667**		**95,698,044**
2. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(459,690,361)		(206,088,261)	
Misc Expenditure	(8,663,961)			
Sale of Fixed Assets	20,740,150		4,009,163	
Advances for Fixed Assets	143,423,831		(313,578,948)	
Misc Investments	20,387,612		(141,753,953)	
Net Cash from Investing Activities (B)		**(283,802,729)**		**(657,412,000)**
3. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds of Shares Issued during the Year	-		880,743,757	
Receipt / Repayment of Secured loans	(301,703,221)		825,140,251	
Receipt / Repayment of Unsecured loans	-		(129,225,000)	
Dividend & DDT paid	(47,492,208)		-	
Interest & Finance Charges	(121,787,593)		(133,593,073)	
Net Cash from Financing Activities (C)		**(470,983,022)**		**1,443,065,934**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**(667,947,084)**		**881,351,979**
Add: Cash & Cash Equivalents at the Beginning of the Year		931,224,290		49,872,311
Cash & Cash Equivalents at the end of the year		**263,277,206**		**931,224,290**

Notes :

1. Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per Schedule-G.
2. The Cash Flow Statement has been prepared under the "Indirect method " as set out in the Accounting Standard (AS -3), "Cash Flow Statement".
3. Figures in Brackets indicate cash outflow.

As per our Separate Audit Report of even date attached.

For VAPS & Co.
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
A SHARE CAPITAL		
Authorized		
25,000,000 Equity Shares of ₹ 10/- each		
(Previous year 25,000,000 Equity Shares of ₹ 10/- each)	250,000,000	250,000,000
Issued, Subscribed and Paid Up		
20,296,683 Equity Shares of ₹ 10/- each		
(Previous Year 20,296,683 Equity Shares of ₹ 10/- each)	202,966,830	202,966,830
Total	202,966,830	202,966,830

	As at 31.03.2010	As at 31.03.2009
B RESERVE AND SURPLUS		
i. Security Premium		
At the commencement of the year	1,398,633,674	256,860,000
Add: Amount received on Share Issues	-	1,191,420,488
Less : Expenses on GDRs issue	-	49,646,814
Total (i)	1,398,633,674	1,398,633,674
ii. General Reserve		
At the commencement of the year	11,398,526	20,183,526
Add: Transferred during the year	20,000,000	-
Less : Amount utilized for issue of bonus shares	-	9,695,000
Add : Amount received on forfeiting the warrant	-	910,000
Total (ii)	31,398,526	11,398,526
Balance in Profit and Loss Account (iii)	328,847,774	223,958,323
Total (i+ii+iii)	1,758,879,974	1,633,990,523

	As at 31.03.2010	As at 31.03.2009
C SECURED LOANS		
A. Term Loans		
1. From Banks	38,715,019	39,699,920
2. Car loans from Banks	6,691,531	2,881,931
B. Working capital facilities from Banks	840,204,163	606,356,761
C. Secured Overdraft	185,060,986	723,436,309
Total	1,070,671,700	1,372,374,921

Notes :

A (1). Term Loan of ₹ 38,715,019/- from ICICI Bank Ltd. is secured against mortgage of Estate Home (residential property under construction) at E-11 (Land-II), Jaypee Greens, Greater Noida (U.P.)

A (2). Car loans of ₹ 5,513,582.89, ₹ 206,296.00 & ₹ 971,652.00 respectively from HDFC Bank, ICICI Bank Ltd & Union Bank of India are against hypothecation of vehicles

B. Working capital facilities from Union Bank of India are secured by first charge on inventories and book debts and first charge on all moveable and immovable fixed assets of the Company and further guaranteed by three Directors of the Company and their relatives along with Corporate Guarantee of M/s V.S. Exim (P) Ltd.

Working capital facilities from banks includes foreign currency loan of US$ 5,000,000

C. Secured Overdraft availed from Union Bank of India are against pledge of Company's Fixed Deposits.

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
D DEFERRED TAX LIABILITY		
Last Year Balance	36,845,979	22,630,495
Add for the Current Year	44,751,211	14,215,484
Total	81,597,190	36,845,979

E FIXED ASSETS

Description	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	@	As at 01.04.2009	Addition during the year	Sales during the year	As at 31.03.2010	Upto 31.03.2009	For the year	Adjusted during the year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
A. Fixed Assets											
Land	--	38,623,684	628,797	-	39,252,481	-	-	-	-	39,252,481	38,623,684
Building	3.34%	93,860,879	86,776,641	-	180,637,520	3,888,610	4,018,700	-	7,907,311	172,730,209	89,972,269
Plant & Machinery	4.75%	290,339,195	249,408,649	24,897,516	514,850,328	37,119,582	18,339,745	3,843,480	51,615,847	463,234,481	253,219,614
Office Equipment	4.75%	1,622,712	715,619	-	2,338,331	589,175	95,625	-	684,800	1,653,531	1,033,537
Vehicle	9.50%	14,349,724	9,380,452	1,261,879	22,468,297	6,070,620	1,779,621	339,927	7,510,313	14,957,984	8,279,104
Furniture & Fixture	6.33%	187,307	279,743	-	467,050	13,711	19,691	-	33,402	433,648	173,596
Computer	16.21%	2,608,884	988,874	-	3,597,758	910,496	515,090	-	1,425,586	2,172,171	1,698,388
Zinc (46.142 M.T.)	--	2,132,553	-	-	2,132,553	-	-	-	-	2,132,553	2,132,553
Sub Total (A)		443,724,938	348,178,774	26,159,395	765,744,317	48,592,194	24,768,472	4,183,407	69,177,260	696,567,058	395,132,744
B. Work-In-Progress											
WIP (Plant)	--	24,611,800	270,673,710	181,065,525	114,219,985	-	-	-	-	114,219,985	24,611,800
WIP (Building)		64,693,527	66,960,028	54,865,223	76,788,332	-	-	-	-	76,788,332	64,693,527
Expenses Pending for Allocation		392,903	11,864,857	2,056,260	10,201,500	-	-	-	-	10,201,500	392,903
Sub Total (B)		89,698,230	349,498,595	237,987,008	201,209,817	-	-	-	-	201,209,817	89,698,230
Current year figure (A+B)		533,423,168	697,677,370	264,146,404	966,954,134	48,592,194	24,768,472	4,183,407	69,177,260	897,776,875	484,830,974
Previous Year Figure		329,414,180	211,981,806	7,972,818	533,423,168	38,750,137	12,859,748	3,017,691	48,592,194	484,830,974	234,747,820

	As at 31.03.2010	As at 31.03.2009
F INVESTMENTS		
Quoted		
Long Term		
Equity Shares of Goodluck Steel Tubes Ltd.		
(Previous Year 72959 Equity Shares)	-	20,387,612
Unquoted		
In subsidiary companies		
- 27,11,100 Equity shares of Apollo Metalex Pvt. Ltd. of ₹ 10/- each	72,111,000	72,111,000
- 58,95,000 Equity shares of Shri Lakshmi Metal Udyog Ltd. of ₹ 10/- each	362,992,747	362,992,747
	435,103,747	455,491,359

Schedules forming part of the Accounts For the year ended March 31, 2010

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
G CURRENT ASSETS LOANS AND ADVANCES		
A. Current Assets		
Inventories (As physically verified and valued by the management)		
Raw Material	190,621,876	34,374,524
Finished Goods	375,814,316	263,331,395
Scrap & Rejections	13,070,649	5,892,938
Consumable Store	10,667,338	8,499,148
Stock (Trading Goods)	1,978,433	-
Sundry Debtors (Unsecured considered good)		
Outstanding for a period exceeding six months	19,616,955	9,276,695
Others	394,474,919	388,788,409
Cash and Bank Balance	9,456,002	78,718,284
FDR's with Schedule Banks	234,581,743	824,069,673
Accrued Interest on FDR's & Securities	19,239,461	28,436,333
Total (A)	1,269,521,692	1,641,387,400
B. Loans and Advances		
(Unsecured and Considered good, unless stated otherwise)		
i) Advance to Subsidiary	77,811,046	115,328,952
Total (i)	77,811,046	115,328,952
ii) Advances recoverable in cash or in kind		
Claims Receivable	88,629,765	95,362,128
Excise Duty & Cess Receivable	33,067,003	19,961,348
Income Tax Deducted at Source	24,385,474	12,295,376
Securities	16,733,619	7,706,555
Advance to Suppliers and Other Loans & Advances	505,956,433	543,476,594
Prepaid Expenses	4,520,391	199,289
Export Incentive Receivable	11,508,424	21,481,347
Service Tax Recoverable	7,992,857	6,486,478
Advance Tax	12,078,646	–
Fringe Benefit Tax	593,157	537,065
MAT Credit Entitlement	4,439,480	–
Sales Tax Recoverable	-	8,709,903
Total (ii)	709,905,249	716,216,083
Total B {(i)+(ii)}	787,716,295	831,545,035
Total (A+B)	2,057,237,987	2,472,932,435

	As at 31.03.2010	As at 31.03.2009
H CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors for Raw Material	13,072,499	32,425,111
Sundry Creditors for Others	42,728,569	9,982,455
Expenses Payable	81,209,207	21,500,362
Advances from Parties	56,383,665	74,037,287
Investor Education & Protection Fund-Unclaimed Dividend	397,275	76,639
(shall be credited when due)		
Total (A)	193,791,215	138,021,854
B. Provisions		
Provision For Excise Duty on Finished Goods	28,711,068	12,186,361
Provision for Taxation	59,930,900	16,367,400
Provision for Fringe Benefit Tax	500,900	500,900
Total (B)	89,142,868	29,054,661
Total (A+B)	282,934,083	167,076,515

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
I MISCELLANEOUS EXPENDITURE		
Misc. Expenditure	8,663,961	-
Less: Misc. Expenditure Written off	1,732,792	-
Total	6,931,169	-

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
J GROSS REALIZATION		
Domestic Sales	3,809,804,727	3,494,396,279
Export Sales	241,622,927	769,750,693
Other Operating Income		
Job Work	6,763,612	1,133,035
Export Incentive	14,365,324	30,633,247
Total	4,072,556,591	4,295,913,254
K OTHER INCOME		
Interest Received on FDR	63,468,226	42,047,623
Miscellaneous Income	451,445	14,977,922
Dividend	20,000	1,367,100
Profit on Trading	4,431,387	494,654
	68,371,059	58,887,299
L VARIATION IN STOCK		
Closing Stock		
Finished Goods	375,814,316	263,331,395
Scrap & Rejections	13,070,649	5,481,360
Total (A)	388,884,965	268,812,755
Less : Opening Stock		
Finished Goods	263,331,395	268,958,442
Scrap & Rejections	5,481,360	15,178,274
Total (B)	268,812,755	284,136,716
Net (A - B)	120,072,210	(15,323,961)
M RAW MATERIAL CONSUMED		
Opening Stock	34,374,524	228,654,513
Add : Purchase During the Year	3,416,574,661	3,251,390,673
Total	3,450,949,185	3,480,045,186
Less : Closing Stock	190,621,876	34,374,524
Net	3,260,327,310	3,445,670,662
N MANUFACTURING EXPENSES		
Factory Wages	21,287,413	10,730,737
Consumable Stores	38,793,204	42,112,353
Job Work Charges	2,290,220	-
Freight & Cartage Inward	19,487,293	10,836,031
Insurance	32,138	88,360
Factory Rent	1,464,592	1,400,816
Total	83,354,860	65,168,297

(Amount in ₹)

	Year ended 31.03.2010		Year ended 31.03.2009	
O POWER AND FUEL				
Electricity Expenses		23,771,368		21,904,304
Generator Running Charges		22,986,044		14,314,138
Furnace Oil		23,963,590		21,057,106
Total		70,721,002		57,275,548
P ADMINISTRATIVE AND OTHER EXPENSES				
Salaries		8,241,338		5,592,664
Director's Remuneration		2,400,000		1,200,000
Office Rent		3,710,992		2,526,865
Printing & Stationery		1,110,570		664,475
Postage & Telephone		1,846,754		1,853,143
Charity & Donation		50,000		277,200
Vehicle Repair & Maintenance		1,231,729		873,508
Fees & Taxes		2,268,232		4,659,815
Insurance		171,288		174,625
Travelling Expenses				
Director's Travelling	699,375	-	2,462,656	-
Other Travelling	2,855,677	3,555,052	1,815,761	4,278,417
Legal Expenses		3,082,733		3,483,780
Miscellaneous Expenses		13,395,610		10,543,847
Auditor's Remuneration		1,000,000		1,000,000
Office Electricity Expenses		638,503		475,242
Total		42,702,803		37,603,581
Q FINANCIAL CHARGES				
Interest on Working Capital		65,661,125		48,591,089
Interest on Secured Overdraft		47,380,114		34,115,604
Interest To Others		1,783,107		569,286
Exchange Difference		4,678,846		46,150,000
Bank & other Charges		2,284,401		4,167,094
Total		121,787,593		133,593,073
R SELLING AND OTHER EXPENSES				
Advertisement Expenses		1,771,622		1,506,139
Commission and Discount		40,339,328		37,261,187
Freight Outward		80,705,391		93,529,221
Insurance (Marine)		86,000		181,071
Sales Promotion		624,528		670,437
Additional Sales Tax		1,295,472		-
Export Duty		-		9,951,070
Total		124,822,341		143,099,124

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparation of Financial Statement

a) The financial statements have been prepared under the historical cost convention on the basis of going concern and in accordance with the Accounting Standard 1 Referred to in section 211(3c) of the Companies Act, 1956.

b) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

2) Fixed Assets

a) Fixed Assets are stated at cost net of duty credit availed less accumulated depreciation and impairments, if any. The cost includes cost of acquisition/construction, installation and preoperative expenditure including trial run expenses (net of revenue) and borrowing costs incurred during pre-operation period. Expenses incurred on capital assets are carried forward as capital work in progress at cost till the same are ready for use.

b) Pre-operative expenses, including interest on borrowings for the capital goods, where applicable incurred till the capital goods are ready for commercial production, are treated as part of the cost of capital goods and capitalised.

c) Machinery spares which are specific to particular item of fixed assets and whose use is irregular are capitalised as part of the cost of machinery.

3) Impairment of Assets

The Company recognizes all the losses as per Accounting Standard -28 due to the impairment of assets in the year of review of the physical conditions of the Assets and is measured by the amount by which, the carrying amount of the Assets exceeds the Fair Value of the Asset.

4) Depreciation

Depreciation on fixed assets is provided on straight-line basis at the rates specified under Schedule XIV of the Companies Act, 1956. Depreciation for assets purchased / sold during the period is proportionately charged.

5) Inventories Valuation

Raw material is valued at cost (First in First Out basis) or nets realisable value whichever is lower. Finished Goods are valued at cost or net realisable value whichever is lower. Stock of Scrap is valued at net realisable value. Stock of Trading Goods is valued at Cost (Weighted Average/ First in First Out basis).

6) Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within profit and loss account. Current assets and current liabilities in foreign currency outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the profit and loss account of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognized in profit and loss account over the life of the contract.

7) Duties & Credits

a) Excise Duty is accounted for at the time of clearance of goods except closing stock of finished goods lying at the works.

b) Cenvat Credit, to the extent available during the year, is adjusted towards cost of materials.

c) Duty credit on export sales has been taken on accrued basis whether license has been issued after closing of the financial year.

8) Sales are inclusive of excise duty and after deducting the trade discount and also sales tax applicable.

9) Retirement Benefits

a) The Company has provided for the retirement benefits as per the actuarial valuation under the Projected Unit Credit Method.

b) Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the period when the contributions to the respective funds are due.

10) Borrowing Cost

Borrowing cost is charged to the Profit & Loss Account, except cost of borrowing for the acquisition of qualifying assets, which is capitalized till the date of commercial use of the assets.

11) Taxes on Income

Provision for current tax is made considering various allowances, disallowances and benefits available to the Company under the provisions of Income Tax Law.

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized.

12) Misc. Expenditure

Misc. expenditure represents ancillary cost incurred in connection with the incorporation and share issue expenses. It has been decided to write off these expenses over the period of five years.

13) Revenue Recognition

Sale of goods is recognized when the risk and reward of ownership are passed on to the customers. Revenue from services is recognized when the services are complete.

14) Investments

Long term investments, other than investment in Associates and Subsidiaries, are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Income/ Loss from investments are recognized in the year in which it is generated.

15) Provision and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that requires an outflow of resources and a reliable estimate can be made of the amount

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

of obligation. A disclosure for a contingent liability is made when there is a present obligation that may require an outflow of resources or where a reliable estimate of such obligation cannot be made.

16) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

17) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

B. NOTES FORMING PART OF ACCOUNTS

1) Contingent Liability not provided for in respect of:

(In Lacs)

S. No.	Particulars	31.03.2010	31.03.2009
1.	Counter guarantee to Union Bank of India for performance guarantee given to various departments	493.34	242.55
2.	Outstanding Letter of Credit	335.00	554.00
3.	As on March 31,2010, there was a foreign currency loan amounting US$ 50 Lacs (Previous year: US$ 50 Lacs).		
4.	Corporate Guarantee for securing working capital facilities sanctioned by Union Bank of India to its Subsidiary Companies.		

2) Raw Material Consumed

a) H.R. Strip

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	913.070	255.66	4,241.549	1,616.03
Add: Purchase	100,447.387	29,009.99	73,854.756	25,410.37
Add: Recd. from Job work	84.280	25.41	-	-
Less: Issued for Production	88,887.498	25,108.683	73,045.845	25,334.81
Less : Sales	6,727.492	2,093.38	4,137.390	1,435.93
Less : Scrap from job work	3.170	0.91	-	-
Closing Balance				
- at works	4,998.147	1,770.89	913.070	255.66
- with consignee	828.430	317.20	-	-

b) G.P. Coil

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	97.594	31.23	1,553.884	626.22
Add: Purchase	2,101.621	686.85	6,274.895	2,640.31
Less: Issued for Production	1,519.932	507.33	4,532.905	1,658.13
Less:- Sales	647.646	199.65	3,198.280	1,577.17
Closing Balance	31.637	11.10	97.594	31.23

c) Zinc

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	42.074	33.87	3.910	4.22
Add: Purchase	1,951.795	2,001.11	2,059.977	1,620.59
Less: Issued for Production	1,661.670	1,658.61	1,592.675	1,175.54
Less : Sales	242.830	268.77	429.138	415.40
Closing Balance	89.369	107.60	42.074	33.87

d) Socket

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	35.421	19.48	65.213	37.17
Add: Purchase	90.200	50.99	264.583	162.20
Less: Issued for Production	94.395	53.63	257.335	153.36
Less: Sales	4.660	3.03	37.040	26.53
Closing Balance	26.566	13.81	35.421	19.48

e) Black Pipe

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	-	-	-	-
Add: Purchase	356.555	119.28	2,408.800	914.16
Less: Issued for Production	356.555	119.28	2,408.800	914.16
Closing Balance	-	-	-	-

f) GI Pipe

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	-	-	-	-
Add: Purchase	390.610	162.22	2,088.900	927.83
Less: Issued for Production	390.610	162.22	2,088.900	927.83
Closing Balance	-	-	-	-

g) GP Pipe

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	-	-	-	-
Add: Purchase	1,455.170	620.94	-	-
Less: Issued for Production	1,455.170	620.94	-	-
Closing Balance	-	-	-	-

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

3) Licensed and Installed Capacity, Production and Turnover

a) Licensed and Installed Capacity

	2010 Qty. (M.T.)		2009 Qty. (M.T.)	
	Licensed	Installed	Licensed	Installed
Unit I M S Pipe	N. A.	150,000	N. A.	150,000
Unit II M S Pipe	N. A.	50,000	N. A.	-

b) Production

i. M.S. Pipes

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at works	3,321.747	1,822.561
- lying with consignee/branches	2,156.507	2,031.737
Add: Production during the year	84,351.253	69,169.520
Add: Recd. from job work	17.710	-
Less: Sale	49,738.840	37,224.124
Less: Issued for GI Pipe	34,411.470	30,321.440
Closing Stock - at works	5,205.663	3,321.747
- lying with consignee/branches	491.244	2,156.507

ii. G.P. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at works	164.047	242.452
- lying with consignee/branches	91.247	149.600
Add: Production during the year	968.931	4,288.860
Add: Recd. from job work	491.610	-
Less: Sale	1,590.652	4,425.618
Closing Stock - at works	117.453	164.047
- lying with consignee/branches	7.730	91.247

iii. G.I. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at works	953.368	410.723
- lying with consignee/branches	494.076	834.169
Add: Production during the year	36,544.898	34,232.010
Add: Recd. from job work	68.170	-
Less: Sale	36,241.494	34,029.458
Closing Stock - at works	1,280.631	953.368
Closing Stock - lying with consignee/branches	538.387	494.076

4) The closing stock of finished goods has been valued inclusive of Excise Duty amounting to ₹ 28,711,068.00 (Previous Year ₹ 12,186,361) As per ASI-14 (Revised) issued by the Institute of Chartered Accountants of India.

5) Employee Benefits

Long Term Employee Benefits

The following table sets forth the status of the Gratuity Plan of the Company, and the amounts recognised in the balance sheet and profit and loss account. The liability for Gratuity as at March 31, 2010 have been actuarially determined and provided for in the accounts as against the practice of providing the liability on payment basis only upto the previous financial year ended March 31, 2009.

Particulars	Year ended 31.032010 (₹)
Changes in the present value of defined benefit obligation	
Projected benefit obligation at the beginning of year	1,244,377
Current service cost	406,878
Interest cost	93,328
Actuarial loss/(gain)	518,620
Benefits paid	1 96,315
Projected benefit obligation at the end of the year	**2,066,888**
Changes in the fair value of plan assets	
Fair value of plan assets at the beginning of the year	-
Expected return on plan assets	-
Contributions	-
Actuarial (loss)/gain	-
Fair value of plan assets at the end of the year	**-**
Amount recognized in the balance sheet	
Projected benefit obligation at the end of the year	2,066,888
Fair value of plan assets at the end of the year	-
Funded status of the plans-asset/(liability) -Liability recognized in the balance sheet	**(2,066,888)**
Gratuity cost for the year	
Current service cost	406,878
Interest cost	93,328
Expected return on plan assets	-
Net actuarial (gain)loss recognized in the year	518,620
Net Gratuity cost	**1,018,826**
Assumptions	
Discount rate	7.50
Expected rate of return on plan assets	–
Long term rate of compensation increase	5.00

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

6) Earnings per share (EPS) computed in accordance with AS-20.

(Figures in ₹)

	2010	2009
A. Basic EPS		
Profit After Tax as per P&L A/c (₹)*	150,817,401	56,158,451
Weighted Avg. Number of Equity Share	20,296,683	18,409,304
Basic EPS (₹)	7.43	3.05
B. Diluted EPS		
Profit After Tax as per P&L A/c (₹)*	150,817,401	56,158,451
Diluted Number of Equity Shares outstanding	20,296,683	18,409,304
Diluted EPS (₹)	7.43	3.05
C. Computation of Diluted Number of Equity Shares		
1. Basic Shares	20,296,683	18,409,304
2. Share Application Money of which share are allotted during the year.	–	–
3. Issue Price Per Share (₹)	–	–
4. Number of Shares at above issue Price	–	–
5. Total Diluted Equity Shares (1+4)	20,296,683	18,409,304

* after adjusting extra-ordinary items

7) Deferred Taxes - As per Accounting Standard (AS-22) on accounting for taxes on income, issued by the Institute of Chartered Accounts of India, The Deferred tax liability as on March 31, 2010 is as follows:

(Figures in ₹)

	2010	2009
Deferred Tax Liability	81,876,761	36,845,979
Deferred Tax Assets	279,571	–
Net Deferred Tax Liability	81,597,190	36,845,979

8) The Company has only one segment i.e. manufacturing of Steel tubes and pipes, therefore segment reporting as required under Accounting Standard –17 is considered as not applicable.

9) Interest & Financial Expense:

Particulars	2010	2009
Expended	121,787,593	133,593,073
Earned	63,468,226	42,047,623
Net Interest & Financial Expense	58,319,367	91,545,450

10) Brand Building

During the Year the Company incurred an expenditure of ₹ 8,663,961 on Brand building exercise, which has been grouped under miscellaneous expenses and will be amortized in 5 years equally.

11) Provision for Income Tax for the current year has been computed based on Minimum Alternate Tax in accordance with Section 115JB of the Income Tax Act, 1961. Taking into consideration the future profitability and the taxable position in the subsequent years, the Company has recognized MAT Credit Entitlement to the extent of ₹ 4,439,480 (Previous Year ₹ Nil) in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India.

12) Related Party Disclosures (AS 18)

a) Name of the related parties and description of relationships:

Related Parties with whom transaction have taken place during the year and balances outstanding as on the last day of the year:

Name of related parties where control exists irrespective of whether transactions have occurred or not

Wholly Owned Subsidiary companies

Apollo Metalex (P) Ltd.

Shri Lakshmi Metal Udyog Ltd.

Name of other related parties with whom transactions have taken place during the year

Associates

Apollo Pipes Ltd.

V. S. Exim (P) Ltd.

Key Management Personnel

Mr. Sanjay Gupta (Managing Director)

Relatives of key management personnel

Mrs. Saroj Rani Gupta (Mother of Directors)

Mrs. Neera Gupta (Wife of Sh. Sanjay Gupta)

b) Detail of Related Party Transactions

(Figures in ₹)

Particulars	Wholly Owned Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Sale of Goods/ Job Work/ Machinery	233,118,949	27,284,174			260,403,123
Purchase of Goods/Job Work/Machinery	277,386,611	27,132			277,413,743
Transfer of DEPB		3,237,520			3,237,520
Director's Remuneration Paid			2,400,000		2,400,000
Office/Vehicle/ Factory rent Paid		1,210,300		2,880,000	4,090,300
Funds Received	388,241,002				388,241,002
Funds Given	352,038,118				352,038,118

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

c) Amount due to and/or from Related Parties as at March 31, 2010

(Figures in ₹)

Particulars	Wholly Owned Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Amount due to Related Parties	16,383,577				16,383,577
Amount due from Related Parties	77,811,046	72,337			77,883,383

	2010	2009
13) Value of Import (₹)	34,286,025	30,667,083
14) Value of Export (CIF) (₹)	241,622,927	769,750,693
15) Expenditure in foreign currency (₹)	35,917,056	35,786,175

16) The outstanding balance of Debtors/Creditors in the books of the Company is subject to confirmation.

17) Auditors Remuneration (excluding Service Tax)

(Figures in ₹)

	2010	2009
i) Statutory Audit Fee	750,000	750,000
ii) Taxation matters	150,000	150,000
iii) Other Services	100,000	100,000
Total	1,000,000	1,000,000

18) Break up of Managerial Remuneration

(Figures in ₹)

	2010	2009
i) Salaries	2,400,000	1,200,000
ii) Contribution to Provident Fund	–	–
iii) Other Perquisites	–	–
iv) Commission	–	–
Total	2,400,000	1,200,000

19) Break up of Directors Travelling Expenses:

(Figures in ₹)

	2010	2009
i) Foreign Travelling	223,762	2,061,105
ii) Inland Travelling	475,613	401,551

20) On the basis of information available with the Company, it does not owe any outstanding dues towards Small Scale Industrial Undertaking amended Schedule VI of the Companies Act, 1956 vide Notification NO. GSR 129 (E) dated February 22, 1999, in case the sum owned is ₹ 1.00 Lac or more which is outstanding for more than 30 days as at March 31, 2010.

21) On the basis of information available with the Company, The Company does not have any amounts due to suppliers under the Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2010.

22) Amounts except number of shares and earnings per share are rounded off to the nearest rupees.

23) The figures of previous year have been regrouped / rearranged wherever considered necessary.

As per our Separate Audit Report of even date attached.

For **VAPS & Co.**
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

Balance Sheet Abstract and Company's Profile

1. **Registration Details**

CIN No.	L74899DL1986PLC023443	State Code	55
Balance Sheet Date	31 03 2010		

2. **Capital Raised during the year** *(in '000)*

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. **Position of Mobilization and Deployment of Funds** *(in '000)*

Total Liabilities	3397050	Total Assets	3397050
Sources of Funds			
Paid-up Capital	202967	Reserves & Surplus	1758880
Secured Loans	1070672	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	897777	Investments	435104
Net Current Assets	1774304	Misc.. Expenditure	6931

4. **Performance of the Company** *(in '000)*

Turnover	4005553	Total Expenditure	3747978
Profit Before Tax	257576	Profit After Tax/Deferred Tax	172382

5. **General Name of Two Principal Product of Company** (As per Monetary terms)
   1. Manufacturing of G.I. Pipes 2. Manufacturing of M.S. Pipes

As per our Separate Audit Report of even date attached.

For **VAPS & Co.**
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Place: New Delhi
Dated : September 1, 2010

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary company

Name of the Subsidiary Company	Apollo Metalex Private Limited [CIN : U27104DL2006PTC146579]	Shri Lakshmi Metal Udyog Ltd [CIN : U85110KA1994PLC015550]
Financial Year of subsidiary ended on	March 31, 2010	March 31, 2010
Date from which they become Subsidiary Company	June 15, 2007	April 28, 2008
Number of equity shares held by APL Apollo Tubes Limited	2711100 Equity Shares of ₹ 10/- each	5895000 Equity Shares of ₹ 10/- each
Extent of interest of APL Apollo Tubes Limited in the capital of the subsidiary	100%	100%
Net aggregate amount of profit / (losses) of the subsidiary so far as it concerns the members of APL Apollo Tubes Limited and is not dealt with in the accounts of the Company	₹ 50,187,843	₹ 75,180,006
Net aggregate amount of profit / (losses) of the subsidiary so far as it concerns the members of APL Apollo Tubes Limited and is dealt with in the accounts of the Company	---	---

For and on behalf of the Board

Place: Delhi 110092
Dated : September 1, 2010

Sanjay Gupta
Managing Director

Vinay Gupta
Director

Pankaj K. Gupta
GM (Finance & Accounts)

Adhish Swaroop
Company Secretary

Directors' Report

To,

The Members,

The Directors of your Company take pleasure in presenting to you, the fourth annual report together with the Audited Accounts for the financial year ending March 31, 2010.

Financials

In the third year of operations your Company recorded a gross turnover of ₹ 10,908.46 lacs and net profit of ₹ 501.88 lacs, with an earning per share of ₹ 18.51. The Company has two processes with installed capacity 24,000 MTPA each, for galvanisation of sheets and for manufacturing steel tubes and pipes.

Share capital

During the financial year ending March 31, 2010, there was no change in authorised, issued, subscribed and paid-up share capital of the Company.

Dividend

In order to conserve funds to meet investment requirements for new business opportunities – which we believe will enhance fund value in the long term – no dividend is being recommended.

Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, being a private company, which is a subsidiary of a public company, Mr. Vinay Gupta retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

Auditors and Audit Report

The Auditors M/s VAPS & Co., Chartered Accountants, retire at the Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Notes to Accounts referred in the Auditors Report are self-explanatory and therefore do not require any further comment.

Compliance certificate

In compliance with the requirement of provisions to Section 383A of the Companies Act, 1956, the Company obtained the Compliance Certificate Report from the Company Secretary in whole-time practice. Contents of the said Compliance Certificate are self-explanatory and attached herewith.

Personnel

The Company believes that its employees are key contributors to its business success and efficiency operations. With a prime focus on attracting and retaining talent in the industry, the Company offers an excellent working environment and compensations. The Company has a rich pool of technical and managerial skills required for the efficient growth of operations.

Your Company enjoys very cordial relations with all its employees. During the year under review, there was no employee in respect of whom the particulars were required to be disclosed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Energy conservation, technology absorption, R & D cell and foreign exchange earnings and outgo

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are as below:

(Amount in ₹)

Particulars	2010	2009
I. Purchase		
Unit	23,82,539	15,24,474
Total amount (₹)	1,16,66,948.00	85,57,619.00
Rate per unit (₹)	4.90	5.61
II. Generation through DG		
Unit	1,16,700	1,00,810
Fuel consumed (ltr.)	34,600	29,000
Fuel consumed (₹)	11,54,592	10,02,430.00
Cost per unit (₹)	9.89	9.94
III. Foreign exchange earnings	34,61,39,298.44	45,76,72,779.20
Foreign exchange outgo	1,08,00,552.52	77,57,133.69

Directors' responsibility statement

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2010 the applicable accounting standards were followed
- They have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the Company's state of affairs and profits for the year under review
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- They have prepared the annual accounts for the financial year ended March 31, 2010 on a going-concern basis

Fixed deposits

We have not accepted any fixed deposits till date and, as such, no amount of principal or interest was outstanding as of the balance sheet till date.

Acknowledgement

The Directors take this opportunity to place on record their thankful appreciation for the assistance and co-operation received from the Company's shareholders, customers, suppliers, bankers, government and all other concerned authorities. The Board also wishes to place on record its sincere appreciation of the employees of all levels, for their hard work, dedication and commitment.

For and on behalf of the Board

Place: Delhi 110 032
Date: June 11, 2010

Sanjay Gupta
Director

Vinay Gupta
Director

Auditors' Report

To,
The Members,
Apollo Metalex Private Limited, Delhi.

1. We have audited the attached Balance Sheet of **Apollo Metalex Private Limited** as at March 31, 2010 and also the Profit & Loss Account for the year ended on that date annexed hereto. 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 the 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 (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the explanations furnished to us during the course of our audit, we give in the Annexure a statement specified in paragraph 4 and 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 purpose of our audit.

   b) In our opinion proper books of accounts as required by law has kept by the Company so far as appears from our examination of such books.

   c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.

   d) The Balance Sheet and the Profit & Loss Account in compliance with the Accounting Standards referred to in sub section (3c) of section 211 of the Companies Act, 1956.

   e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon give the information as required by the Companies Act,1956 in the manner so required and give a true and fair view:

      i) In so far as it relates to the Balance Sheet of the State of Affairs of the Company as at March 31, 2010,

      ii) In the case of Profit & Loss Account of the profit of the Company for the year ended on that date, and

      iii) In the case of Cash Flow Statement of the cash flows of the Company for the year ended on that date.

   f) Based on representation made by all the Directors of the Company to the Board and the information and explanations as made available to us by the Company, none of the directors of the Company prima-facie have any disqualification as referred to in clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For VAPS & Co.
Chartered Accountants
Firm Regn. No.: 003612 N

P. K. Jain
Partner
Membership No.: 82515

Place: Delhi
Dated: June 11, 2010

Annexure to the Auditors' Report

Re: Apollo Metalex Private Limited

Referred to in paragraph 3 of our report of even date

1. a) The Company has maintained proper records showing full particulars Including quantitative details and situation of fixed assets.

   b) A substantial portion of the fixed assets has been physically verified by the management during the period and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.

   c) There was no substantial disposal of fixed assets during the year.

2. a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.

   b) 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.

   c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

3. a) The Company has not granted unsecured loan to any Company, firms or other Parties covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

   b) The Company has taken unsecured loan from one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was ₹400.00 Lac and the period end balance of loans taken from such party was ₹400.00 Lac. In our opinion the rate of interest and other terms and conditions on which loan have been taken from Company covered in the register maintained under section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the Company.

   c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest, if any.

   d) There is no overdue amount of loans taken from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangement that need to be entered into the register maintained under section 301 have been so entered.

   b) The transactions in pursuance of such contracts have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections of 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule 1975.

7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 we are of the opinion that prima facie the prescribed accounts and record have been made and maintained. We have not made however a detailed examination of the record with a view to determine whether they are accurate or complete.

APOLLO METALEX PRIVATE LIMITED

9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.

   b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Service Tax, Cess etc. were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.

   c) According to the information and explanation given to us and records of the Company examined by us, the particulars dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax, Cess which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount in ₹	Period to which dues Related	Authority where the Dispute is Pending for Decision
U.P. Tax on Entry of Goods in to Local areas Act, 2007	The constitutional validity of U.P. Tax on Entry of Goods in to Local areas Act, 2007 had been Challenged.	60,70,883	November, 2008 to March 2010	Deputy Commissioner (Assessment) Commercial Tax, Sikandrabad (U.P.)

10. The Company has no accumulated losses as at March 31, 2010 and has not incurred any cash losses during the financial period covered by our audit and in the immediately preceding financial period.

11. In our opinion and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. We have been informed that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (auditors' report) Order, 2003 are not applicable to the Company.

14. 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.

15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.

16. In our opinion, the term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long term investment.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to Parties and Companies covered in the register to be maintained under section 301 of the Act

19. During the period covered by our audit report, the Company has not issued any debentures.

20. The Company has not raised any money from public issue and as such question of end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For VAPS & Co.
Chartered Accountants
Firm Regn. No.: 003612 N

P. K. Jain
Partner
Membership No.: 82515

Place: Delhi
Dated: June 11, 2010

Balance Sheet As at March 31, 2010

(Amount in ₹)

	Schedule	As at 31.03.2010		As at 31.03.2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	27,111,000		27,111,000	
Reserve & Surplus	B	124,720,529	151,831,529	74,532,686	101,643,686
Loan Funds					
Secured Loans	C	187,321,268		187,328,400	
Unsecured Loans	D	40,000,000	227,321,268	-	187,328,400
Deferred Tax Liability	E		12,900,580		10,097,371
Total (A)			392,053,377		299,069,457
APPLICATION OF FUNDS					
Fixed Assets	F				
Gross Block		139,897,734		124,455,598	
Less:-Depreciation		12,409,349		6,692,022	
Net Block			127,488,385		117,763,576
Current Assets, Loans and Advances	G	317,493,047		197,535,141	
Less:-Current Liabilities and Provisions	H	52,980,155		16,307,410	
			264,512,892		181,227,731
Misc. Expenditure	I		52,100		78,150
Total (B)			392,053,377		299,069,457
Notes on Balance Sheet and Profit & Loss Account	S				

As per our separate audit report of even date attached.

For **VAPS & Co.**
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Director

Vinay Gupta
Director

Place: Delhi
Dated : June 11, 2010

Profit and Loss Account For the year ended March 31, 2010

(Amount in ₹)

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
A. INCOME			
Gross Realisation	J	1,090,846,264	825,013,664
Less: Excise Duty & Cess		57,363,667	40,930,874
Net Realisation		1,033,482,596	784,082,790
Other Income	K	24,383,827	21,601,460
Variation in Stock	L	24,858,054	(43,164,016)
Total		1,082,724,477	762,520,234
B. EXPENDITURE			
Raw Material Consumed	M	893,970,921	635,912,039
Manufacturing Expenses	N	17,353,751	13,137,023
Excise Duty Increase /Decrease In Stock		2,447,920	(6,167,862)
Power & Fuel	O	18,979,957	13,983,113
Administrative & Other Expenses	P	4,980,184	6,050,588
Financial Expenses	Q	16,309,968	12,686,556
Selling & Other Expenses	R	43,892,727	49,545,610
Depreciation		5,717,326	4,804,834
Preliminary Expenses Written off		26,050	26,050
Loss on Sale of Fixed Assets		-	3,917
		1,003,678,805	729,981,869
Profit for the year		79,045,672	32,538,365
Less: Provision			
Current Year Tax		26,001,000	3,762,700
Deferred Tax Liability (Net)		2,803,209	7,297,071
Fringe Benefit Tax		-	149,300
Prior Period Expenses		53,620	-
Profit After Tax		50,187,843	21,329,294
Add: Profit & Loss B/F		24,532,686	5,703,392
Amount Available For Appropriation		74,720,529	27,032,686
Transfer To General Reserve		-	2,500,000
Balance Carried To Balance Sheet		74,720,529	24,532,686
Earning Per Share (Basic)- ₹		18.51	17.55
Earning Per Share (Diluted)- ₹		18.51	17.55
(As per note no.6 of schedule 'S')			

As per our separate audit report of even date attached.

For **VAPS & Co.**
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Director

Vinay Gupta
Director

Place: Delhi
Dated : June 11, 2010

Cash Flow Statement For the year ended March 31, 2010

(Amount in ₹)

	Year ended 31.03.2010		Year ended 31.03.2009	
1. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		79,045,672		32,538,365
Add adjustment for Depreciation	5,717,326		4,804,834	
Misc. Expenditures w/o	26,050		26,050	
Interest & Finance Charges	16,309,968		12,686,556	
Prior Period Expenses	(53,620)		-	
		21,999,724		17,517,441
Operating profit before working capital changes		101,045,397		50,055,806
Adjustment for:				
Increase/Decrease in Sundry debtors	(66,314,569)		(8,634,215)	
Increase/Decrease in Other receivables	4,419,362		(19,449,084)	
Increase/Decrease in Inventories	(41,350,550)		31,972,106	
Increase/Decrease in Trade & Other payable	10,671,745	(92,574,011)	(27,887,775)	(23,998,968)
Cash generated from operations		8,471,385		26,056,838
Cash flow before extra ordinary items		8,471,385		26,056,838
Income Tax & Fringe Benefit Tax Paid		(4,402,614)		(1,688,202)
Extra ordinary items		-		-
Net cash from operating activities		4,068,771		24,368,635
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(15,442,136)		(50,403,322)	
Sale of Fixed Assets	-		159,917	
Advance for Fixed Assets	(7,285,695)		(5,944,299)	
Net Cash used in investing activities		(22,727,831)		(56,187,704)
C. CASH FLOW FROM FINANCE ACTIVITIES				
Receipt/Repayment of secured loans	(7,133)		72,742,382	
Receipt/Repayment of unsecured loans	40,000,000		(86,338,898)	
Interest & Finance Charges	(16,309,968)		(12,686,556)	
Receipt against issue of Equity Shares	-		60,000,000	
Net cash generated from Financing activities		23,682,899		33,716,928
Net Change in Cash Equivalent (A+B+C)		5,023,839		1,897,859
Cash & Cash Equivalent				
Opening Balance		2,255,531		357,672
Cash & Cash Equivalent		5,023,839		1,897,859
Closing Balance		7,279,370		2,255,531

As per our separate audit report of even date attached.

For VAPS & Co.
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515
Place: Delhi
Dated : June 11, 2010

Sanjay Gupta
Director

Vinay Gupta
Director

Schedules forming part of the Accounts For the year ended March 31, 2010

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
A SHARE CAPITAL		
Authorized		
3,000,000 Equity Shares of ₹ 10/- each		
(Previous year 3,000,000 Equity Shares of ₹ 10/- each)	30,000,000	30,000,000
	30,000,000	30,000,000
Issued, Subscribed and Paid Up		
2,711,100 Equity Shares of ₹ 10/- each		
(Previous year 2,711,100 Equity Shares of ₹ 10/- each)	27,111,000	27,111,000
Total	27,111,000	27,111,000

B RESERVE AND SURPLUS		
Security Premium	45,000,000	45,000,000
General Reserve	5,000,000	5,000,000
Profit and Loss Account	74,720,529	24,532,686
Total	124,720,529	74,532,686

C SECURED LOANS		
A. Term Loans		
From Banks	34,075,914	34,919,660
Union Bank of India (Vehicle Loan A/c)	514,118	820,969
B. Working capital facilities	152,731,236	151,587,771
Total	187,321,268	187,328,400

Notes :

1. a) Term Loan of ₹ 34,075,914/- from ICICI Bank Ltd, is secured against mortgage of residential property under construction at Greater Noida by Jaypee Greens

1. b) Working capital facilities from banks are secured by first charge on inventories and book debts and first charge on all movable and immovable fixed assets of the Company and further guaranteed by directors of the Company and Corporate guarantee of Bihar Tubes Limited, Holding Company

D UNSECURED LOANS		
From Holding Company	40,000,000	-
Total	40,000,000	-

E DEFERRED TAX LIABILITY		
Last Year Balance	10,097,371	2,800,300
Add for the Current Year	2,803,209	7,297,071
Total	12,900,580	10,097,371

(Amount in ₹)

F FIXED ASSETS

Description	Rate of Dep.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Addition during the year	Deletion during the year	As at 31.03.2010	Upto 31.03.2009	For the year	Deletion on Assets sold	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Fixed Assets											
Land		6,884,510	1,012,656		7,897,166	-	-		-	7,897,166	6,884,510
Factory Shed & Building	3.34%	25,958,532	4,493,513		30,452,045	1,433,972	994,843		2,428,815	28,023,230	24,524,560
Plant And Machinery	4.75%	88,912,662	9,006,856	-	97,919,517	5,095,961	4,439,009		9,534,970	88,384,547	83,816,700
Furniture And Fixtures	6.33%	633,769	108,755	-	742,524	47,042	43,381		90,424	652,101	586,727
Computers	16.21%	339,981	506,100		846,081	40,052	85,068		125,120	720,961	299,929
Office Equipments	4.75%	309,301	314,257		623,558	11,606	20,425		32,031	591,527	297,695
Vehicle	9.50%	1,416,843	-		1,416,843	63,389	134,600		197,989	1,218,854	1,353,454
Total		124,455,598	15,442,136	-	139,897,734	6,692,022	5,717,326	-	12,409,349	127,488,386	117,763,576

G CURRENT ASSETS LOANS AND ADVANCES

	As at 31.03.2010	As at 31.03.2009
A. Current Assets		
Inventories (As physically verified and valued by the management)		
Raw Material	33,018,668	20,312,097
Finished Goods	39,949,756	17,078,028
Scrap	2,366,964	380,638
Consumable Store	4,027,533	241,607
Sundry Debtors (Unsecured and considered good)		
Outstanding for more than six months	367,309	323,421
Others	118,866,571	52,595,890
Cash and Bank Balance	953,618	791,430
FDR with scheduled bank	6,325,752	1,464,101
Total (A)	205,876,171	93,187,212
B. Loans And Advances		
(Advances recoverable in cash or in kind for which value to be received considered good)		
Claim Receivable	74,600	52,400
Excise Duty & Cess Receivable	3,710,894	5,845,401
Tax deducted at source	84,970	25,843
Securities	1,373,581	1,489,197
Advance to Suppliers & Others Loans & Advances	59,726,996	51,013,233
Prepaid Expense	31,469	15,254
Export Incentive Receivable	18,127,822	31,273,392
Service Tax Recoverable	2,936,051	1,670,417
Advance Tax	4,173,487	-
Fringe Benefit Tax	179,064	9,064
Sales Tax Recoverable	21,197,942	12,953,729
Total (B)	111,616,876	104,347,929
Total (A+B)	317,493,047	197,535,141

(Amount in ₹)

H CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2010	As at 31.03.2009
A. Current Liabilities		
Sundry Creditors for Raw Material	344,774	1,683,878
Sundry Creditors for Others	2,342,809	1,073,864
Expenses Payable	7,609,900	3,393,648
Advances from Parties	8,889,124	4,811,392
Total (A)	19,186,607	10,962,782
B. Provisions		
Provision for Excise Duty on Finished Goods	3,880,548	1,432,628
Provision for Taxation	29,763,700	3,762,700
Provision for Fringe Benefit Tax	149,300	149,300
Total (B)	33,793,548	5,344,628
Total (A+B)	52,980,155	16,307,410

I PRELIMINARY EXPENDITURE

	As at 31.03.2010	As at 31.03.2009
Preliminary Expenditure	78,150	104,200
Preliminary Expenditure Written off	26,050	26,050
Total	52,100	78,150

(Amount in ₹)

J GROSS REALIZATION

	Year ended 31.03.2010	Year ended 31.03.2009
Sales	740,431,585	356,614,239
Sales (Export)	350,383,870	468,399,425
Job Work	30,809	-
Total	1,090,846,264	825,013,664

K OTHER INCOME

	Year ended 31.03.2010	Year ended 31.03.2009
Export Incentive	23,975,877	21,248,978
Interest on FDR	314,985	9,824
Miscellaneous Income	92,965	342,658
	24,383,827	21,601,460

L VARIATION IN STOCK

	Year ended 31.03.2010	Year ended 31.03.2009
Closing Stock		
Finished Goods	39,949,756	17,078,028
Scrap	2,366,964	380,638
Total (A)	42,316,720	17,458,666
Less : Opening Stock		
Finished Goods	17,078,028	60,308,461
Scrap	380,638	314,221
Total (B)	17,458,666	60,622,681
Total (A - B)	24,858,054	(43,164,016)

M RAW MATERIAL CONSUMED

	Year ended 31.03.2010	Year ended 31.03.2009
Opening Stock	20,312,097	9,241,440
Add : Purchase During the Year	906,677,491	646,982,696
Total	926,989,588	656,224,136
Less : Closing Stock	33,018,668	20,312,097
Total	893,970,921	635,912,039

Schedules forming part of the Accounts For the year ended March 31, 2010

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
N MANUFACTURING EXPENSES		
Factory Wages Expenses	3,184,069	1,936,830
Consumable Stores	12,085,515	9,466,547
Job Work Charges	649,428	1,030,335
Freight & Cartrage Inward	1,355,711	685,852
Insurance	12,360	17,459
Factory Rent	66,668	-
	17,353,751	13,137,023
O POWER AND FUEL		
Electricity Expenses	11,669,248	8,558,619
Generator Running Expenses	1,154,592	1,002,430
Furnace Oil	6,156,117	4,422,064
Total	18,979,957	13,983,113
P ADMINISTRATIVE AND OTHER EXPENSES		
Salaries	715,352	287,752
Director's Remuneration	1,200,000	900,000
Office Rent	900,000	600,000
Printing & Stationery	159,581	425,445
Postage & Telephone	388,335	301,350
Charity & Donation	12,601	5,700
Vehicle Running Expenses	207,450	167,011
Fees & Taxes	343,077	430,618
Travelling Expenses:		
Director	212,494	1,256,704
Others	161,643	102,413
Legal & Professional Charges	320,604	1,006,368
Miscellaneous Expenses	108,997	247,700
Auditor's Remuneration	200,000	200,000
Office Maintenance Exp	50,050	119,526
Total	4,980,184	6,050,588
Q INTEREST & FINANCIAL EXPENSES		
On Working Capital	13,604,649	9,838,952
On Others	118,776	62,841
Bank Charges	2,586,543	2,784,763
Total	16,309,968	12,686,556
R SELLING AND OTHER EXPENSES		
Advertisement Expenses	20,000	275,000
Commission & Discount	1,492,110	1,253,266
Freight Outward	41,917,008	45,202,830
Insurance expenses	97,370	57,090
Sales Promotion	331,183	192,340
Additional Sales Tax	35,056	-
Export Duty	-	2,565,084
	43,892,727	49,545,610

Schedules forming part of the Accounts For the year ended March 31, 2010

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) **Basis of Preparation of Financial Statement**

a) The financial statements have been prepared under the historical cost convention on the basis of going concern and in accordance with the Accounting Standard 1 Referred to in Section 211(3c) of the Companies Act, 1956.

b) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

2) **Fixed Assets**

a) Fixed Assets are stated at cost net of duty credit availed less accumulated depreciation and impairments, if any. The cost includes cost of acquisition/construction, installation and preoperative expenditure including trial run expenses (net of revenue) and borrowing costs incurred during pre-operation period. Expenses incurred on capital assets are carried forward as capital work in progress at cost till the same are ready for use.

b) Pre-operative expenses, including interest on borrowings for the capital goods, where applicable incurred till the capital goods are ready for commercial production, are treated as part of the cost of capital goods and capitalised.

c) Machinery spares which are specific to particular item of fixed assets and whose use is irregular are capitalised as part of the cost of machinery.

3) **Impairment of Assets**

The Company recognizes all the losses as per Accounting Standard -28 due to the impairment of assets in the year of review of the physical conditions of the Assets and is measured by the amount by which, the carrying amount of the Assets exceeds the Fair Value of the Asset.

4) **Depreciation**

Depreciation on fixed assets is provided on straight-line basis at the rates specified under Schedule XIV of the Companies Act, 1956. Depreciation for assets purchased / sold during the period is proportionately charged.

5) **Inventories Valuation**

Raw material is valued at cost (First in First Out basis) or nets realisable value whichever is lower. Finished Goods are valued at cost or net realisable value whichever is lower. Stock of Scrap is valued at net realisable value. Stock of Trading Goods is valued at Cost (Weighted Average/ First in First Out basis).

6) **Foreign Exchange Transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within profit and loss account. Current assets and current liabilities in foreign currency outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the profit and loss account of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognized in profit and loss account over the life of the contract.

7) **Duties & Credits**

a) Excise Duty is accounted for at the time of clearance of goods except closing stock of finished goods lying at the works.

b) Cenvat Credit, to the extent available during the year, is adjusted towards cost of materials.

c) Duty credit on export sales has been taken on accrued basis whether license has been issued after closing of the financial year.

8) Sales are inclusive of excise duty and after deducting the trade discount and also sales tax applicable.

9) **Retirement Benefits**

a) In accordance with the applicable Indian law, the provision for Gratuity Liability is not applicable being the Third year of the operation.

b) Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the period when the contributions to the respective funds are due.

10) **Borrowing Cost**

Borrowing cost is charged to the Profit & Loss Account, except cost of borrowing for the acquisition of qualifying assets, which is capitalized till the date of commercial use of the assets.

11) **Taxes on Income**

Provision for current tax is made considering various allowances, disallowances and benefits available to the Company under the provisions of Income Tax Law.

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized.

12) **Misc. Expenditure**

Misc. expenditure represents ancillary cost incurred in connection with the incorporation and share issue expenses. It has been decided to write off these expenses over the period of five years.

13) **Revenue Recognition**

Sale of goods is recognized when the risk and reward of ownership are passed on to the customers. Revenue from services is recognized when the services are complete.

14) **Investments**

Long term investments, other than investment in Associates and

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

Subsidiaries, are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Income/ Loss from investments are recognized in the year in which it is generated.

15) Provision and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a present obligation that may require an outflow of resources or where a reliable estimate of such obligation cannot be made.

16) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

17) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

B. NOTES FORMING PART OF ACCOUNTS

1) Contingent liability not provided for in respect of:

(Figures in ₹)

Particulars	31.03.2010	31.03.2009
Performance guarantee given to various Govt. department, issued by Union Bank of India	6,058,727	–

2) Raw Material Consumed

a) H.R. Strip

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	59.573	16.68	3.510	1.22
Add: Purchase	18,273.137	5,316.41	9,719.146	3,329.68
Less: Issued for Production	17,227.184	4,991.53	9,323.731	3,169.20
Less : Sales	813.586	241.72	339.352	145.02
Closing Balance	291.940	99.84	59.573	16.68

b) G.P. Coil

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	277.744	86.10	-	-
Add: Purchase	8,530.599	2,897.28	4,882.175	1,903.94
Less: Issued for Production	8,459.859	2,849.55	4,604.431	1,817.84
Less:- Sales	99.075	34.57	-	
Closing Balance	249.409	99.26	277.744	86.10

c) Zinc

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	14.531	20.43	12.718	14.00
Add: Purchase	249.800	276.74	154.709	127.89
Less: Issued for Production	242.907	266.98	148.576	116.82
Less : Sales	-	-	4.320	4.64
Closing Balance	21.424	30.19	14.531	20.43

d) Socket

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	1.023	0.76	-	-
Add: Purchase	75.267	46.63	57.110	38.02
Less: Issued for Production	69.455	43.43	56.087	37.26
Closing Balance	6.835	3.96	1.023	0.76

3) Licensed and Installed Capacity, Production and Turnover

a) Licensed and Installed Capacity

	2010 Qty. (M.T.)		2009 Qty. (M.T.)	
	Licensed	Installed	Licensed	Installed
GP Sheet	N. A.	24,000	N. A.	24,000
Pipes & Tubes	N. A.	24,000	N. A.	24,000

b) Production

i. G.P. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at Factory	98.508	-
- at lying with consignee	249.530	
Add: Received from Job worker	196.940	-
Add: Production during the year	22,749.548	10,437.084
Less: Sale	23,115.230	10,089.046
Closing Stock- at lying with consignee	12.110	249.530
Closing Stock- at Factory	167.186	98.508

ii. G.P. Sheet

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock- at Factory	121.363	1,255.117
Add: Production during the year	17,072.739	9,412.722
Less: Sales during the year	2218.98	3,710.160
Less: G.P. Pipe	14,237.137	6,836.316
Less: Issued for Job work	50.010	–
Closing Stock- at Factory	687.975	121.363

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

iii. M.S. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock- at Factory	–	18.792
Add: Production during the year	197.030	356.523
Less: Sales during the year	196.130	375.315
Closing Stock- at Factory	0.900	–

4) None of the employees was in receipt of remuneration in excess of ₹ 2,400,000 p.a. or ₹ 200,000 p.m. if employed for part of the year as prescribed under section 217 (2) (A) of the Companies Act, 1956.

5) The closing stock of finished goods has been valued inclusive of Excise Duty amounting to ₹ 3,880,548 (Previous Year 1,432,628) As per ASI-14 (Revised) issued by the Institute of Chartered Accountants of India.

6) Disclosure regarding computation of EPS in accordance with AS-20.

(Figures in ₹)

	2010	2009
A. Basic EPS		
Profit After Tax as per P&L A/c (₹)	50,187,843	21,329,294
Weighted Avg. Number of Equity Share	2,711,100	1,215,210
Basic EPS (₹)	18.51	17.55
B. Diluted EPS		
Profit After Tax as per P&L A/c (₹)	50,187,843	21,329,294
Diluted Number of Equity Shares outstanding	2,711,100	1,215,210
Diluted EPS (₹)	18.51	17.55
C. Computation of Diluted Number of Equity Shares		
1. Basic Shares	2,711,100	1,215,210
2. Share Application Money of which share are allotted during the year.	–	–
3. Issue Price Per Share in ₹	–	–
4. Number of Shares at above issue Price	–	–
5. Total Diluted Equity Shares (1+4)	2,711,100	1,215,210

7) Deferred Taxes - As per Accounting Standard (AS-22) on accounting for taxes on income, issued by the Institute of Chartered Accounts of India, The Deferred tax liability as on March 31, 2010 is as follows;

(Figures in ₹)

	2010	2009
Deferred Tax Liability	1,29,00,580	1,00,97,371
Deferred Tax Assets	–	–
Net Deferred Tax Liability	1,29,00,580	1,00,97,371

8) Segment Reporting (AS-17)

The Company operates into only one business segment i.e. manufacturing of Pre Galvanised steel Coils and pipes, however its operations are segregated in two geographical segments i.e. 'India' and 'Rest of the World' as primary reportable segment.

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Certain items which are not specifically allocable to specific segments are separately disclosed as 'unallocated'. Fixed and other assets used in the business or liabilities contracted have not been identified to any of the reportable segment, as the fixed and other assets and liabilities are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Geographic Segments

Year ended March 31, 2010 *(Figures in ₹)*

Particulars	India	Rest of the World	Total
Revenues	740,462,394	374,359,746	1,114,822,140
Allocable Expenses	675,301,587	341,416,030	1,016,717,617
Unallocable Expenses			5,796,996
Operating Incomes			92,307,527
Other Income			407,950
Interest Expenses			13,723,425
Profit Before Tax			78,992,052

9) Related Party Disclosures (AS 18)

a) Name of the related parties and description of relationships;

Related Parties with whom transaction have taken place during the year and balances outstanding as on the last day of the year;

Name of related parties where control exists irrespective of whether transactions have occurred or not

Holding Company

Bihar Tubes Limited (100%)

Fellow Subsidiary

Shri Lakshmi Metal Udyog Limited

Name of other related parties with whom transactions have taken place during the year

Associates

Apollo Pipes Ltd.

Key Management Personnel

Mr. Vinay Gupta (Director)

Relatives of key management personnel

Mrs. Saroj Rani Gupta (Mother of Directors)

Schedules forming part of the Accounts For the year ended March 31, 2010

S ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

b) Detail of Related Party Transactions

(Figures in ₹)

Particulars	Holding	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Sale of Goods / Job Work	193,896,838	-	-	-	193,896,838
Purchase of Goods/Job Work	188,950,586	-	-	-	188,950,586
Transfer of DEPB		3,833,957			3,833,957
Director's Remuneration Paid	-	-	1,200,000	-	1,200,000
Office Rent Paid	-	-	-	900,000	900,000
Funds Received	40,000,000	-	-	-	40,000,000
Funds Given	-	-	-	-	-

c) Amount due to and/or from Related Parties as at March 31, 2010

(Figures in ₹)

Particulars	Holding	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Amount due to Related Parties	40,000,000	-	-	-	40,000,000
Amount due from Related Parties	16,383,577	-			16,383,577

	2010	2009
10) Value of Export (CIF) (₹)	349,740,105	468,399,425
11) Expenditure in foreign currency (₹)	969,107	4,696,409

12) The outstanding balance of Debtors/Creditors in the books of the Company is subject to confirmation.

13) Auditors Remuneration (excluding Service Tax)

(Figures in ₹)

	2010	2009
i) Statutory Audit Fee	160,000	160,000
ii) Taxation matters	40,000	40,000
iii) Other Services	-	-
Total	200,000	200,000

14) Break up of Managerial Remuneration

(Figures in ₹)

	2010	2009
i) Salaries	1,200,000	900,000
ii) Contribution to Provident Fund	-	-
iii) Other Perquisites	-	-
iv) Commission	-	-

15) Break up of Directors Travelling Expenses:

(Figures in ₹)

	2010	2009
i) Foreign Travelling	-	1,256,704
ii) Inland Travelling	212,494	-

16) On the basis of information available with the Company, it does not owe any outstanding dues towards Small Scale Industrial Undertaking amended Schedule VI of the Companies Act, 1956 vide Notification NO. GSR 129 (E) dated 22.02.99, in case the sum owned is ₹ 1.00 Lac or more which is outstanding for more than 30 days as at March 31, 2010.

17) On the basis of information available with the Company, The Company does not have any amounts due to suppliers under the Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2010.

18) Amounts except number of shares and earnings per share are rounded off to the nearest rupees.

19) The figures of previous year have been regrouped / rearranged wherever considered necessary.

As per our separate audit report of even date attached.

For VAPS & Co.
Chartered Accountants
Firm Regn. No. 003612N

For and on behalf of the Board

P. K. Jain
Partner
Membership No.: 82515

Sanjay Gupta
Director

Vinay Gupta
Director

Place: Delhi
Dated : June 11, 2010

Directors' Report

To,
The Members,

We are delighted to present our report on the business and operations of the Company for the financial year ended March 31, 2010.

Operations

Your Company recorded a significant growth during the financial year under review. The Net Sales grew to ₹17,080.10 lacs registering a growth of 76.66% over the previous year's sales of ₹9,668.24 lacs. The Earnings before Depreciation, Interest and Taxation [EBDITA] stood at ₹1,576.43 lacs in the current year as compared to ₹568.18 lacs in the previous year.

Share capital

During the financial year ending March 31, 2010, there was no change in Authorised, Issued, Subscribed and Paid-up Share Capital of the Company.

Dividend

In order to conserve funds to meet the investment requirements for new business opportunities – which we believe will enhance the funds value in the long term – no dividend is being recommended.

Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Mr. Vinay Gupta retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Auditors and Audit Report

The Auditors M/s Murali & Venkat, Chartered Accountants, retire at the Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Notes to the Accounts referred in the Auditors Report are self-explanatory and therefore does not call for any further comment.

Personnel

The Company believes that its employees are key contributors to its business success and efficient operations. With prime focus on attracting and retaining the talent in the industry, the Company offer excellent working environment and compensations. The Company has a rich pool of technical and management skilled persons required for the efficient growth of operations.

Your Company enjoys very cordial relations with all its employees. During the year under report, there is no employee in respect of whom the particulars are required to be disclosed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Energy conservation, technology absorption, R & D Cell and foreign exchange earnings and outgo

Information Pursuant to Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo are as below:

(Amount in ₹)

Particulars	2010	2009
I. Purchase		
Unit	29,82,420	17,42,928
Total amount (₹)	1,51,31,110	88,46,195
Rate per unit (₹)	5.07	5.07
II. Generation through DG		
Unit	1,88,286	1,43,450
Fuel consumed (ltr.)	53,796	36,000
Fuel consumed (₹)	19,67,540	13,54,596
Cost per unit (₹)	10.45	9.44
III. Foreign exchange earnings	-	77,47,236
Foreign exchange outgo	-	-

Directors' responsibility statement

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2010 the applicable accounting standards have been followed;
- They have selected such accounting policies and applied them

consistently and made judgment 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 financial year and of the profit of the Company for year under review;

- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act; 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts for the financial year ended March 31, 2010 on a going concern basis.

Fixed deposits

We have not accepted any fixed deposits till date and, as such, no amount of principal or interest was outstanding as of the balance sheet till date.

Acknowledgement

The Directors take this opportunity to place on record their thankful appreciation for the assistance and co-operation received from the Company's shareholders, customers, suppliers, bankers, government and all other concerned authorities. The Board also wishes to place on record their sincere appreciation of the employees of all levels for their hard work, dedication and commitment.

For and on behalf of the Board

Place: Bengaluru	**Sanjay Gupta**	**Sameer Gupta**
Date: June 14, 2010	Director	Director

SHRI LAKSHMI METAL UDYOG LIMITED

Auditors' Report

To,
The Members of,
Shri Lakshmi Metal Udyog Limited

I) We have audited the attached Balance Sheet as at March 31, 2010, the Profit & Loss Account and also the Cash Flow Statement of **M/s SHRI LAKSHMI METAL UDYOG LIMITED**, 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.

II) We have conducted our audit in accordance with the 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

III) We report, further in terms of the provisions of section 227 of the Companies Act, 1956 that:

1. As required by the **Companies (Auditors' Report) Order, 2003 (as amended by the Amendment Order, 2004)** issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give our comments on the matters specified in paragraphs 4 and 5 of the said order to the extent as applicable to the Company in the Annexure to this report.
2. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
3. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those Books.
4. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
5. In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
6. On the Basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of The Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes on accounts, 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 March 31, 2010.
   ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
   iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Murali & Venkat
Chartered Accountants
Firm Regn. No.: 002162S

K. Venkatesh
Partner
Membership No.: 028348

Place: Bengaluru
Dated: June 14, 2010

Annexure to the Auditors' Report

Re: Shri Lakshmi Metal Udyog Limited

Referred to in paragraph 1 of our report of even date

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of all Fixed Assets.

   b) The assets of the Company have been physically verified by the Management during the year at reasonable intervals and no discrepancies between the book records and physical verification were noticed on such verification.

   c) The Company has not disposed off /sold a substantial portion of its Fixed Assets during the year.

2. a) Inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.

   b) 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.

   c) The Company is maintaining proper records of inventory. In our opinion and accordingly to the information and explanations given to us, we have not come across any material discrepancies between the physical stocks and inventory records.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firm or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. We report:

   a) The Company has taken unsecured loans from its holding Company, maximum amount outstanding at any time during the year is ₹ 16,43,87,310/- and the year-end balance is ₹ 3,78,11,046/-.

   b) In our opinion and according to the information and explanation given to us, the rate of interest, where applicable and other terms and conditions, are not prima facie prejudicial to the interest of the Company.

   c) The Principal amounts, are repayable on demand and there is no repayment schedule. The interest, where applicable, is payable on demand.

   d) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate Internal Control System commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, Fixed Assets and for the Sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

5. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956;

   a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.

   b) According to the information and explanations given to us, each of the transactions in pursuance of such contracts/ arrangements in excess of ₹ 5 Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such prices are available.

6. In our Opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and The Companies (Acceptance of Deposits) Rule, 1975.

7. In our opinion, the Company has Internal Audit System commensurate with the size and nature of its business.

8. The Central Government has prescribed 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 accounts and records of the Company in this connection and are of opinion, that the prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

9. a) The Company is generally regular in depositing the undisputed Statutory Dues with Appropriate Authorities and there are no undisputed and outstanding amounts payable in respect of Provident Fund, ESI Fund, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax , Sales Tax, Customs Duty, Excise Duty, Cess or any other applicable taxes, Duties or Levies applicable to the Company and its business which have remained outstanding as at March 31, 2010, for a period of more than six months from the date they became payable.

   b) According to the information and explanation given to us and records of the Company examined by us, the particulars of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of Dues	Amount (₹)	Period to which dues Related	Authority where the Dispute is Pending for Decision
The Central Excise Act, 1944	Central Excise levied u/s 11 A of The Central Excise Act, 1944	3,78,891	August 2008 to February 2009	Commissioner of Central Excise & Customs (Appeals), Bangalore
"	Penalty under Rule 27 of The Central Excise Rules, 2002	5,000	August 2008 to February 2009	Commissioner of Central Excise & Customs (Appeals), Bangalore

10. The Company has no accumulated losses as at the year end and has not incurred any cash losses during the financial year covered by our audit.

11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of principal dues in respect of loans borrowed from Bank as on March 31, 2010. There are no debenture holders with the Company.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.

14. The Company is not dealing or trading in Shares, Securities, Debentures and other Investments.

15. In our opinion, the Company has not given any Guarantee for Loans taken by others from bank or financial institutions for the purpose mentioned.

16. In our opinion, the Company has applied term Loan for the purpose for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, We report that the funds raised on short-term basis have not been used for long-term investment.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to Parties and Companies covered in the register to be maintained under section 301 of the Companies Act, 1956.

19. The Company has no Debentures and hence reporting does not arise in respect of creation of securities thereof.

20. The Company has not raised any monies by way of public issues during the year.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Murali & Venkat
Chartered Accountants
Firm Regn. No.: 002162S

K. Venkatesh
Partner
Membership No.: 028348

Place: Bengaluru
Dated: June 14, 2010

SHRI LAKSHMI METAL UDYOG LIMITED

Balance Sheet As at March 31, 2010

(Amount in ₹)

	Schedule	As at 31.03.2010		As at 31.03.2009	
SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	A	58,950,000		58,950,000	
b) Reserve & Surplus	B	173,022,864	231,972,864	97,842,858	156,792,858
2. Loan Funds					
a) Secured Loans	C	309,539,162		229,073,558	
b) Unsecured Loans	D	38,063,362	347,602,524	114,241,246	343,314,804
3. Deferred Tax Liability			14,485,334		9,744,273
Total			594,060,722		509,851,935
APPLICATION OF FUNDS					
1. Fixed Assets	E				
Gross Block		204,804,790		122,554,944	
Less : Depreciation		20,673,507		15,035,162	
Net Block			184,131,283		107,519,782
2. Current Assets, Loans & Advances	F	468,843,778		422,754,855	
Less: Current Liabilities & Provisions	G	58,914,339		20,422,702	
Net Current Assets			409,929,439		402,332,153
Total			594,060,722		509,851,935
Notes on Accounts & Significant Accounting Policies	Q				
Schedules referred above are forming part of the Balance Sheet					

This is the Balance Sheet we have referred to, in our Report of even date

For **Murali & Venkat**
Chartered Accountants
Firm Regn. No. 002162S

For **Shri Lakshmi Metal Udyog Limited**

K. Venkatesh
Partner
Membership No.: 028348

Sanjay Gupta
Director

Sameer Gupta
Director

Place: Bengaluru
Dated : June 14, 2010

SHRI LAKSHMI METAL UDYOG LIMITED

Profit and Loss Account For the year ended March 31, 2010

(Amount in ₹)

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
INCOME			
Gross Realization	H	1,851,799,603	1,081,409,941
Less: Excise Duty & Cess		143,789,678	114,585,480
Net Realization		1,708,009,925	966,824,461
Other Income	I	96,017	1,989,437
Variation in Stock	J	23,268,933	(3,270,487)
Total		1,731,374,875	965,543,411
EXPENDITURE			
Raw Material Consumed	K	1,437,173,233	820,587,173
Manufacturing Expenses	L	72,868,807	58,778,396
Excise Duty on Increase/Decrease in Stock		2,902,832	(2,334,554)
Power & Fuel	M	26,677,028	15,337,366
Administrative and Other Expenses	N	10,534,390	7,931,612
Financial Charges	O	34,087,304	40,124,933
Selling & Distribution Expenses	P	23,512,007	8,422,966
Depreciation		5,647,071	3,347,387
Loss on sale of Fixed Assets		63,897	2,349
Total		1,613,466,569	952,197,628
Profit for the year Before Tax		117,908,306	13,345,784
Less : Provision for Tax		38,056,431	2,236,210
Fringe Benefit Tax		-	92,436
Deferred Tax		4,741,061	7,195,429
Less : Prior Year Adjustments		(69,192)	366,501
		75,180,006	3,455,208
Add: Profit & Loss b/f		23,842,858	20,387,650
Balance Carried to Balance Sheet		99,022,864	23,842,858
Earnings Per Share - Basic & Weighted (₹)		12.75	0.64
Diluted Earnings Per Share - Basic & Weighted (₹)		12.75	0.64
Face value of ₹ 10/- each (Notes to Accounts Item No 7)			
Notes on Accounts & Significant Accounting Policies	Q		
Schedules referred above are forming part of the Profit and Loss Account			

This is the Profit and Loss Account we have referred to, in our Report of even date

For **Murali & Venkat**
Chartered Accountants
Firm Regn. No. 002162S

For **Shri Lakshmi Metal Udyog Limited**

K. Venkatesh
Partner
Membership No.: 028348

Sanjay Gupta
Director

Sameer Gupta
Director

Place: Bengaluru
Dated : June 14, 2010

Cash Flow Statement For the year ended March 31, 2010

(Amount in ₹)

	Year ended 31.03.2010		Year ended 31.03.2009	
1. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		117,908,306		13,345,784
Add Adjustments for:				
Depreciation	5,647,071		3,338,286	
Interest & Finance Charges	34,087,304		40,124,933	
Prior period items	69,192	39,803,567	(366,501)	43,096,718
Operating Profit Before Working Capital Changes		157,711,873		56,442,501
Adjustments for:				
Increase/Decrease in Sundry Debtors	(2,848,363)		(201,851,021)	
Increase/Decrease in Other Receivables	(30,154,613)		21,052,565	
Increase/Decrease in Inventories	(39,283,706)		1,159,897	
Increase/Decrease in Trade & Other Payable	435,205	(71,851,477)	(12,618,461)	(192,257,020)
Cash Generated From Operations		85,860,396		(135,814,519)
Cash Flow before extra ordinary items				
Income Tax Paid & Fringe Benefit Tax Paid		(2,022,583)		(1,211,458)
Extra ordinary items		-		
Net Cash from Operating Activities (A)		83,837,813		(137,025,977)
2. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(83,958,469)		(43,026,780)	
Sale of Fixed Assets	1,699,897		19,450	
Advances for Fixed Assets	24,081,517		(27,377,983)	
Net Cash from Investing Activities (B)		(58,177,055)		(70,385,313)
3. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds of Shares Issued during the Year	-		79,000,000	
Receipt / Repayment of Secured loans	80,465,604		94,269,615	
Receipt / Repayment of Unsecured loans	(76,177,884)		79,641,246	
Interest & Finance Charges	(34,087,304)		(40,124,933)	
Net Cash from Financing Activities (C)		(29,799,584)		212,785,928
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(4,138,826)		5,374,638
Add: Cash & Cash Equivalents at the Beginning of the Year		5,443,878		69,240
Cash & Cash Equivalents at the End of the Year		1,305,052		5,443,878

Notes :

1. Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per Schedule-F(c) .
2. The Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard (AS -3), "Cash Flow Statement".
3. Figures in Brackets indicate cash outflow.

This is the Cash Flow Statement we have referred to, in our Report of even date

For **Murali & Venkat**
Chartered Accountants
Firm Regn. No. 002162S

For **Shri Lakshmi Metal Udyog Limited**

K. Venkatesh
Partner
Membership No.: 028348

Sanjay Gupta
Director

Sameer Gupta
Director

Place: Bengaluru
Dated : June 14, 2010

SHRI LAKSHMI METAL UDYOG LIMITED

Schedules forming part of the Accounts For the year ended March 31, 2010

(Amount in ₹)

	As on 31.03.2010	As on 31.03.2009
A SHARE CAPITAL		
Authorized		
7,000,000 Equity Shares of ₹ 10/- each	70,000,000	70,000,000
Total	70,000,000	70,000,000
Issued, Subscribed & paid up		
5,895,000 Equity shares of ₹ 10/- each,		
(Previous Year 5,895,000 Equity Shares @10/- each)		
(Out of the above 500,000 Equity shares were issued at premium)	58,950,000	58,950,000
Total	58,950,000	58,950,000
B RESERVE AND SURPLUS		
Share Premium Account	74,000,000	74,000,000
Balance in Profit & Loss Account	99,022,864	23,842,858
Total	173,022,864	97,842,858
C SECURED LOANS		
Working Capital Facility		
- From Union Bank of India	309,539,162	229,073,558
Working capital facilities from the Banks are secured against the hypothecation of Inventories and Book Debts of the Company and personal guarantee of both the directors and corporate guarantee of Bihar Tubes Limited, the holding Company.		
Total	309,539,162	229,073,558
D UNSECURED LOANS		
From Holding Co.	37,811,046	114,003,930
From Others	252,316	237,316
Total	38,063,362	114,241,246

E FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2009	Addition during the year	Deletion during the year	As at 31.03.2010	Upto 31.03.2009	For the year	Deletion on Assets sold	Upto 31.03.2010	Rate of Depn.	As at 31.03.2010	As at 31.03.2009
A. Free Hold Land	–	28,060,628		28,060,628	–					28,060,628	–
B Building (Factory)	27,675,283	53,743,402	-	81,418,685	3,679,140	1,821,869		5,501,009	3.34%	75,917,676	23,996,143
C Office Building	-	1,251,545	-	1,251,545	-	13,600		13,600	3.34%	1,237,945	-
D Plant And Machinery	66,271,671	25,012,611	1,708,623	89,575,659	10,895,963	3,503,108	8,726	14,390,345	4.75%	75,185,314	55,375,708
E Furniture And Fixtures	443,590	58,884		502,474	83,072	30,593		113,665	6.33%	388,809	360,518
F Computers	499,490	276,624		776,114	135,055	105,371		240,426	16.21%	535,688	364,435
G Vehicles	1,641,881	-		1,641,881	215,250	155,979		371,229	9.50%	1,270,652	1,426,631
H Trade Marks	21,500		-	21,500	7,897	2,043		9,940	9.50%	11,560	13,603
I Office Equipments	282,170	32,740	-	314,910	18,785	14,508		33,293	4.75%	281,617	263,385
P& M WIP		652,264	-	652,264	-			-	0.00%	652,264	-
Bldg. WIP	25,719,359	29,864,718	54,994,947	589,130	-	-		-	0.00%	589,130	25,719,359
Total	**122,554,944**	**138,953,416**	**56,703,570**	**204,804,790**	**15,035,162**	**5,647,071**	**8,726**	**20,673,507**		**184,131,283**	**107,519,782**
Previous Year Figures	79,547,614	43,026,780	19,450	122,554,944	11,696,876	3,347,387	9,101	15,035,162		107,519,782	67,850,738

Schedules forming part of the Accounts For the year ended March 31, 2010

(Amount in ₹)

	As on 31.03.2010	As on 31.03.2009
F CURRENT ASSETS, LOANS AND ADVANCES		
A. Current Assets		
a) Inventories		
Raw Material	58,176,438	49,397,009
Finished Goods	62,684,973	40,880,933
Scrap	2,888,108	1,423,215
Consumables	9,750,680	2,515,336
Total	133,500,199	94,216,493
b) Sundry Debtors (Unsecured, Considered Good)		
Others	280,128,555	276,713,962
Outstanding for More than Six Months	350,764	916,993
Total	280,479,319	277,630,956
c) Cash In Hand/Bank		
Cash in Hand	1,099,354	417,430
Bank	24,548	5,026,448
FDR with Schedule Banks	181,150	-
Total	1,305,052	5,443,878
Total (A)	415,284,571	377,291,327
B. Loans & Advances		
Export Incentive Receivable	191,177	191,177
Pre-Paid Expenses	39,264	33,246
Claim Receivable	15,725,689	2,591,665
Security Deposit	2,766,381	3,327,290
Tax Deducted at Source	49,664	-
Advance to Suppliers and Others	25,634,297	37,549,730
Sales Tax (VAT) Receivable	5,358,440	-
Service Tax Receivable	19,433	191,164
Excise Duty & Cess Receivable	1,758,753	1,536,066
Fringe Benefit Tax	108,439	16,000
Income Tax (2008-09)	1,907,670	27,190
Total (B)	53,559,207	45,463,528
Total (A+B)	468,843,778	422,754,855

	As on 31.03.2010	As on 31.03.2009
G CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors for Raw Material	366,448	690,131
Sundry Creditors for Others	4,292,268	4,312,922
Advance from Customers	2,002,279	4,038,371
Expenses Payable	6,073,478	6,160,676
Total (A)	12,734,473	15,202,100
B. Provisions		
Provision for Excise Duty on finished Goods	6,123,325	3,220,493
Provision for Taxation	39,964,105	1,907,674
Provision for FBT	92,436	92,436
Total (B)	46,179,866	5,220,603
Total (A+B)	58,914,339	20,422,703

Schedules forming part of the Accounts For the year ended March 31, 2010

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
H GROSS REALISATION		
Sales	1,850,396,133	1,073,662,705
Sales (Export)	-	7,747,236
Job Work	1,403,470	-
	1,851,799,603	1,081,409,941
I OTHER INCOME		
Interest Received	96,017	1,798,260
Miscellaneous Income	-	191,177
Total	96,017	1,989,437
J VARIATION IN STOCK		
Closing Stock		
Finished Goods	62,684,973	40,880,933
Scrap	2,888,108	1,423,215
Total (A)	65,573,081	42,304,148
Less: Opening Stock		
Finished Goods	40,880,933	44,078,260
Scrap	1,423,215	1,496,375
Total (B)	42,304,148	45,574,635
Total (A-B)	23,268,933	(3,270,487)
K RAW MATERIAL CONSUMED		
Opening Stock	49,397,009	47,786,277
Add: Purchases	1,445,952,662	822,197,905
	1,495,349,671	869,984,182
Less: Closing Stock	58,176,438	49,397,009
Total	1,437,173,233	820,587,173
L MANUFACTURING EXPENSES		
Wages	16,250,120	9,868,838
Consumables	16,606,202	14,157,329
Security Services Charges	708,819	573,763
Freight & Handling Inward Charges	34,981,966	34,178,466
Job work charges	4,321,700	-
Total	72,868,807	58,778,396
M POWER & FUEL		
Electricity Expenses	15,131,110	8,771,561
Generator Running Expenses	1,967,540	1,423,530
Furnace oil	9,578,378	5,142,275
Total	26,677,028	15,337,366

Schedules forming part of the Accounts For the year ended March 31, 2010

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
N ADMINISTRATIVE & OTHER EXPENSES		
Director's Remuneration	-	300,000
Salary	6,575,111	4,481,691
Travelling Expenses -Director	-	35,876
Traveling Expenses - Others	693,533	798,510
Rate & Taxes	691,388	229,923
Printing & Stationery	197,265	114,170
Telephone Expenses	356,130	260,970
Insurance	68,596	177,724
Auditor's Remuneration	100,000	75,000
Legal & Professional Expenses	345,128	265,757
Office Maintenance	307,879	242,107
Donation	18,201	8,206
Rent	549,065	347,510
Vehicle Running Expenses	416,580	345,340
Misc. Expenses	215,514	248,828
Total	10,534,390	7,931,612
O FINANCIAL EXPENSES		
Interest on Working Capital Loan	31,565,018	28,572,517
Interest on Term Loan	-	33,331
Interest on others	-	10,148,615
Bank and Other Charges	2,522,286	1,370,469
Total	34,087,304	40,124,933
P SELLING & DISTRIBUTION EXPENSES		
Advertisement Expenses	11,175	-
Business Promotion	157,689	10,796
Commission & Discount	654,909	559,402
Sales Tax Arrears & Interest	-	56,748
Bad Debts Written Off	6,865	174,107
Freight Outward	22,681,369	7,621,913
Total	23,512,007	8,422,966

SHRI LAKSHMI METAL UDYOG LIMITED

Schedules forming part of the Accounts For the year ended March 31, 2010

Q ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparation of Financial Statement

a) The financial statements have been prepared under the historical cost convention on the basis of going concern and in accordance with the Accounting Standard 1 Referred to in section 211(3c) of the Companies Act, 1956.

b) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

2) Fixed Assets

a) Fixed Assets are stated at cost net of duty credit availed less accumulated depreciation and impairments, if any. The cost includes cost of acquisition/construction, installation and preoperative expenditure including trial run expenses (net of revenue) and borrowing costs incurred during pre-operation period. Expenses incurred on capital assets are carried forward as capital work in progress at cost till the same are ready for use.

b) Pre-operative expenses, including interest on borrowings for the capital goods, where applicable incurred till the capital goods are ready for commercial production, are treated as part of the cost of capital goods and capitalised.

c) Machinery spares which are specific to particular item of fixed assets and whose use is irregular are capitalised as part of the cost of machinery.

3) Impairment of Assets

The Company recognizes all the losses as per Accounting Standard -28 due to the impairment of assets in the year of review of the physical conditions of the Assets and is measured by the amount by which, the carrying amount of the Assets exceeds the Fair Value of the Asset.

4) Depreciation

Depreciation on fixed assets is provided on straight-line basis at the rates specified under Schedule XIV of the Companies Act, 1956. Depreciation for assets purchased / sold during the period is proportionately charged.

5) Inventories Valuation

Raw material is valued at cost (First in First Out basis) or net realisable value whichever is lower. Finished Goods are valued at cost or net realisable value whichever is lower. Stock of Scrap is valued at net realisable value. Stock of Trading Goods is valued at Cost (Weighted Average/ First in First Out basis).

6) Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within profit and loss account. Current assets and current liabilities in foreign currency outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the profit and loss account of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognized in profit and loss account over the life of the contract.

7) Duties & Credits

a) Excise Duty is accounted for at the time of clearance of goods except closing stock of finished goods lying at the works.

b) Cenvat Credit, to the extent available during the year, is adjusted towards cost of materials.

c) Duty credit on export sales has been taken on accrued basis whether license has been issued after closing of the financial year.

8) Sales are inclusive of excise duty and after deducting the trade discount and also sales tax applicable.

9) Retirement Benefits

Leave Encashment and Retirement benefits such as Gratuity are accounted on cash basis.

10) Borrowing Cost

Borrowing cost is charged to the Profit & Loss Account, except cost of borrowing for the acquisition of qualifying assets, which is capitalized till the date of commercial use of the assets.

11) Taxes on Income

Provision for current tax is made considering various allowances, disallowances and benefits available to the Company under the provisions of Income Tax Law.

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized.

12) Misc. Expenditure

Misc. expenditure represents ancillary cost incurred in connection with the incorporation and share issue expenses. These Expenses will be written off over the period of five years.

13) Revenue Recognition

Sale of goods is recognized when the risk and reward of ownership are passed on to the customers. Revenue from services is recognized when the services are complete.

Schedules forming part of the Accounts For the year ended March 31, 2010

Q ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

14) Investments

Long term investments, other than investment in Associates and Subsidiaries, are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Income/ Loss from investments are recognized in the year in which it is generated.

15) Provision and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a present obligation that may require an outflow of resources or where a reliable estimate of such obligation cannot be made.

16) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

17) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

B. NOTES FORMING PART OF ACCOUNTS

1) Contingent liability not provided for in respect of:

(in Lacs)

Particulars	31.03.2010	31.03.2009
Counter guarantee from Union Bank of India for performance guarantee given to various departments	12.03	–

2) Raw Material Consumed

a) H.R. Strip

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	1,039.477	306.65	1,428.690	402.23
Add: Purchase	43,562.061	12,701.74	22,338.108	7,160.73
Less: Issued for Production	43,395.452	12,588.20	22,180.761	7,100.46
Less : Sales	228.610	73.19	546.560	155.85
Closing Balance	977.476	347.00	1,039.477	306.65

b) Zinc

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	131.260	120.76	68.758	75.63
Add: Purchase	997.797	1,102.56	461.140	377.50
Less: Issued for Production	1,021.872	1,090.37	398.638	332.37
Less:- Sales	1.480	1.88	–	–
Closing Balance	105.705	131.07	131.260	120.76

c) G.P. Coil

	2010		2009	
	Qty. (M.T.)	Value (In Lacs)	Qty. (M.T.)	Value (In Lacs)
Opening Balance	202.939	66.56	–	–
Add: Purchase	2,566.035	914.25	1,749.215	611.70
Less: Issued for Production	2,512.325	877.12	1,546.276	545.14
Less : Sales	–	–	–	–
Closing Balance	256.649	103.686	202.939	66.56

3) Licensed and Installed Capacity, Production and Turnover

A) Licensed and Installed Capacity

	2010 Qty. (M.T.)		2009 Qty. (M.T.)	
	Licensed	Installed	Licensed	Installed
M.S. Pipes	N. A.	50,000	N. A.	50,000

SHRI LAKSHMI METAL UDYOG LIMITED

Schedules forming part of the Accounts For the year ended March 31, 2010

Q ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS (Contd...)

B) Production

a) M.S. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at Works	493.312	842.175
Add: Production during the year	42,855.591	21,653.976
Less: Sale during the year	23,529.168	13,166.653
Less: Issued for GI Pipe	19,614.075	8,836.186
Closing Stock - at Works	205.66	493.312

b) G.P. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at Works	160.130	–
Add: Production during the year	2,414.459	1,494.620
Less: Sale during the year	2,461.210	1,334.490
Closing Stock - at Works	113.379	160.130

c) G.I. Pipe

	2010 Qty. (M.T.)	2009 Qty. (M.T.)
Opening Stock - at Works	382.596	252.553
Add: Production during the year	19,979.538	9,123.883
Less: Sale during the year	19,353.412	8,993.840
Closing Stock - at Works	1,008.722	382.596

4) The closing stock of finished goods has been valued inclusive of Excise Duty amounting to ₹ 6,123,325/- (Previous Year ₹ 3,220,493/-) as per ASI-14 (Revised) issued by the Institute of Chartered Accountants of India.

5) None of the employees was in receipt of remuneration in excess or ₹ 2,400,000/- p.a. or ₹ 200,000/- p.m. if employed for part of the year as prescribed under section 217 (2) (A) of the Companies Act, 1956.

6) Deferred Taxes – As per Accounting Standard (AS-22) on accounting for taxes on income, issued by the Institute of Chartered Accountants of India, the deferred tax liability as on March 31, 2010 is as follows:

(Figures in ₹)

	2010	2009
Opening Balance	9,744,273	2,448,844
Add/less Deferred Tax liability for the financial year	4,741,061	7,295,429
Net Deferred Tax Liability	14,485,334	9,744,273

7) Earning per Share (EPS) computed in accordance with AS-20

Particulars	2010	2009
A. Basic EPS		
Profit After Tax as per P&L A/c (₹)	75,180,006	3,455,208
Weighted Avg. Number of Equity Share outstanding	5,895,000	5,396,370
Basic EPS (₹)	12.75	0.64
B. Diluted EPS		
Profit After Tax as per P&L A/c (₹)	75,180,006	3,455,208
Diluted Number of Equity Shares outstanding	5,895,000	5,396,370
Diluted EPS (₹)	12.75	0.64
C. Computation of Diluted Number of Equity Shares		
1. Basic Shares	5,895,000	5,396,370
2. Share Application Money of which share are allotted during the year	–	–
3. Issue Price Per Share in ₹	10	10
4. Number of Shares at above issue Price	–	–
5. Total Diluted Equity Shares (1+4)	5,895,000	5,396,370

8) The Company has only one segment i.e. manufacturing of Steel tubes and pipes, therefore segment reporting as required under Accounting Standard –17 is considered as not applicable

9) Related Party Disclosures

a) Name of related parties and description of relationships:

1. Holding Company

Bihar Tubes Ltd. (100%)

2. Fellow Subsidiary

Apollo Metalex (P) Ltd.

3. Key Management Personnel

Sh. Sanjay Gupta - Director

Sh. Vinay Gupta - Director

Sh. Sameer Gupta - Director

Q ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd...)*

b) Detail of Related Party Transactions

(Figures in ₹)

Particulars	Holding Company	Fellow Subsidiary	Key Management Personnel	Total
Sale of Goods & Job Work	81,745,247	–	–	81,745,247
Purchase of Goods & Job Work	37,695,349	–	–	37,695,349
Sale of Machinery	1,744,526	–	–	1,744,526
Purchase of Machinery	6,473,014	–	–	6,473,014
Funds Received	312,038,118	–	–	312,038,118
Funds Given	388,241,002	–	–	388,241,002

c) Amount due to and/or from Related Parties as at March 31, 2010

(Figures in ₹)

Particulars	Holding Company	Fellow Subsidiary	Key Management Personnel	Total
Amount due to Related Parties	37,811,046	–	–	37,811,046
Amount due from Related Parties	–	–	–	–

(Figures in ₹)

	2010	2009
10) Value of Export	–	77,47,236

11) Auditors Remuneration (excluding Service Tax)

(Figures in ₹)

	2010	2009
i) Statutory Audit Fee	70,000	50,000
ii) Taxation Matters	30,000	25,000
iii) Other Services	–	–
iv) Out of Pocket Expenses	–	–
Total	**100,000**	**75,000**

12) The Company has no system as to whether any of its creditors constitute small scale industrial undertakings as amended Schedule VI of the Companies Act, 1956 vide Notification No. GSR 129 (E) dated February 22, 1999, in case the sum owned is ₹ 1.00 Lac or more which is outstanding for more than 30 days.

13) The outstanding balance of Debtors/Creditors in the books of the Company are subject to confirmation.

14) The figures of previous year have been regrouped/ rearranged/ recasted wherever considered necessary.

This is the Balance sheet we have referred to in our report of even date

For **Murali & Venkat**
Chartered Accountants
Firm Regn. No. 002162S

For **Shri Lakshmi Metal Udyog Limited**

K. Venkatesh
Partner
Membership No.: 028348

Sanjay Gupta
Director

Sameer Gupta
Director

Place: Bengaluru
Dated : June 14, 2010

"When you are inspired by some great purpose, your thoughts have no bounds, your mind transcends limitations, your consciousness expands in every direction, and you find yourself in a new, great and wonderful world.

Dormant forces, faculties and talents become alive and you discover yourself to be a greater person by far than you ever dreamed"

“

Ideas are the engines of progress.
They improve people's lives by creating better ways to do things.
They build and grow successful organizations and keep them healthy and prosperous

– Alan Robinson and Dean Schroeder, in 'Ideas Are Free'

”

Corporate information

Managing Director
Mr. Sanjay Gupta

Directors
Mr. Vinay Gupta
Mr. Sameer Gupta
Mr. Aniq Husain
Mr. S.T. Gerela
Mr. C. S. Johri
Mr. Mukesh Jain
upto July 2, 2010

General Manager (Finance & Accounts)
Mr. Pankaj K. Gupta

Company Secretary
Mr. Adhish Swaroop

Registered office
37, Hargobind Enclave
Vikas Marg, Delhi-110 092

Registrar & Share Transfer Agent
M/s Abhipra Capital Limited
A387, Dilkush Industrial Area
Azadpur, Delhi-110 033

Auditors
VAPS & CO.
C-42, South Extension Part-II
New Delhi-110 049

Bankers
Union Bank of India
2/2, Deshbandhu Gupta Road
Paharganj, New Delhi-110 055

Works
Unit-I
A-19, Industrial Area, Sikandrabad,
Distt. Bulandshahar, (U.P.)

Unit-II
No.332-338, Alur Village
Perandapalli, Hosur (Tamilnadu)

Wholly-owned subsidiaries
Apollo Metalex Private Limited
5/82, Gujju Katra
Shahdara, Delhi-110 032
w.e.f. June 15, 2007

Shri Lakshmi Metal Udyog Limited
No. 9 to 11, KIADB Industrial Area
Attibele, Bengaluru-562107
w.e.f. April 28, 2008

APLAPOLLO Steel world

Gurgaon: 1/5, Khandsa Road, Gurgaon-122103, Haryana
Jaipur: Sikar Road, Rajawas Near Bus Stand, Jaipur-303704, Rajasthan
Ghaziabad: 6, Prakash Industrial Area, UP Border, Ghaziabad-201006, UP
Ludhiana: Plot No.39, Main Road, Phase V, Focal Point, Ludhiana, Punjab
Pune: S. No. 312/1/11, Opp. Indian Oil Petrol Pump, Handewadi Road, Vill Uruli, Devachi, Pune, Maharashtra

Proposed at Kochi, Chennai, Hyderabad, Ahmedabad and Bengaluru

A TRISYS PRODUCT
info@trisyscom.com