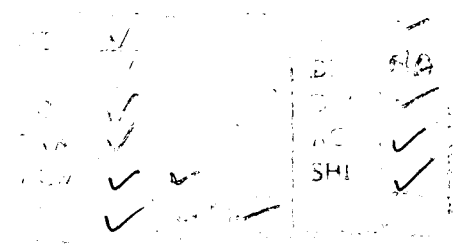




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COMPANY LTD**

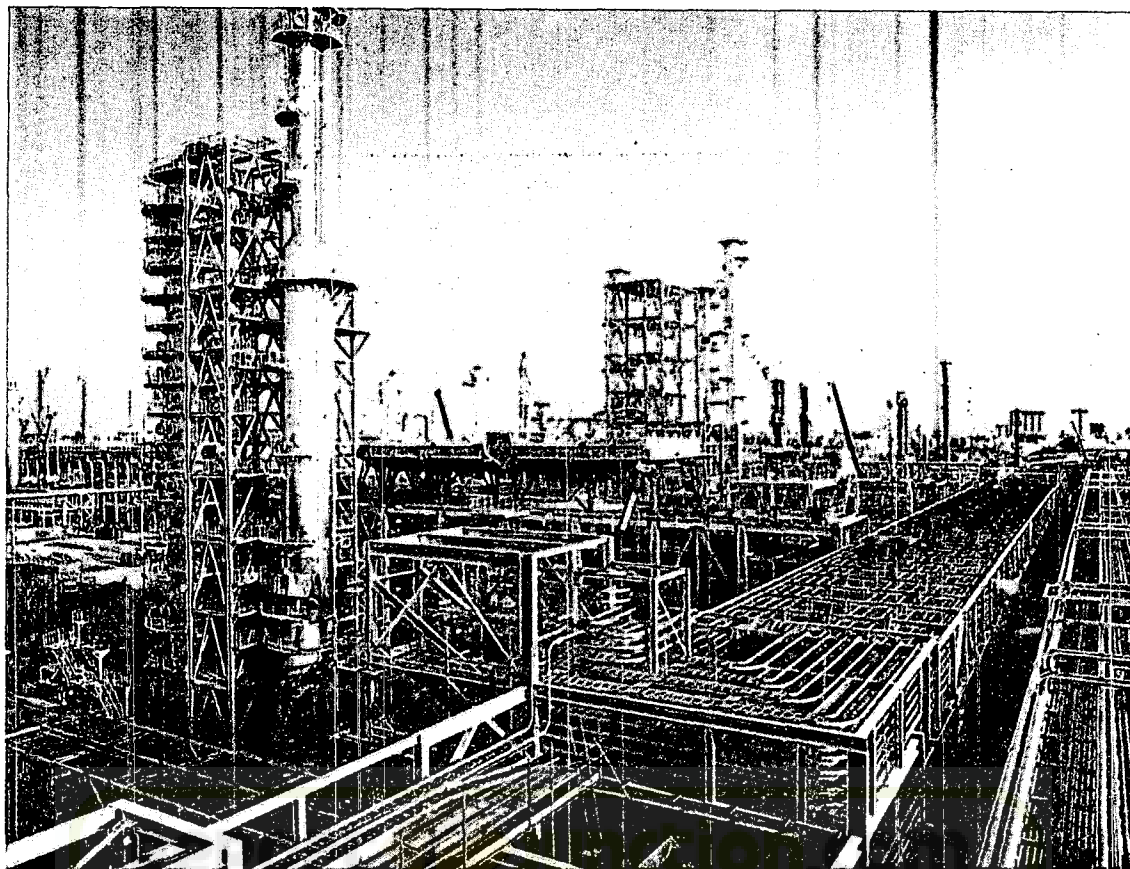


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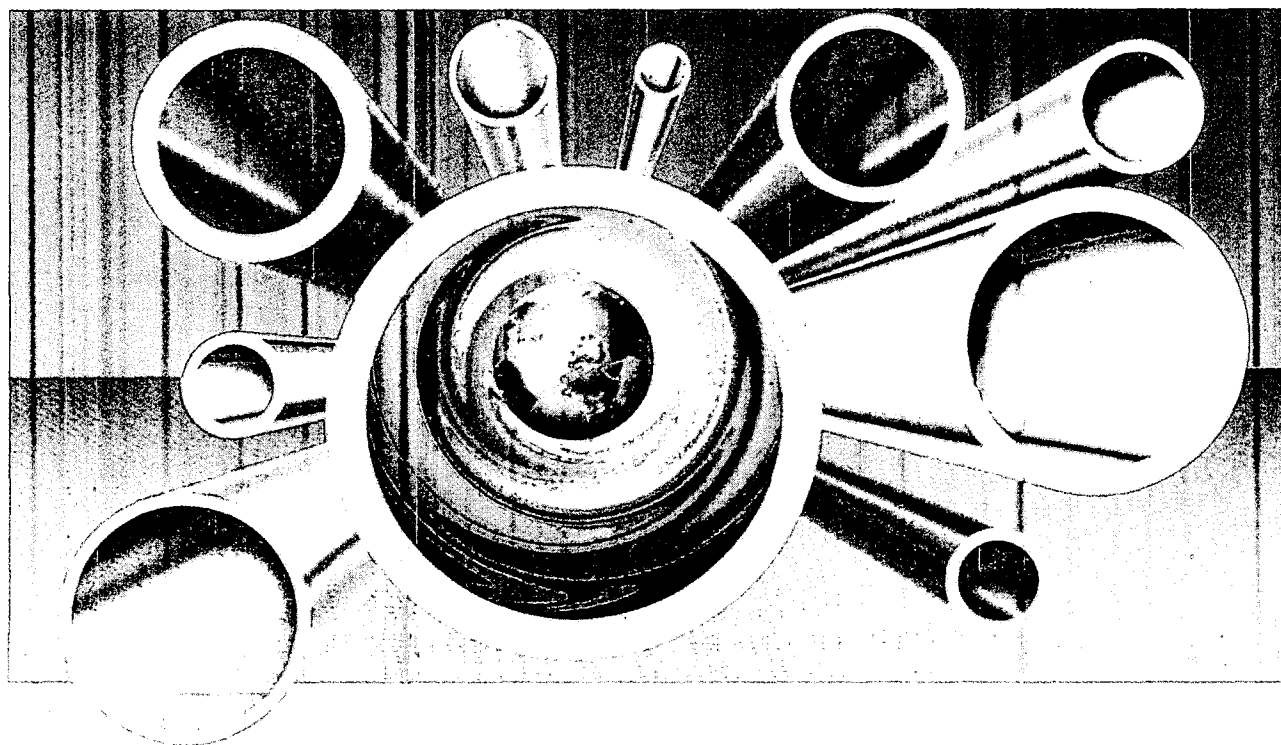
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CHOKSI TUBE COMPANY LIMITED

NOTICE

Notice is hereby given that the Thirty fourth Annual General Meeting of the Members of the Company will be held at 3.00 p.m. on Thursday, the 25th September, 1997 at Ahmedabad Textile Mills Association Hall, Near Gurjari, Ashram Road, Ahmedabad 380 009 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date, the Directors' Report and Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri Himanshu H. Choksi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Mahipendra Singh who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that in terms of provisions of Sections 198, 269, 309 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, if necessary, the Company hereby accords its approval and consent to the re-appointment of Shri Himanshu H. Choksi as a 'Wholetime Director' designated as Director (Technical) of the Company for a further period of 5 years with effect from 20-05-1997".

- a. **Salary** : Consolidated salary of Rs. 20,000 p.m. with effect from 20th May, 1997 with annual increments at the discretion of the Board.
- b. **Commission** : Commission based on the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956. Such commission shall be on percentage of the net profits and such amount as Board of Directors of the Company may determine keeping in view the performance of the Company in each financial year.
- c. Perquisites such as fully furnished house or house rent allowance in lieu thereof; expenses incurred on gas, electricity, water and furnishing, repairs, medical benefits for self and family, leave travel concession for himself and family, club fees, personal accident insurance and/or any other allowances provided that such perquisites be restricted to annual salary or Rs. 6,00,000 (Rupees six lacs only) whichever is less.

Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost.

Shri Himanshu H. Choksi shall be entitled to the following which shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

1. Free use of Company's car with driver for the business of the Company.
2. Free telephone facility at residence (including payment for local calls and long distance official calls).

CHOKSI TUBE COMPANY LIMITED

3. Reimbursement of expenses actually and properly incurred by him for the business of the Company.
- d. The salary and perquisites as mentioned at items (a), (b) and (c) above will be exclusive of :
 - (i) Contribution to Provident Fund, Superannuation Fund or Annuity Funds to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - (ii) Gratuity payable at the rate not exceeding half month's salary for each completed year of service and encashment of leave at the end of the tenure, to the extent the same are not taxable under the Income Tax Act, 1961 shall not be included in the computation of limits for the perquisites.

Aggregate of total consolidated salary, commission, perquisites and contribution towards Provident Fund, Superannuation Fund or Annuity Funds taken together in respect of Shri Himanshu H. Choksi shall always be subject to overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

"RESOLVED FURTHER THAT wherein any financial year during the currency of the tenure of the Director (Technical), the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of consolidated salary and perquisites as specified in (a) and (c) above, subject to the limits of Section II of part II of Schedule XIII of the Companies Act, 1956, or any statutory modification, substitutions or re-enactments thereof, as may be agreed to by the Board of Directors and Shri Himanshu H. Choksi."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to or accepted by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to acquire/ purchase any of its own shares on such terms and conditions and upto such limits as may be prescribed by law from time to time and that the Board of Directors be and it is hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement this resolution."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and they are hereby altered by the addition of a new Article 8A after Article 8 as follows :

Buy Back of Shares :

- 8A Notwithstanding anything contained in the preceding Article 8, but subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase, hold, resell any of its own fully/partly paid or redeemable shares and may make payment out of funds at its disposal for and in respect of such acquisition/purchase on such terms and conditions and at such times as the Board may be in its discretion decide and deem fit."

By Order of the Board,

H. H. Medh

Financial Controller & Secretary

Mumbai, 28th June, 1997

CHOKSI TUBE COMPANY LIMITED

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

The Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

2. An Explanatory Statement relating to item nos. 6, 7 and 8 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 8-9-1997 to 25-9-1997 (both days inclusive) for the purpose of payment of dividend.
4. Members are requested to intimate the change, if any, in their registered addresses before 8-9-1997 to the Company's Registrar and Transfer Agents, M/s. Nucleus Shares Custodian Services Ltd., 'Arambha', Opp. L & T, Gate No. 7, Saki Vihar Road, Powai, Andheri (East), Mumbai 400 072.
5. For the convenience of Members, Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and affix their signatures at the space provided therefor and hand over the Attendance Slip at the entrance of the place of meeting, Proxy/Representative of a Member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be.

REQUEST TO THE MEMBERS

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast seven days in advance, so as to enable Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

Shri Himanshu H. Choksi is a Wholtime Director designated as Director (Technical) since 20-5-1992 and his appointment for a period of 5 years expired on 19-5-1997. He was drawing his remuneration as approved by you as well as by the Central Government. Looking at his contribution on the technical aspects of the Company, the Board of Directors has thought fit to reappoint him for a further period of 5 years with effect from 20-5-1997 on the terms and conditions as set out in resolution under item no. 6 to this Notice.

A copy of the resolution passed by the Board of Directors at its Meeting held on 27-3-1997 revising terms of employment of Shri Himanshu H. Choksi is open for inspection by the Members at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m.

Shri Himanshu H. Choksi being a relative of Shri H. H. Choksi, the Managing Director of the Company and Shri Shaunak H. Choksi, Director (Commercial) of the Company a special resolution is proposed for

CHOKSI TUBE COMPANY LIMITED

giving consent under Section 314 and other applicable provisions of the Companies Act, 1956 for his holding and continuing to hold an office or place of profit in the Company.

The terms of employment of Shri Himanshu H. Choksi as a Wholtime Director as also payment of remuneration as proposed to be payable to him is subject to the approval of the Central Government if required under Sections 198, 269, 309, 314 and other applicable provisions of the Companies Act, 1956.

The terms of employment of Shri Himanshu H. Choksi as set out in the said Resolution in the accompanying Notice be treated as an abstract of the terms of the Contract with him for the purpose of Section 302 of the Companies Act, 1956.

Shri Himanshu H. Choksi is concerned or interested in the said special resolution as it relates to his own appointment as the Wholtime Director and the payment of remuneration to him. Shri H. H. Choksi, the Managing Director and Shri Shaunak H. Choksi, Director (Commercial) of the Company are also concerned or interested in the said resolution as they are the relatives of Shri Himanshu H. Choksi.

ITEM NOS. 7 & 8

At present a Company having a share capital cannot purchase its own shares unless such purchase is authorised by its Articles of Association and is also approved by the shareholders by a Special Resolution and such Special Resolution is confirmed by the Court. Section 77 of the Companies Act, 1956 restricts the purchase of its own shares by a Company unless the same is done with a view to reduce its capital in pursuance of Section 100 to 104 and Section 402 of the Companies Act, 1956. However, it is anticipated that amendments to the Companies Act may provide for buy back of shares subject to certain stipulations. The Directors, therefore, feel it would be desirable to have an enabling power from the shareholders for this purpose, in terms as set out in item 7 of the Notice.

Article No. 8 of the existing Articles of Association of the Company permits the Company to reduce its capital subject to the provisions of Section 78, 80 and 100 to 105 of the Companies Act, 1956. Article 26 of the Articles of Association prohibits the Company from applying any of its funds for the purchase of any shares of the Company. In anticipation of an amendment to the Companies Act, 1956 or the re-enactment thereof, it is proposed to consider the introduction of a new Article 8A in the Articles of Association of the Company as mentioned in the resolution set out at item 8 of the Notice to enable the Company to purchase any of its own shares.

None of the Directors is concerned or interested in the said resolutions.

By order of the Board,

H. H. Medh

Mumbai, 28th June, 1997

Financial Controller & Secretary

Registered Office :

Plot No. 60/A, Vatva Industrial Estate,
Vatva 382 445, Ahmedabad.

CHOKSI TUBE COMPANY LIMITED

BOARD OF DIRECTORS

Shri Harshad H. Choksi
Chairman & Managing Director

Shri B. D. Desai

Shri R. R. Parikh

Shri Mahipendra Singh

Shri Shaunak H. Choksi

Shri Himanshu H. Choksi

Shri H. J. Bakshi

CORPORATE HEADQUARTERS

113, Bajaj Bhavan,
11th Floor, Nariman Point,
Mumbai-400 021.

ADMINISTRATIVE OFFICE

Samruddhi, 8th Floor,
Navrangpura, Ahmedabad-380 014.

FINANCIAL CONTROLLER &
SECRETARY

Shri H. H. Medh

BANKERS

State Bank of India
Credit Agricole Indosuez

HEAT EXCHANGER TUBE DIVISION

Village : Moti Bhoyan
Taluka : Kalol
District : Mehsana

AUDITORS

M/s. M. A. PARIKH & CO.
Chartered Accountants,
Yusuf Building, M. G. Road,
Mumbai-400 023.

REGISTERED OFFICE &
STAINLESS STEEL TUBE DIVISION

Plot No. 60/A,
Vatva Industrial Estate,
Vatva-382 445, Ahmedabad.

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CHOKSI TUBE COMPANY LIMITED

DIRECTORS' REPORT

To :

The Members,

1. Your Directors present their Thirty fourth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1997.

2. FINANCIAL RESULTS :

		(Rs. in Lacs)
	1996-97	1995-96
(a) Profit Before Depreciation and Taxes	744.83	1083.39
(b) Less : Depreciation	304.30	351.15
(c) Profit Before Tax	440.53	732.24
(d) Less : Provision for Taxes	58.00	28.00
(e) Profit After Tax	382.53	704.24
(f) Add : Balance brought forward from previous year	619.63	261.61
(g) Profit available for appropriation	1002.16	965.85
APPROPRIATIONS :		
(a) Tax Provision for earlier years	197.00	—
(b) Debenture Redemption Reserve	55.15	55.15
(c) General Reserve	75.00	84.25
(d) Proposed Dividend	206.82	206.82
(e) Profit & Loss Account	468.19	619.63

3. DIVIDEND :

Your Directors recommend for your approval payment of Equity Dividend of Rs. 2.50 per share on 8.27 Million Equity Shares of Rs. 10 each fully paid up.

4. HIGHLIGHTS FOR THE CURRENT YEAR :

During the year your Management have taken 3 strategic steps with the twin objectives of ensuring your Company's leadership in the field of its activities and augmenting substantially its future profitability. These steps are :

(a) Joint Venture with Sandvik AB of Sweden :

Your Company with Sandvik AB of Sweden formed Joint Venture Company in India for manufacture of Hot Extruded Pipes. This is the most important step and will probably go down as a landmark in the Company's history. Further in terms of understanding with Joint Venture Partner, your company transferred the running business of one of its division i.e. Extruded Metal Division located at Village Rajpur, Taluka Kadi, District Mehsana, Gujarat, together with assets and liabilities at a slump price of Rs. 100 Crores. The total project cost of the Joint Venture is Rs. 125 Crores in which your company's contribution is approx. Rs. 40 Crores by way of equity and unsecured loans for its 49% shareholding. The Joint Venture is so structured so as to become a captive exclusive raw material production facility for both the partners on equal terms. The Joint Venture is increasing its production capacity from current 3000 TPA to 7000 TPA with an additional investment of Rs. 20 Crores which has also been built-in in the total project cost of Rs. 125 Crores. We are confident that with this

CHOKSI TUBE COMPANY LIMITED

additional investment and the technological input and expertise provided by Sandvik there will be substantial improvement in the yield, quality and efficiency of the products of this plant.

(b) Installation of Wind Farm :

Your Management is deeply concerned about the deteriorating power situation and escalating power costs in Gujarat. To protect ourselves on these 2 counts, your Company has installed in February 1997 a 1.84 MW Wind Farm at Bhogat Navadra (near Porbandar) which after being commissioned in February 1997 reached peak capacity in April 1997 and is generating the highest energy per KW in the region. Apart from depreciation and taxation benefits that will accrue to the company from this investment, the chief objectives is to shield our Vatva plant from increasing energy costs in the future as this power will be wheeled back to us by the State Electricity Board with a small service charge.

(c) New Cold Finishing Plant :

In view of the additional availability of raw material from the Joint Venture when it reaches the increased capacity of 7000 TPA, the company is setting up a brand new state of the art cold finishing plant at Moti Bhojan in the Khakharia Tappa region of Mehsana which should become operational by October/November this year. This plant is specially designed to produce for the first time in India heat exchanger tubes in lengths up to 30 meters. This project is being financed by a foreign currency loan of US\$ 3.50 Million from EXIM bank at a low rate of interest compared to Rupee funds.

5. PREVIOUS YEAR'S OPERATIONS :

The year 1996-97 started out on an extremely promising note but started developing ominous signs of an entirely unexpected slowdown towards the last quarter of the calendar year. Projects which had been planned for implementation were either put on hold or delayed indefinitely, resulting in a severe setback to the domestic capital goods industry, which are our main customers. Economic experts attributed the cause of this sudden slowdown to the uncertain political climate, the depressed and extended inactivities on the primary capital markets as well as the liquidity problems resulting from high capital costs. The net result was a reduction in our manufacturing operations by over 9.33% and a reduction in our margins leading to a drop in the total profitability. Inventory levels at the year end increased due to the previously contracted imported raw material supplies whereas increased interest costs exerted a downward pressure on operating margins.

6. CURRENT YEAR'S OPERATIONS :

The current year has begun on a rather sombre note but late second quarter changes in RBI finance policies promise an improvement in industrial activity in second half of the calendar year. Your company has developed new product lines for the energy sector which has resulted in order bookings that augur well for the future. The various strategic steps outlined in Para 4 will lead to increased production, stable energy supply and reduction in our interest cost. We are hopeful that the current year's operation will show much better picture of the performance of your company.

7. LONG TERM OUTLOOK :

The opening up of the Indian economy to external competition will radically change the way Indian Industries have hitherto functioned. In this fast globalising world, with its absolutely phenomenal information transferring and exchanging ability, Indian industry will have to recognise the significance of productivity and R & D as the basic cornerstone of competitiveness. The ideal way to accomplish this is by way of joint ventures with overseas partners for accessing easily an otherwise very expensive R & D and to capitalise on indigenous strengths of competitive, educated and attractive labour and low overhead costs. The recognition accorded to us by Sandvik, the world's largest tube producer, in creating a Joint Venture out of one of our own existing operational setups is a tribute to the abilities of our people and our capability