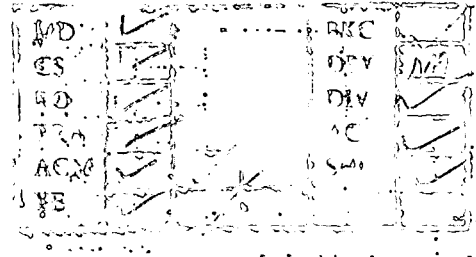




# CHOKSI TUBE COMPANY LTD



ANNUAL  
REPORT  
1997-98

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# Certificate of Approval

*Awarded to*

**CHOKSI TUBE COMPANY LIMITED,**

60/A&B GIDC, PHASE-1, VATVA,  
AHMEDABAD - 382 445, INDIA.

*Bureau Veritas Quality International certify that the  
Quality Management System of the above supplier  
has been assessed and found to be in accordance  
with the requirements of the quality  
standards detailed below*

QUALITY STANDARDS

**BS EN ISO 9002:1994**

SCOPE OF SUPPLY

**MANUFACTURE AND SUPPLY OF COLD FINISHED, SEAMLESS STAINLESS  
STEEL AND NICKEL ALLOY TUBES/PIPES FROM 3 MM TO 168 MM. DIAMETER  
AND WELDED STAINLESS STEEL TUBES FROM 1.6 TO 16 MM DIAMETER.**

*Original approval date:* **31ST JANUARY 1998**

*Subject to the continued satisfactory operation of the supplier's  
Quality Management System, this Certificate is valid for a period of three years from:*

**31ST JANUARY 1998**

Date **16TH FEBRUARY 1998**



Registration Number  
008

*Lane*

For Bureau Veritas Quality International

Certificate No: **45332**

SF06/B

The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the accreditation certificate number 008

## CHOKSI TUBE COMPANY LIMITED

## NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of the Company will be held at 11.00 a.m. on Tuesday, the 22nd September, 1998 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, 1998 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 S. H. Choksi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. D. Desai 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 Harshad H. Choksi as a 'Wholetime Director' designated as Managing Director of the Company for a further period of 5 years with effect from 01-10-1997."  
  - a. **Salary** : Consolidated salary of Rs. 40,000 p.m. with effect from 1st October, 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. 600,000 (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 Harshad 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 of local calls and long distance official calls).
    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 Fund 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 Fund taken together in respect of Shri Harshad 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 Managing Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration

## CHOKSI TUBE COMPANY LIMITED

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 Harshad H. Choksi."

7. 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 Shaunak H. Choksi as a 'Wholetime Director' designated as Director (Commercial) for a further period of 5 years with effect from 01/06/1998 on the following remuneration, with liberty and powers to the Board of Directors to alter, vary and modify the terms and conditions of his remuneration including salary, commission and perquisites in such manner as the Board in its absolute discretion deem fit and as may be acceptable to Shri Shaunak H. Choksi, provided such alteration, variation and modification is within the limits prescribed in Schedule XIII of the Companies Act, 1956 as amended from time to time.

- a. **Salary** : Consolidated salary of Rs. 20,000 p.m. with effect from 1st June, 1998 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 himself 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 of Rs. 600,000 (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 Shaunak 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).
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 Fund 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 Fund taken together in respect of Shri Shaunak 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 his office, 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 Shaunak H. Choksi."

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

**"RESOLVED THAT** pursuant to Sections 16, 31 and 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the company be and is hereby increased from Rs. 15,00,00,000 (Rupees Fifteen crores only) to Rs. 20,00,00,000 (Rupees Twenty crores only) divided into 1,50,00,000 equity

## CHOKSI TUBE COMPANY LIMITED

shares of Rs. 10/- each and 50,00,000 Redeemable Preference Shares of Rs. 10/- each.

**RESOLVED FURTHER** that clause V of the Memorandum of Association of the Company be deleted and the following be substituted therefore :

"The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty crores only) divided into 1,50,00,000 equity shares of Rs 10/- and 50,00,000 Redeemable Preference Shares of Rs. 10/- each."

**RESOLVED FURTHER** that pursuant to the provisions of Section 31(1) of the Companies Act, 1956, the existing article 4 of the Articles of Association of the Company be and is hereby substituted by the following article :

"The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty crores only) divided into 1,50,00,000 equity shares of Rs. 10/- each and 50,00,000 Redeemable Preference Shares of Rs 10/- each."

**RESOLVED FURTHER** that the Board of Directors be and are hereby authorised to do such other acts and deeds as may be necessary for giving effect to this resolutions."

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

**"RESOLVED THAT** in accordance with the provision of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Securities and Exchange Board of India (SEBI), the Reserve Bank of India, the Financial Institutions/Banks and such approval, consent, permission and/or sanction, if any, as may be necessary and subject to such conditions and modifications as may be prescribed by any authorities in granting such approval, consent, permission and/or sanction and which may be agreed to by the Board of Directors (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded to the Board to issue/offer redeemable preference shares of the face value of Rs. 10 each of the aggregate amount not exceeding Rs. 500 Lacs (Rupees Five Hundred Lacs) as the Board at its sole discretion may at any time or times hereinafter decided, to the Members, Employees, Banks, Insurance Companies, Financial Institutions, Investment Institution, Mutual Funds, Companies, and other Bodies Corporate, Non-Resident Indians, Overseas Corporate Bodies (OCB's), Foreign Institutional Investors (FIIs), and to such other person or class of persons, whether through Public Issue, Right Issue, Private Placement and in one or more tranches at such price or prices and on such terms and conditions including the number of shares to be issued, rate of dividend, redemption period, manner of redemption, and related or incidental matters, as the Board may in its absolute discretion think fit.

**RESOLVED FURTHER** that the said Redeemable Preference Shares be redeemed at part or at a premium at the expiry of such period from the date of allotment as may be agreed to by the subscribing institutions/ persons and by the Board.

**RESOLVED FURTHER** that the said Redeemable Preference Shares shall carry the right to receive proportionate dividend which may be declared for the financial year in which such share are allotted.

**RESOLVED FURTHER** that such of these shares to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board may, in its absolute discretion, think most beneficial of the Company.

**RESOLVED FURTHER** that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of the proceeds of issue of the Redeemable Preference Shares and to finalise and execute all documents and writing as may be necessary, desirable or expedient."

By Order of the Board,

H. H. Medh

Financial Controller and Secretary

Ahmedabad, 26th June, 1998



**CHOKSI TUBE COMPANY LIMITED****NOTES :**

**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.**

1. 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 and 7 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 07-09-1998 to 22-09-1998 (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 07-09-1998 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 therefore 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 the 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 Harshad H. Choksi is a Wholtime Director designated as Managing Director since 01-10-1992 and his appointment for a period of 5 years expired on 30-09-1997. 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 01-10-1997 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 25-09-1997 revising terms of employment of Shri Harshad 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 Harshad H. Choksi being a relative of Shri Shaunak H. Choksi, Director (Commercial) of the Company and Shri Himanshu H. Choksi, Director (Technical) of the Company and he has attained the age of 70 years - a special resolution is proposed for 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 and to comply with the requirements of condition (c) of Part I of Schedule XIII of the Companies Act, 1956.

## CHOKSI TUBE COMPANY LIMITED

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

**ITEM NO. 7**

Shri Shaunak H. Choksi is a Wholetime Director designated as Director (Commercial) since 01-06-1993 and his appointment for a period of 5 years expired on 31-05-1998. He was drawing his remuneration as approved by you as well as by the Central Government. Looking at his contribution on the commercial aspects of the Company, the Board of Directors has thought fit to reappoint him for a further period of 5 years with effect from 01-06-98 on the terms and conditions as set out in resolution under item No. 7 to this Notice.

A copy of the resolution passed by the Board of Directors at its Meeting held on 25-03-1998 revising terms of employment of Shri Shaunak 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. & 12.30 p.m.

Shri Shaunak H. Choksi being a relative of Shri Harshad H. Choksi, Managing Director and Shri Himanshu H. Choksi, Director (Technical) of the Company a special resolution proposed for 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 Shaunak H. Choksi as a Wholetime 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 Shaunak 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 Shaunak H. Choksi is concerned or interested in the said special resolution as it relates to his own appointment as a Wholetime Director and the payment of remuneration to him. Shri Harshad H. Choksi, Managing Director of the Company and Shri Himanshu H. Choksi, Director (Technical) of the Company are also concerned or interested in the said resolution as they are the relatives of Shri Shaunak H. Choksi.

**ITEM NO. 8**

Members are aware that the present Capital structure consists of Equity shares only. In view of the increased activities of the company and considering the fact that capital structure of the company is made up only of equity shares, it is desirable to raise authorised capital of the company by creating 50,00,000 Redeemable Preference Shares of Rs. 10/- each. The alteration proposed in the Memorandum and Articles of Association of the Company are only consequential to reflect the proposed change in the Authorised Share Capital of the Company.

**CHOKSI TUBE COMPANY LIMITED**

Pursuant to sections 16 and 31 of the Companies Act, 1956 read with section 94 of the Said Act, the abovesaid amendments should be approved by the proposed resolutions giving effect to the above amendments for your approval.

None of the Directors is interested in the proposed resolutions.

**ITEM NO. 9**

Section 81 of the Companies Act, 1956, provides that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in the general meeting may decide otherwise. The listing agreement with the stock exchanges also have provisions to the similar effect. It is desirable to include Preference shares in the resource raising plan keeping in view of the objective of enlarging the capital base, capital adequacy, tax benefits, etc. without enlarging the equity base or diluting EPS or net worth per share of the company. By an amendment in the Income Tax Act, 1961, dividend has now been made exempted from tax in the hands of shareholders. This has also made Preference Shares an attractive propositions for investors as well as issuers.

Pursuant to sections 81 and other applicable provisions of the Companies Act, 1956, consent of the members is sought for issue of Redeemable Preference Shares by way of Special Resolution.

The Directors may be deemed to be the concerned or interested in the resolution set out at item No. 9 to the extent the preference shares may be allotted to them and/or their relatives and/or bodies corporate in which they may be interested.

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By order of the Board,

**H. H. Medh**

Financial Controller and Secretary

Ahmedabad, 26th June, 1998

**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.



## NOTICE

## CONTENTS

Directors' Report .....	3
Auditors' Report .....	8
Balance Sheet .....	10
Profit & Loss Account .....	11
Schedules to Balance Sheet .....	12
Schedules to Profit & Loss Account .....	18
Notes to the Accounts .....	21
Cash Flow Statement .....	29