



ANNUAL
REPORT
1999-2000

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CHOKSI



Certificate of Approval

Awarded to

CHOKSI TUBE COMPANY LIMITED,

60/ A&B GIDC, PHASE-I, 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**



Lave

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 Seventh Annual General Meeting of the Members of the Company will be held at 11.00 a.m. on Friday, the 29th September, 2000 at The Institution of Engineers (India), Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date, the Directors' Report and Auditors' Report thereon.
2. To note and confirm as final dividend the interim dividend on 14% Redeemable Cumulative Preference Shares.
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.

By Order of the Board,

H. H. Choksi

Chairman

Mumbai, 29th June, 2000

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE 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. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2000 to 29th September, 2000 (both days inclusive).
3. Members are requested to intimate the change, if any, in their registered addresses before 15th September, 2000 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.
4. 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.

By Order of the Board,

H. H. Choksi

Chairman

Mumbai, 29th June, 2000

CHOKSI TUBE COMPANY LIMITED

REQUEST TO THE MEMBERS

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 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.



CHOKSI TUBE COMPANY LIMITED

BOARD OF DIRECTORS

Shri Harshad H. Choksi
Chairman & Managing Director
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.



BANKERS

State Bank of India

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

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CHOKSI TUBE COMPANY LIMITED

DIRECTORS' REPORT

To :

The Members,

1. Your Directors present their Thirty Seventh Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2000.

2. FINANCIAL RESULTS :

	1999-00	(Rs. in Lacs) 1998-99
(a) Profit Before Depreciation and Taxes	548.22	562.89
(b) Less : Depreciation	362.88	293.72
(c) Less : Provision for Taxes	6.50	20.00
(d) Add : Prior years adjustments (Net) (including tax adjustments of Rs.238.62 Lacs)	125.95	13.46
(e) Profit After Tax	304.79	262.63
Add : Balance brought forward from previous year	606.08	463.12
(f) Profit available for appropriation	910.87	725.75
APPROPRIATIONS :		
(a) Dividend on Redeemable Preference Shares	70.00	25.31
(b) Dividend on Equity Shares	—	82.73
(c) Taxes on Dividend	7.70	11.63
(d) Profit & Loss Account	833.17	606.08

3. DIVIDEND :

- (a) The Directors recommend for your approval, payment of dividend on 14% Redeemable Preference Shares of Rs.500 Lacs issued to Industrial Development Bank of India on Private Placement Basis.
- (b) The Directors have decided not to recommend any dividend on equity shares for the year with a view to conserve the resources for future operations.

4. PREVIEW OF PREVIOUS YEAR'S OPERATIONS :

- (a) The problems faced by the Company in earlier years continued in the previous year as well. Our major customers are new projects. There were hardly any during the year. Moreover there was substantial rise in our raw material cost because of similar rise in nickel prices which constitutes the major input in our raw materials. The imports of seconds and defectives also continued thereby depressing the domestic demand. Financial costs, resulting from an import dependent raw material, erratic demand causing low utilisation of plant capacity, long funds recovery times caused by the low volume and the difficulties in finding markets for some specialised inventories, remained a major cost factor. However the Company was successful in penetrating the niche instrumentation tube market on the export front which is the highest value added product in our line of business. The Company plans to increase substantially the production of these instrumentation tubes.
- (b) The wind mill division of the Company generated 38 lac units of power, registering an overall efficiency level of 24%, which was far higher than 10-12% generally attained by other competitors. The Company has now been successful in getting permission to the use of this entitlement in our new plant in Moti Bhoyan where our power consumption is higher.
- (c) Our Joint Venture Company, M/s. Sandvik Choksi Limited, has also been affected by recessionary trends. Although the plant capacity has now been raised to 7500 Tons and more value added small diameter pipe sizes have commenced production, the actual production was around 2100 Tons. However, with

CHOKSI TUBE COMPANY LIMITED

the strengthening of global demand and determined efforts on the part of both partners, it is expected that the plant utilisation will pick up substantially from this year onwards.

5. CURRENT YEAR'S OPERATIONS AND LONG TERM OUTLOOK :

Our Company's products have an excellent brand equity in both the domestic and export markets and our new plant at Moti Bhoyan has already won plaudits from customers in both areas for its excellent product quality and competitive operating costs. This feature has enabled the Company to shift its emphasis from a predominantly heat exchanger tube producer to an equally strong instrumentation tube producer, which is a more value added and a steady demand product. The Company has commenced all efforts to capitalise on this advantage. We also expect that with the strengthening of global demand and availability of larger output in a wider range of sizes from M/s. Sandvik Choksi Limited, our production from the current year will pick up substantially. Therefore while we expect higher demand in the overseas market we need to have a revival in domestic market where we enjoy a dominant position. It is hoped that the "feel-good" factor currently being experienced in India will translate into a surge in industrial activity from the current year onwards. We have developed special products for the power sector, transport sector and the oil refinery sector from which we expect this demand to be generated and where we are confident that we can establish dominant market shares.

6. DIRECTORS :

- (i) Shri Himanshu H. Choksi and Shri Mahipendra Singh, Directors of your Company are retiring by rotation and being eligible, offer themselves for re-appointment.
- (ii) During the year Shri B. D. Desai resigned as a Director of the Company. The Board wishes to place on record their appreciation of the valuable advice, guidance and assistance rendered by him to the Company during his tenure as a Director of your Company.

7. DEPOSITS :

Deposits of Rs.3.68 Lacs due for repayment on or before 31st March, 2000 were not claimed by 33 depositors as on that date. Of these, deposits amounting to Rs.0.56 Lacs of 6 depositors have since been paid.

8. AUDITOR'S REPORT :

With regard to Qualifications contained in Para Nos. 3.4 to 3.7 of the Auditor's Report, your attention is drawn to Note Nos. 9, 10 & 12 of Schedule 17-B Notes to the Account, which are self explanatory.

9. PERSONNEL :

Relations with the employees were cordial throughout the year.

10. PARTICULARS OF EMPLOYEES :

The particulars of employees as required under provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are furnished as Annexure to this report.

11. AUDITORS :

M/s. M. A. Parikh & Company, Chartered Accountants, Mumbai are the retiring Auditors. The said Auditors have furnished a certificate that if re-appointed, their appointment shall be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956. You are requested to re-appoint them and fix their remuneration.

12. YEAR 2000 (Y2K) STATUS :

Your Company did not face any disruptions on account of the Y2K bug and completed a smooth transition into the new millennium.

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13. ACKNOWLEDGEMENTS :

Your Directors would like to place on record their appreciation for timely assistance, guidance and co-operation which your Company has received from State and Central Governments, Financial Institutions and Banks. The Directors also wish to place on record their appreciation of co-operation received from the employees at all levels.

ADDITIONAL INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

As required under Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.

During the year, the foreign exchange outgo has been Rs.469 Lacs while the foreign exchange earned was Rs.1719 Lacs. The details have been stated under items Nos. 13 (D) to (G) of the Notes to the Accounts.

On behalf of the Board
H. H. CHOKSI
Chairman

Mumbai, 29th June, 2000

