



**CHOKSI TUBE
COMPANY LTD**

REPORT  junction.com

REPORT

2000-2001

CHOKSI



Certificate of Approval

Awarded to
CHOKSI TUBE COMPANY LIMITED

1. KALOL-RANCHERDA HIGHWAY, VIL: MOTIBHOYAN, DIST. GANDHINAGAR – 382 721,
2. 60/A, 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

ISO 9002:1994

SCOPE OF SUPPLY

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

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


*Subject to the continued satisfactory operation of the supplier's
Quality Management System, this Certificate is valid until:*

14TH DECEMBER 2003

Date: **23RD APRIL 2001**

Managing Office:
Bureau Veritas Quality International
606 Balarama, 6th Floor
C-3, Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051, India




For Bureau Veritas Quality
International (Holding) S.A.,
2nd Floor, Tower Bridge Court
224-226 Tower Bridge Road
London SE1 2TX

Certificate No: **81802**

008

SF06/B

BVQI (Holding) S.A. using UKAS accreditation covered by the accreditation certificate number 008

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.

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BANKERS

State Bank of India

Bank of India

Development Credit Bank Ltd.

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**NOTICE**

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Members of the Company will be held at 11.00 A.M on Friday, the 21st September, 2001 at Ahmedabad Textile Mills Association Hall, Near Gurjari, Ashram Road, Ahmedabad 380009 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2001 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 Shaunak H Choksi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R R Parikh, 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 modifications the following resolution as an Ordinary Resolution :**

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecation in addition to the existing mortgages, charges and hypothecations created by the Company as may be necessary on such of the assets of the Company both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of the financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, multilateral agencies and other bodies corporate (hereinafter referred to as the Lending Agencies)/Trustees for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, non-convertible debentures, bonds and other instrument of an equivalent aggregate value not exceeding Rs. 150 Crores (Rupees One Hundred Fifty Crores Only) together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreement/Loan Agreements/Debenture Trust Deeds to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the Lending Agencies/ Trustees the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above resolution."

CHOKSI TUBE COMPANY LIMITED**7 To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :**

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows :

After Article 26, the following new Article as Article 26A be added under ‘Dematerialisation of Securities’.

Definitions :

- (i) Beneficial Owner means a person whose name is recorded as such with a depository;
- (ii) SEBI means the Securities and Exchange Board of India;
- (iii) Bye-laws means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;
- (iv) Depositories Act means the Depositories Act, 1996, including any statutory modifications or enactment thereof for the time being in force;
- (v) Depository means a company formed and registered under the Companies Act, 1956, which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;
- (vi) Record includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by SEBI;
- (vii) Regulations means the regulations made by SEBI;
- (viii) Security means such security as may be specified by SEBI.

The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

(i) Dematerialisation of Securities :-

The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

(ii) Option for Investors :-

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold his Security with a depository, the Company shall intimate such depository the details of allotment of the security.

CHOKSI TUBE COMPANY LIMITED**(iii) Securities on depositories to be in fungible form :-**

All securities of the Company held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of depositories and beneficial owners :-

a) Notwithstanding anything to the contrary contained in the Act, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security of the Company on behalf of the beneficial owner.

b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.

c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(v) Service of documents :-

Notwithstanding anything contained in the Act to the contrary, where securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities :-

Nothing contained in Section 108 of the Act shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of securities dealt with in a depository :-

Notwithstanding anything in the Act, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Distinctive numbers of Securities held in a depository :-

Nothing contained in the Act regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with the depository.

(ix) Registers and Index of beneficial owners :-

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

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

"RESOLVED THAT the Articles of Association of the Company be altered in the following manner –

(i) After Article 25, the following new Article as Article 25A be added under 'NOMINATION'.

CHOKSI TUBE COMPANY LIMITED

NOMINATION: Notwithstanding anything contained in these articles, every holder of the shares or debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom these shares or debentures shall vest in the event of his death and the provisions of Sections 109A and 109B of the Act shall apply in respect of such nomination.

By Order of the Board,

H H CHOKSI
Chairman

Ahmedabad, 30th June, 2001

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.

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. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 7th September, 2001 to Friday, the 21st September, 2001 (both days inclusive).
3. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item Nos.6 to 8 of the above Notice is annexed.
4. Members are requested to intimate the change, if any, in their registered addresses before 7th September, 2001 to the Company's Registrars and Transfer Agents, M/s.Nucleus Netsoft & GIS India Ltd., 'Arambha', Opp. L&T Gate No.7, Saki Vihar Road, Powai, Andheri (East), Mumbai-400072.

Our shares have been recently registered with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to be traded in a dematerialised form. You are requested to convert your shares from physical form into dematerialised form. M/s.Tata Share Registry Limited, Army & Navy Building, 148, Mahatma Gandhi Road, Mumbai-400001 have been appointed to handle the processing of transfer of shares in a dematerialised form.

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 thereof 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 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**ANNEXURE TO NOTICE**

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 REGARDING SPECIAL BUSINESS.

ITEM NO. 6 :

In terms of sanction of working capital facilities by Bank of India and Development Credit Bank Ltd., a second charge on fixed assets by way of mortgage of property requires to be extended to them alongwith State Bank of India in whose favour the mortgage documents have already been executed earlier. Moreover, when any new loans/debentures/bonds and/or other instruments, if availed by the Company in future, the creation of mortgage, charges and hypothecations on the properties of the Company needs your approval in terms of Section 293(1)(a) of the Companies Act, 1956. An Ordinary Resolution for this purpose is proposed.

None of the Director(s) is/are concerned or interested in the Resolution.

ITEM NO.7 :

The Company has enlisted its Equity Shares with National Securities Depository Limited (NSDL) and Central Depository Services (I) Ltd., (CDSL) which would facilitate the holding and trading in securities of the Company in the electronic mode. The Company's shares have been admitted as eligible securities in the Depository System by NSDL & CDSL and can be dematerialised at the option of the shareholder.

In order to bring the Company's Articles of Association in line with the Depositories Act, 1996 and the amendments made to the Companies Act, 1956, upon introduction of the Depository System, certain changes are required to be made in the Articles of Association of the Company by insertion of new Article 26A in the Articles of Association of the Company as specified in the proposed Resolution.

None of the Director(s) is/are concerned or interested in the Resolution.

ITEM NO.8 :

As per provisions of Section 109A and 109B of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 every holder of shares in or debentures of the Company may at any time nominate in the prescribed manner, a person to whom his shares or debentures of the Company shall vest in the event of death. It is, therefore, proposed to insert new Article 25A in the Articles of Association of the Company to give effect to the said provisions as detailed in the Special Resolution set out in Item 8.

None of the Director(s) is/are concerned or interested in the Resolution.

By Order of the Board,

H H CHOKSI
Chairman

Ahmedabad, 30th June, 2001

CHOKSI TUBE COMPANY LIMITED**DIRECTORS' REPORT**

To :

The Members,

1. Your Directors present their Thirty Eighth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2001.

2. FINANCIAL RESULTS :

	2000-01	(Rs.in Lacs) 1999-00
(a) Profit Before Depreciation and Taxes	516.34	548.22
(b) Less : Depreciation	370.95	362.88
(c) Less : Provision for Taxes	1.00	6.50
(d) Add : Prior years adjustments (Net) including tax adjustments of Rs. 1.67 Lacs).	124.80	125.95
(e) Profit After Tax	269.19	304.79
(f) Transferred from Investment Allowance Reserve Account	172.95	—
(g) Transferred from Investment Allowance (Utilised) Reserve Account	289.63	—
(h) Loss on sale of long term investment in Equity Shares	(554.79)	—
(i) Balance brought forward	833.17	606.08
(j) Profit available for appropriation	1010.15	910.87

APPROPRIATIONS :

(a) Dividend on Redeemable Preference Shares	70.00	70.00
(b) Taxes on Dividend	7.14	7.70
(c) Capital Redemption Reserve	150.00	—
(d) Profit & Loss Account	783.01	833.17

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. REVIEW OF PREVIOUS YEAR'S OPERATIONS :

- (a) Operations in the previous year continued to remain sluggish, as they have been for the four previous years. Greenfield investments in the domestic sector failed to take off, with indications also being given by the Government that new fertiliser/petro-chemical capacity may not be added for the next few years. This resulted in very low domestic activity. However, the successful penetration of your company in the power plant segment proved to be beneficial, as your company was able to supply significant quantities of feed water heater tubes for various power projects within the country. On the export markets, your company's activities continued in spite of a low demand for the heat exchanger tubes produced by your company, whereas instrumentation tubes continued to have a positive impact on your company's marketing efforts. Your company was able to add new customers, primarily in the US and European markets, all of whom have promised to be regular repeat buyers for this product. Higher inventory costs and late realisations from domestic customers continuously resulted in tight liquidity situations