

***SRI SARBATI STEEL TUBES LIMITED***  
CHENNAI



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*Annual Report  
and Accounts for the year ended  
31st March 1999.*

**15**

**Sri Sarbati Steel Tubes Limited****BOARD OF DIRECTORS**

Shri. Premchand Goyal (Chairman)  
 Shri. G.C. Bhattacharjya  
 Shri. A.J. Menon  
 Shri. Anand Agarwal  
 Shri. G. Mohan Kumar (Whole-time Director)  
 Shri. Vinay Goyal (Managing Director)  
 Shri. Nitin Goyal  
 (Alternate to Shri. A.J. Menon)  
 Shri. O.A. Dandapani (Whole-time Director)  
 Shri. A.K. Das (Whole-time Director)

**COMPANY SECRETARY**

Shri. T.N. Sridharan

**AUDITORS**

M/s. Abhay Jain & Co.,  
 Chartered Accountants,  
 16, Sunkurama Street, Chennai - 600 001.

**BANKERS**

State Bank of India  
 Bharat Overseas Bank Ltd.  
 The Bank of Rajasthan Ltd.  
 State Bank of Indore

**REGISTERED OFFICE**

163/1, Prakasam Road,  
 II Floor,  
 Chennai - 600 108.

**WORKS - TUBE MILL DIVISION**

Sedarpet Industrial Estate  
 Mailam Road, Pondicherry 605 101.  
**- FLAT PRODUCTS DIVISION**  
 Karasur Village,  
 Villianur Commune, Pondichery.

**SHARE TRANSFER AGENTS**

M/s. Cameo Corporate Services Ltd.,  
 "Subramanian Building"  
 1, Club House Road,  
 Chennai - 600 002.  
 Ph : 8522465, 8528390  
 Fax : 044-8520129



**Sri Sarbati Steel Tubes Limited**

**Regd. Office :** 163/1, Prakasam Road,  
II Floor, Chennai - 600 108.

### NOTICE

**NOTICE** is hereby given that the 15th Annual General Meeting of the Company will be held on Thursday, the 30th September, 1999 at 11.30 a.m. at Ram Sahaimal Sahuwala & Sons Charitable Trust, 24 Cathedral Garden Road, Chennai-600 034 to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended as on that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sh.G.C. Bhattachariya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sh. Premchand Goyal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration. M/s. Abhay Jain & Co., Chartered Accountants, Chennai retire and are eligible for re-appointment.

#### SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification, the following resolution as **ORDINARY RESOLUTION**:  
**RESOLVED** that pursuant to Article 89 of the Articles of Association of the Company and Section 257 and other applicable provisions, if any of the Companies Act, 1956, Sh. G. Mohan Kumar, who hold office as Additional Director upto the Annual General Meeting and being eligible offered himself for appointment, be and is hereby appointed as Director of the Company.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as **ORDINARY RESOLUTION** :  
**RESOLVED** that pursuant to Article 89 of the Articles of Association of the Company and Section 257 and other applicable provisions, if any of the Companies Act, 1956, Sh.O.A. Dandapani, who hold office as Additional Director upto the Annual General Meeting and being eligible offered himself for appointment, be and is hereby appointed as Director of the Company, liable to retirement by rotation.
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as **ORDINARY RESOLUTION** :  
**RESOLVED** that pursuant to Article 89 of the Articles of Association of the Company and Section 257 and other applicable provisions, if any of the Companies Act, 1956, Sh. A.K. Das, who hold office as Additional Director upto the Annual General Meeting and being eligible offered himself for appointment, be and is hereby appointed as Director of the company, liable to retirement by rotation.
8. To consider and, if thought fit, to pass, with or without modification, the following resolution as **SPECIAL RESOLUTION** :  
**RESOLVED** that pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII thereof, and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby given for the appointment of Sh. G.Mohan Kumar as Whole Time Director of the Company, for a period of 5 years with effect from 1.9.1998, on the following terms and conditions:
 

a) Salary, dearness allowance & other allowances	:	Not exceeding Rs.15,000/- per month (Rupees fifteen thousand only per month)
b) Provident Fund, Superannuation Fund or Annuity Fund	:	Contribution to Provident Fund, Superannuation or Annuity Fund, will not be included for the computation of ceiling on remuneration specified above to the extent these either singly or put together are not taxable under the IT Act, 1961.
c) Gratuity	:	Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs.1,00,000/- and will not be included in the computation of ceiling on remuneration specified above.
d) Encashment of leave	:	Encashment of leave at the end of the tenure will not be included in the computation of ceiling on remuneration specified above.
e) Other perquisites	:	Other perquisites include <ol style="list-style-type: none"> <li>I. Expenditure by the company on hiring accomodation /providing House Rent Allowance/Maintenance etc., Gas, Electricity, periodicals, servants shall be valued as per Income Tax Rules, 1962.</li> <li>II. Provision of Car &amp; Telephone : Provision of Car for use on company's business and telephone at residence will not be considered as perquisites.</li> <li>IV. Entertainment Reimbursement of entertainment expenses /out of pocket expenses - Actual.</li> </ol>

**Sri Sarbati Steel Tubes Limited**

**RESOLVED FURTHER** that all the aforesaid remuneration, by way of salary, dearness allowance, perquisites and other allowances, shall not exceed five percent of the company's net profits in any year computed in the manner prescribed in the Companies Act, 1956, for one such managerial person, and if there is more than one such managerial person, ten percent for all of them together.

**RESOLVED FURTHER** that he will not be paid any sitting fees for attending the meetings of the board of directors or committee thereof and will not be liable to retire by rotation.

**RESOLVED FURTHER** that in the event of absence or inadequacy of Profits in any years during the tenure of office as whole time Director, Sh. G. Mohan Kumar be paid a minimum remuneration which shall be 10% less than the substantive salary stipulated above subject to the limits prescribed under Schedule XIII of the Companies Act, 1956.

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as **SPECIAL RESOLUTION** :

**RESOLVED** that pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII thereof, and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby given for the appointment of Sh. O.A. Dandapani as Whole Time Director of the Company, for a period of 5 years with effect from 1.8.1999, on the following terms and conditions :

- |  |      |   |
|--|------|---|
| a) Salary, dearness allowances & other allowances      | :    | Not exceeding Rs.15,000/- per month (Rupees fifteen thousand only per month)  |
| b) Provident Fund, Superannuation Fund or Annuity Fund | :    | Contribution to Provident Fund, superannuation or Annuity Fund, will not be included on remuneration specified above to the extent these either singly or put together are not taxable under the IT Act, 1961.                                  |
| c) Gratuity  | :    | Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs.1,00,000/- and will not be included in the computation of ceiling on remuneration specified above.                        |
| d) Encashment of leave                                 | :    | Encashment of leave at the end of the tenure will not be included in the computation of ceiling on remuneration specified above.  |
| e) Other perquisites                                   | :    | Other perquisites include   |
|  | I.   | Expenditure by the company on hiring accommodation/providing House Rent Allowance/Maintenance etc., shall be valued as per Income Tax Rules, 1962.  |
|  | II.  | Medical Reimbursement/Insurance: Reimbursement of expenses incurred for self and / or family subject to a ceiling of one month's salary over a period of three years or actual medical insurance premium if any paid for himself and/or family. |
|  | III. | Leave Travel Concession:<br>Once in a year for self & family in accordance with any rules specified by the Company.   |
|  | IV.  | Provision of Car/Two Wheeler & Telephone:<br>Provision of Car/Two wheeler for use on company's business and telephone at residence will not be considered as perquisites.   |

**RESOLVED FURTHER** that all the aforesaid remuneration, by way of salary, dearness allowance, perquisites and other allowances, shall not exceed five percent of the Company's net profits in any year computed in the manner prescribed in the Companies Act, 1956, for one such managerial person, and if there is more than one such managerial person, ten percent for all of them together.

**RESOLVED FURTHER** that he will not be paid any sitting fees for attending the meetings of the board of directors or committee thereof.

**RESOLVED FURTHER** that in the event of absence or inadequacy of Profits in any years during the tenure of office as whole time Director, Sh. O.A. Dhandapani be paid a minimum remuneration which shall be 10% less than the substantive salary stipulated above subject to the limits prescribed under Schedule XIII of the Companies act 1956.

10. To consider and, if thought fit, to pass, with or without modification, the following resolution as **SPECIAL RESOLUTION**:

**RESOLVED** that pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII thereof, and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby given for the appointment of Sh. A.K. Das as Whole Time Director of the Company, for a period of 5 years with effect from 1.8.1999, on the following terms and conditions:

- |  |   |  |
|--|---|--|
| a) Salary, dearness allowance other allowances | : | Not exceeding Rs.15,000/- per month (Rupees fifteen thousand only per month) |
|--|---|--|



## Sri Sarbati Steel Tubes Limited

- |  |  |
|--|--|
| b) Provident Fund, Superannuation Fund or Annuity Fund | : Contribution to Provident Fund, superannuation or Annuity Fund, will not be included for the computation of ceiling on remuneration specified above to the extent these either singly or put together are not taxable under the IT Act, 1961.  |
| c) Gratuity  | : Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs.1,00,000/- and will not be included in the computation of ceiling on remuneration specified above.   |
| d) Encashment of leave                                 | : Encashment of leave at the end of the tenure will not be included in the computation of ceiling on remuneration specified above.   |
| e) Other perquisites                                   | : Other perquisites include <ul style="list-style-type: none"> <li>I. Expenditure by the Company on hiring accommodation / providing House Rent Allowance/Maintenance etc., shall be valued as per Income Tax Rules, 1962.</li> <li>II. Medical Reimbursement / Insurance : Reimbursement of expenses incurred for self and / or family subject to a ceiling one month's salary over a period of three years or actual medical insurance premium if any paid for himself and/or family.</li> <li>IV. Provision of Car/Two Wheeler &amp; Telephone: Provision of Car / Two wheeler for use on company's business and telephone at residence will not be considered as perquisites.</li> </ul> |

**RESOLVED FURTHER** that all the aforesaid remuneration, by way of salary, dearness allowance, perquisites and other allowances, shall not exceed five percent of the company's net profits in any year computed in the manner prescribed in the Companies Act, 1956, for one such managerial person, and if there is more than one such managerial person, ten percent for all of them together.

**RESOLVED FURTHER** that he will not be paid any sitting fees for attending the meetings of the board of directors or committee thereof.

**RESOLVED FURTHER** that in the event of absence or inadequacy of Profits in any years during the tenure of office as whole time Director, Sh. A.K. Das be paid a minimum remuneration which shall be 10% less than the substantive salary stipulated above subject to the limits prescribed under Schedule XIII of the Companies act 1956.

By Order of the Board  
for **SRI SARBATI STEEL TUBES LIMITED**

Place : Chennai 600 108.  
Date : 31st July, 1999

**T.N. SRIDHARAN**  
COMPANY SECRETARY

### NOTES :

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 5 & 10 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 24/9/99 to 30/9/99 (both days inclusive).
4. Members are requested to intimate any change in their addresses registered with the Company quoting their respective folio number(s).
5. Members/proxies are requested to bring their copies of the Annual Report for the meeting.



**Sri Sarbati Steel Tubes Limited****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956****ITEM Nos.5 & 8**

Pursuant to Article 88 of the Articles of Association of the Company, the Board of Directors in its meeting held on 1st September, 1998 had appointed Sh.G.Mohan Kumar as Additional Director, w.e.f. 1.9.1998. He was also appointed as whole time Director for a period of 5 years w.e.f. 1.9.1998 consequent to resignation of Sh.Asok Kumar as Director and Whole time Director.

Mr.G.Mohan Kumar, who is working as General Manager (Works) and incharge of entire production operations of the Company, is well qualified engineer with vast experience especially in steel tube manufacturing plant for over a decade. Considering his qualification and experience, the Board of Directors, thought it fit, to elevate him as Whole Time Director of the company to fill the vacancy created by the resignation of Mr. Asok Kumar. Mr. G.Mohankumar shall be incharge of entire production operations of the Tube Making Division and Flat Products Division and such other activities as may be decided by the Board of Directors from time to time.

Pursuant to Article 89 of the Articles of Association, he hold office as Additional Director upto this ensuing Annual General Meeting and being eligible offered himself for appointment as Director. The company has received notice from a member proposing his candidature for appointment as Director at the Annual General Meeting, Also his appointment as Whole Time Director has to approved by the Shareholders in the Annual General Meeting pursuant to Section 269, 198 and other appliable provisions of the Companies Act, 1956. Your Directors, therefore, recommend the resolutions set out under Item Nos. 5 & 8 for your approval.

An abstract of the terms of contract of appointment as per Section 302 of the Companies Act, 1956, is set out in the resolution contained under Item No.8.

None of the Directors other than Mr.G.Mohan Kumar is deemed to be concerned or interested in the above transaction.

**ITEM Nos. 6 & 9**

Pursuant to Article 88 of the Articles of Association of the Company, the Board of Directors in its meeting held on 31st July, 1999 had appointed Sh. O.A.Dandapani as Additional Director of the Company w.e.f. 31.7.1999. He was also appointed as Whole Tiime Director of the Company for a period of 5 years w.e.f. 1.8.1999.

Sh. O.A.Dandapani is presently Deputy General Manager (Sales) of the Company and is incharge of complete domestic sales operations of the company. He had gained rich experience especially in steel tube industry for over a decade. The Board of Directors, therefore, thought it fit, that his induction in the Board will immensely be beneficial to the Company and accordingly appointed him as Additional Director and also as Whole Time Director of the Company for a period of five years w.e.f. 1.8.1999 on such terms and conditions as set out in the resolution under item No.9 herein.

Pursuant to Article 89 of the Articles of Association, he hold office as Additional Director upto this ensuing Annual General Meeting and being eligible offered himself for

appointment as Director. The company had received notice from a member proposing his candidature for appointment as Director at the Annual General Meeting, liable to retirement by rotation. Also his appointment as Whole Time Director has to approved by the Shareholders in the Annual General Meeting pursuant to Section 269, 198 and other applicable provisions of the Companies Act, 1956. Your Directors, therefore, recommend the resolutions set out under Item Nos. 6 & 9 for your approval.

An abstract of the terms of contract of appointment, in terms of Section 302 of the Companies Act, 1956, is set out in the resolution contained under Item No.9.

None of the Directors other than Mr. O.A. Dandapani is deemed to be concerned or interested in the above transaction.

**ITEM Nos. 7 & 10**

Pursuant to Article 88 of the Article of Association of the Company, the Board of Directors in its meeting held on 31st July, 1999 had appointed Sh.A.K.Das as Additional Director of the Company w.e.f. 31.7.1999. He was also appointed as Whole Time Director for a period of 5 years w.e.f. 1.8.1999.

Sh.A.K. Das is presently Deputy General Manager (Coordination) of the Company and is incharge of complete coordination of production, purchases, inventory control etc. operations of the company. Mr. A.K. Das, an M.Tech from IIT, Karagpur, has gained rich experience especially in steel industry for over a decade. The Board of Directors therefore thought it fit, that his induction in the Board will immensely be beneficial to the Company and accordingly appointed him as Additional Director and also as Whole Time Director of the Company for a period of 5 years w.e.f. 1.8.1999 on such terms and conditions as set out in the resolution under Item No.10 herein.

Pursuant to Article 89 of the Articles of Association, he hold office as Additional Director upto this ensuing Annual General Meeting and being eligible offered himself for appointment as Director. The company had received notice from a member proposing his candidature for appointment as Director at the Annual General Meeting liable to retirement by rotation. Also his appointment as Whole Time Director has to approved by the Shareholders in the Annual General Meeting pursuant to Section 269, 198 and other applicable provisions of the Companies Act, 1956. Your Directors, therefore, recommend the resolutions set out under Item Nos. 7 & 10 for your approval.

An abstract of the terms of contract of appointment, in terms of Section 302 of the Companies Act, 1956, is set out in the resolution contained under Item No.10.

None of the Directors other than Mr. A.K. Das is deemed to be concerned or interested in the above transaction.

By Order of the Board  
for **SRI SARBATI STEEL TUBES LIMITED**

Place : Chennai - 600 108.  
Date : 31st July, 1999

**T.N. SRIDHARAN**  
COMPANY SECRETARY



## Sri Sarbati Steel Tubes Limited

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 15th Annual Report together with the audited accounts for the year ended 31st March, 1999.

## OPERATING RESULTS

	For the year ended 31.03.1999	(Rs. in lacs) For the year ended 31.03.1998
Gross Income	6835.23	5138.82
Profit before depreciation and tax	91.11	68.40
Less : Depreciation	39.22	38.02
Profit before taxation	51.89	30.38
Less : Provision for taxation	—	—
Profit after taxation	51.89	30.38
Balance brought forward from last year	0.36	2.98
Amount available for appropriation	52.24	33.36
Provision for Dividend	—	—
Transfer to General Reserves	52.00	33.00
Balance carried forward to next year	0.24	0.36

## OPERATIONS

During the year under review, your company had recorded improved performance as compared to previous year with Sales and other income at Rs. 6835.23 lacs as compared to Rs.5138.82 lacs during previous year. Your company also achieved better profitability during the year, with profit before depreciation at Rs.91.11 lacs as compared to Rs. 68.40 lacs in the previous year.

Your company had made optimum capacity utilisation of the Flat Products Division, with record production of skelp/HR Strip of 20634 MT of Skelp as compared to 9485 MT in the previous year. With the skelp produced being fully utilised for captive consumption in the production of steel pipes, your company was able to achieve improved profitability during the year under review.

## EXPORT PERFORMANCE

In the export front too, your company had achieved good performance with the export sales turnover of Rs. 1886.94 lacs as compared to Rs.1768.88 lacs during previous year. Your company continues to enjoy the Export House status. Your company was privileged to receive Certificate of Merit from Engineering Export Promotion Council for excellent export performance for 1997-98 too.

## PROJECTIONS Vs. PERFORMANCE

The projections as per SBI Caps appraisal reported in the Company's Prospectus dated 7th January 1995, with corresponding figures of actuals as per the audited accounts for the year ended 31st March 1999, are as under :

(Rs. in lacs)

	Projections for 1998-99)	Actuals for 1998-99
Total Income	7500.00	6835.23
Profit after tax	601.80	51.89
Earning per Share Rs.	11.97	1.02

The variation in actual performance to projections was due to the increase in input costs, continuous liquidity problem and recession in the domestic and export front.

## DEPOSITS

The outstanding deposits / unsecured loans from shareholders and others as at 31st March 1999, aggregated to Rs.98.20 lacs and there are no overdue unclaimed deposits as at 31st March 1999.

## DIVIDEND

Since the Profits are not substantial during the year under review and also due to continuous liquidity crunch, your Directors regret to state that no dividend could be recommended for the year under review. Out of total profits available for appropriation, your directors had transferred Rs. 52.00 lacs to General Reserves and the balance of Rs. 24304/- was carried forward.

## DIRECTORS

Mr. G.C. Bhattacharjya and Mr. Premchand Goyal shall retire at the ensuing Annual General meeting and being eligible offered themselves for reappointment. Your Directors recommend for their reappointment at the ensuing Annual General Meeting.

In terms of Article 88 of the Articles of Association of the Company, your Directors in the Board Meeting held on 1.9.1998 and appointed Sh.G. Mohan Kumar as Additional Director of the Company w.e.f. 1.9.1998. Also he was appointed as whole Time Director for a period of 5 years w.e.f. 1.9.1998. Sh. O. A Dandapani and Sh. A.K. Das were appointed as Additional Directors by the Board w.e.f. 31.7.1999. They also appointed as Whole Time Directors for a period of 5 years w.e.f. 1.8.1999. In terms Article 89 of the Articles of Association all the above Directors hold office upto the ensuing Annual General Meeting. Also their appointment as Whole Time Directors had to be approved by the Share holders in the ensuing Annual General Meeting. Your Directors, therefore, recommend of their appointment as Directors and also recommend for their appointment as Whole Time Directors of the Company for a period of 5 years.

## AUDITORS

The Auditors M/s. Abhay Jain & Co., Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The Auditors have confirmed to the effect, that their reappointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.