

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



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*Annual Report  
and Accounts for the year ended  
31st March 2000.*

**16**

**Sri Sarbati Steel Tubes Limited**



**BOARD OF DIRECTORS**

Shri. Premchand Goyal (Chairman)  
Shri. G.C. Bhattacharya  
Shri. Anand Agarwal  
Shri. G. Mohan Kumar (Whole-time Director)  
Shri. Vinay Goyal (Managing Director)  
Shri. O.A. Dandapani (Whole-time Director)  
Shri. A.K. Das (Whole-time Director)

**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  
Mallam Road, Pondicherry 605 101.  
Karasur Village,  
Villianur Commune, Pondichery.

**- FLAT PRODUCTS DIVISION**

**SHARE TRANSFER AGENTS**

M/s. Cameo Corporate Services Ltd.,  
"Subramanian Building"  
1, Club House Road,  
Chennai - 600 002.  
Ph : 8460390 - 394  
Fax : 044-8460129


**Sri Sarbati Steel Tubes Limited**

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

**NOTICE**

**NOTICE** is hereby given that the 16th Annual General Meeting of the Company will be held on Wednesday, the 27th September, 2000 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, 2000 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. Anand Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sh. O.A. Dhandapani, 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.

for SRI SARBATI STEEL TUBES LIMITED

Place : Chennai 600 108.

Date : 29th July, 2000

**VINAY GOYAL**

MANAGING DIRECTOR

**NOTES :**

1. ANY MEMBER ELIGIBLE 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. The Register of Members and the Share Transfer Books of the Company will remain closed from 26/9/99 to 30/9/2000 (both days inclusive).
3. Members are requested to intimate any change in their addresses registered with the Company quoting their respective folio number(s).
4. Members/proxies are requested to bring their copies of the Annual Report for the meeting.

**Sri Sarbati Steel Tubes Limited****DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 16th Annual Report together with the audited accounts for the year ended 31st March, 2000.

**OPERATING RESULTS**

	For the year ended 31.03.2000	(Rs. in lacs) For the year ended 31.03.1999
Gross Income	11340.68	6835.23
Profit before depreciation and tax	108.33	91.11
Less : Depreciation	39.56	39.22
Profit before taxation	68.77	51.89
Less : Provision for taxation	—	—
Profit after taxation	68.77	51.89
Balance brought forward from last year	0.24	0.36
Amount available for appropriation	69.01	52.24
Provision for Dividend	—	—
Transfer to General Reserves	68.75	52.00
Balance carried forward to next year	0.26	0.24

**OPERATIONS**

During the year under review, your company had recorded a turnover of Rs. 11340.68 lacs, (which includes inter divisional transfers from Flat Products Division to the extent of Rs. 3489.82 lacs) as compared to Rs. 6835.23 lacs during previous year. Your company has also achieved better profitability during the year, with profit before depreciation at Rs. 108.33 lacs as compared to Rs. 91.11 lacs in the previous year.

As regards the Flat Products Division, your company has achieved a production of 19601.29 MT of Skelp as compared to 20634 MT in the previous year. The fall in skelp production during the year the mainly attributed to the fact that the company had utilised imported HR coil and Zinc, to the optimum extent for tube production, because of which the captive consumption of skelp had reduced and hence there was a drop in skelp production from Flat Products Division.

**EXPORT PERFORMANCE**

In the export front your company had achieved a turnover of Rs.1534.47 lacs as compared to Rs. 1886.94 lacs during previous year. The fall in export performance is attributed to general recession in the international markets. However, your company continues to enjoy the Export House status. Your company was also privileged to receive Certificate of Merit from Engineering Export Promotion Council for excellent export performance for 1998 - 99.

**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 2000, are as under :

	(Rs. in lacs)	
	Projections for 1999-2000	Actuals for 1999-2000
Total Income	114200.00	11340.68
Profit after tax	596.32	68.77
Earning per Share Rs.	11.73	1.35

The variation in actual performance to projections was due to the effect of increase in manufacturing, interest and other costs.

**DEPOSITS**

The outstanding deposits unsecured loans from shareholders and others as at 31st March, 2000, aggregated to Rs. 7895628/- lacs and there are no overdue unclaimed deposits as at 31st March, 2000.

**DIVIDEND**

In view of low profits out of operations during the year under review and also due to continuous liquidity problem faced by the Company, your Directors regret that no dividend could be recommended for the year under review. Out of the total profits available for appropriation, your directors had transferred Rs. 68.75 lacs to General Reserves and the balance of Rs. 26562/- was carried forward to Balance Sheet.

**DIRECTORS**

During the year Sh. A.J. Menon, the NRI Director resigned from the Board due to other preoccupation. The Board placed on record their appreciation for his able guidance and support during his tenure as Director of the company. Sh. Nitin Goyal, the Alternate Director to Mr. A.J. Menon ceased as Alternate Director consequent to resignation of Sh. A.J. Menon.

Mr. Anand Agarwal and Mr. O.A. Dhandapani shall retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Your Directors recommend for their reappointment at the ensuing Annual General Meeting.

**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.



## Sri Sarbati Steel Tubes Limited

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 information relating to Conservation of energy, Technology Absorption, Foreign exchange earnings and outgo are given in the Annexure, forming part of this Report.

#### PARTICULARS OF EMPLOYEES

Since there are no employees drawing more than Rs. 50,000/- p.m., or Rs. 6,00,000/- p.a. details required under Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder are not furnished.

### ACKNOWLEDGEMENT

The Directors thank the consortium of bankers, State Bank of India, The Bank of Rajasthan Ltd., Bharat Overseas Bank Ltd. and State Bank of Indore for the kind cooperation and continued support extended by them. Your Directors also thank the shareholders, dealers for the confidence reposed in the Company.

The Directors place on record their appreciation for the dedicated and sincere services rendered by the employees at all levels of the company.

By order of the Board

Chennai - 600 108.  
29th July, 2000

**PREMCHAND GOYAL**  
CHAIRMAN

### ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2000.

#### A. CONSERVATION OF ENERGY

##### (a) Energy conservation measures taken :

Your Company has made efforts to increase utilisation per unit of electricity and furnace oil for its production purpose.

##### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Your company has not made any additional investments due to liquidity problem.

##### (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

There was overall savings in energy consumption per tonne of production.

##### (d) Total Energy Consumption per unit of production as per Form A in respect of Industries specified in the schedule

#### FORM A

(Disclosure of particulars with respect to conservation of energy)

	Current Year 31.03.2000	Previous Year 31.03.1999
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
(a) Purchased Unit	42,82,015	23,35,105
Total amount	1,02,60,886	51,00,013
Rate/Unit	2.40	2.18
(b) Own generation		
(i) Through diesel generator unit	11,211	5,060
Units/ltr. of diesel oil	3.35	3.16
Cost / unit (Rs)	3.55	3.46
2. Furnace Oil		
Quantity (k. ltrs)	1156.586	1153.304
Total Amount (Rs.)	92,82,469	70,22,503
Average rate	8.02	6.09

#### B. Consumption per MT of Production

	Current year 1	Previous Year 2
<b>Products (with details) Unit Black and Galvanised Steel Tubes</b>		
Electricity (Units)	69.07	32.86
Furnace Oil (lts)	18.61	16.23
Coal (Specify quality)	-	-
Others	-	-

#### B. TECHNOLOGY ABSORPTION:

##### (e) Efforts made in technology absorption as per Form B

#### FORM B

(Disclosure of Particulars with respect to Technology Absorption)

#### A. RESEARCH AND DEVELOPMENT (R & D):

##### 1. Specific areas of R & D activities carried out by the Company :

The R & D Department of the Company is constantly endeavouring to innovate suitable technology for reduction in acid consumption in the process of galvanised pipe production and to achieve higher production efficiency and improved quality of output.

##### 2. Benefits derived as a result of the above R & D work :

Pursuant to the above efforts, the quality of output has improved.

##### 3. Future plan of action :

Your company has inducted new technical personnel to study and improve the R & D efforts so as to achieve good standards and to bring in effective quality control measures to achieve international standards in product quality.

##### 4. Expenditure on Research and Development

#### B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

##### 1. Efforts, in brief, made towards technology absorption, adoption and innovation :

Your company is taking special efforts to develop technological improvement to save zinc on galvanising smaller diameter pipes. Also constant efforts are being taken to reduce the white rust formation on the finished galvanised pipes.

##### 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product developments, import substitution, etc.

The production of HR Strip / Skelp produced from Flat Products Division has contributed as a good import substituted raw material for pipe production.

#### C. Foreign Exchange Earnings and Outgo

Foreign exchange used	Rs. 1035.48 lacs
Foreign exchange earned	Rs. 1534.47 lacs

By order of the Board  
sd/-

Chennai - 600 108.  
29th July, 2000

**PREMCHAND GOYAL**  
CHAIRMAN