

SRI SARBATI STEEL TUBES LIMITED
CHENNAI



*Annual Report
and Accounts for the year ended
31st March 2003*

19

**BOARD OF DIRECTORS**

Shri. Premchand Goyal (Chairman)
Shri. Vinay Goyal (Managing Director)
Shri. A.K. Das (Whole-time Director)
Shri. Vinod Seth (Whole-time Director)
Shri. A.J. Menon (Director)
Shri. C. Ramesh Menon (Director)
Shri. Rama Iyengar Srinivasa Chari (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
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 : 28522465, 28528390
Fax : 044-28520129


Sri Sarbati Steel Tubes Limited

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

NOTICE

NOTICE is hereby given that the 19TH Annual General Meeting of the company will be held on 22ND September 2003 at 11.30 a.m. at Narada Gana Sabha, (Mini Hall), 314, TTK Road, Chennai-600 018 for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the profit & loss account of the company for the financial year ended 31-3-2003 and the balance sheet as at 31-3-2003 together with the director's report and auditor's report thereon.
2. To appoint director in the place of Mr. Vinod Seth who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration. The retiring auditors M/s. ABHAY JAIN & CO., Chartered Accountants, Chennai are eligible for re-appointment.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications the following resolutions:

5. As an ordinary resolution:
"RESOLVED that Mr. A.J.Menon be and is hereby appointed as Director of the company."
6. As an ordinary resolution:
"RESOLVED that Mr. C.Ramesh Menon be and is hereby appointed as Director of the company."
7. As an ordinary resolution:
"RESOLVED that Mr. Rama Iyengar Srinivasa Chari be and is hereby appointed as Director of the company."
8. As an Ordinary Resolution:
"RESOLVED THAT subject to such approval, consent, sanction and/or permissions as may be required, in this regard subject to the provisions of Sections 198,269,309,316 and other applicable provisions, if any, of the Companies Act, 1956 and the laws prevailing for the time being and subject to the Schedule XIII to the Act, with such alterations and modifications, if any, that may be effected by the Central Government, pursuant to any change in policies or laws, guidelines, rules and regulations relating to the managerial remuneration, consent of the company be and is hereby accorded for the appointment of Mr. Vinay Goyal as Managing Director of the Company for a period of five years from 01/10/2003 on following remuneration:
Salary & Perquisites not exceeding Rs.1,25,000/- per month as may be determined by the board / committee, subject to the schedule XIII of the companies Act, 1956 and any modification thereof.
Perquisites: Gratuity, Contribution to PF, Superannuation Fund, Encashment of leave & Annuity fund as per the rules of company.
The company shall reimburse to the managing Director, entertainment, travelling and other expenses incurred by him for the business of the company.
Notwithstanding anything contained herein, where, in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above.
9. As a Special Resolution:
"RESOLVED THAT subject to the approval of the Central Government under section 21 of the companies Act, 1956 the name of the Company be changed from **SRI SARBATI STEEL TUBES LTD.** to **SRI SAARBATI STEEL TUBES LTD.** AND wherever the name SRI SARBATI STEEL TUBES LTD. occurs in the Memorandum and Articles of Association of the Company be substituted by the name SRI SAARBATI STEEL TUBES LTD..
10. As a special resolution:
"RESOLVED that the consent of the members be and is hereby given to the board for delisting of shares of the company from /with Ahmedabad and/or Delhi stock Exchange/s.
"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board or any committee thereof, be and is hereby authorised to finalise, settle, delegate and execute such documents, deeds, writings and agreements, as may be required and to do all such acts, deeds, matters and things, it may in its absolute discretion deem necessary, proper, expedient or desirable and to settle any question, difficulty or doubt that may arise in regard to delist the shares of the company."

Place : Chennai
Date : 26-8-2003

On behalf of the Board
sd/-
Director

Sri Sarbati Steel Tubes Limited**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING.
2. The Register of Members of the Company will remain closed from 16TH of September 2003 to 22ND Day of September 2003 (both the days inclusive).
3. Shareholders / proxy holders are requested to bring their copy of the annual report with them at meeting and to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.
4. Members desirous of getting any information about the accounts and operation of the company are requested to address their query to the company at the registered office of the company well in advance so that the same may reach at least seven days before the date of meeting to enable the management to keep the required information readily available at the meeting.
5. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed.
6. Shareholders / proxy holders are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956:**ITEM NO 5.**

A notice has been received from a member along with a deposit of rupees of five hundred as required by section 257 of the Companies Act, 1956, proposing Mr.A.J.Menon as a candidate for the office of Director.

None of the Directors except Mr.A.J.Menon and Mr.C.Ramesh Menon is interested in this resolution.

ITEM NO 6.

A notice has been received from a member along with a deposit of rupees of five hundred as required by section 257 of the Companies Act, 1956, proposing Mr.C.Ramesh Menon as a candidate for the office of Director.

None of the Directors except Mr.A.J.Menon and Mr.C.Ramesh Menon is interested in this resolution.

Item no.7

A notice has been received from a member along with a deposit of rupees of five hundred as required by section 257 of the Companies Act, 1956, proposing Mr.Rama Iyengar Srinivasa Chari as a candidate for the office of Director.

None of the Directors except Mr. Rama Iyengar Srinivasa Chari is interested in this resolution.

Item no.8

Mr.Vinay Goyal is a B.Com., Graduate and is one of the key person having rich experience in the field of Steel business. Your Directors recommend appointing him as the Managing Director of the Company for the term of five years on the remuneration as specified in the resolution. The board of directors recommends the resolution to the members for their approval.

None of the Directors except Mr.Prem Goyal & Mr.Vinay Goyal may be deemed to be interested in this resolution.

Item no.9

Since that the company has become a BIFR company, The promoter and the directors felt that a change in the name of the company may bring a change in the operating environment of the company on psychological grounds. The promoters feel that by change in the name of the company may give a new life to the operations company. Hence it is decided to have the company's name changed. The change is also of not that significant but for the addition of the word "A" in the existing name of the company. The Directors trust that this change of name will have the member's support and approval.

The Registrar of Companies, TamilNadu vide their letter no.NA / CN / 2982/ STAT / 2003 Dated :26/08/2003 has confirmed that the new name is available for registration. Subject to the resolution being passed, an application will be made to the Central Government for Approval to the change of name under section 21 of the Act.

No director has any interest in the resolution except as a member of the company.

ITEM NO.10

The company's shares are not traded in the past one year, in any of these two exchanges i.e the Ahmedabad and Delhi Stock Exchanges. Hence, in order to reduce the operational cost of the company and other regular formalities of dealing with the exchanges, the Board of Directors proposed to exchanges for the delisting of the shares of the company. In order to have the members view, the board places this resolution for their consideration.

None of the Directors is interested in this resolutions except to as the members of the company.

Place : Chennai

Date : 26-8-2003

On behalf of the Board

sd/-

Director



DIRECTORS' REPORT

Your Directors present the 19th Annual Report together with Audited Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS:

	(Rs.in '000)	(Rs.in '000)
	Year ended	Year ended
	31.03.2002	31.03.2003
	(Audited)	(Audited)
Income	601245.69	637130.97
Total Expenditure	661642.15	711044.83
Net Loss	60396.46	73913.86

Review Of operations and Outlook

In FY 2002-2003 SARBATI recorded a gross income of Rs.63.71 crores As compared to A turnover of Rs.60.12 crores during the previous year. The company incurred a loss of Rs.7.39 crores as compared to a loss of Rs.6.61 crores. Though the company has incurred loss but the same was restricted. The business situation faced by the steel industry remained grim for the whole of the year.

The steel industry has witnessed a upward trend in last few months and demands also has improved a lot due to growth witnessed in other industry globally But unfortunately the company was not able to capitalize the situation due non availability of working capital. Further We do not visualise any immediate reversal in the our business sector, however, whenever it does happen we would be in a better position to take advantage of the opportunities that it would throw up. Until then we would be engaged in sharpening our skills in our line of business and restructuring our balance sheet.

STATUS OF BIFR:

First hearing of BIFR had taken place and the Hon'ble Board appointed State Bank of India as an operating agency. State Bank of India had got an Investigative Audit done by M/s. P.Chandrasekar & Co. and a copy of the same has been submitted to BIFR. We are awaiting for further hearing date from the Hon'ble Board.

DIVIDEND

The Directors regret their inability to recommend dividend for the period under review.

DIRECTORS

Mr.Vinod Seth retires by rotation and being eligible, offers himself for reappointment.

Mr.A.J.Menon, **Mr.C.Ramesh Menon** and **Mr.Rama Iyengar Srinivasa Chari** who were coopted as additional director/s by the board of directors during the year and their term of office expires at this annual general meeting. Notice/s has been received from member/s along with a deposit of rupees of five hundred as required by section 257 of the Companies Act, 1956, proposing as a candidate for the office of Director. Your Directors recommend his appointment of as the Director.

Mr.Vinay Goyal is working for the company from last 15 years

and is having rich experience in the business of the company. The director proposes him to be appointed as Managing Director of the company.

FIXED DEPOSITS:

The company has not accepted any fixed deposits during the year.

STATUTORY DISCLOSURES:

The company had no employee covered by the provisions of section 217(2A) of the Companies Act, 1956. Particulars with respect to Conservation of Energy and foreign exchange, as required under Part "a" of the above rules are enclosed as Annexure A to the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and of the profit or loss of the Company for the year ended 31st March, 2003;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Director had prepared the annual accounts on a going concern basis.

Auditors

M/S.ABHAY JAIN & CO., Chartered Accountants, Chennai, Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, your Company has to mandatory comply with the requirements of Corporate Governance. A report of compliance of Corporate Governance is annexed together with a Certificate from the auditors of the company on compliance.

General

Your Board of Directors would like to express their grateful appreciation and cooperation received from Banks, Suppliers, Government, the shareholders and all other associates for the support extended by them from time to time. Your Board of Directors also wishes to place on record the wholehearted cooperation given by employees at all levels, during the year.

Place : Chennai for SARBATI STEEL TUBES LIMITED

Date : 26/08/2003

sd/-

Chairman

Sri Sarbati Steel Tubes Limited**Annexure A****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN****EXCHANGE EARNINGS AND OUTGO**

During the year under report, Company has consumed energy detailed below:-

	Current Year	Previous Year
1. Electricity		
Purchased Units	4358600	4957298
Rate/unit	3.60	2.86
Total Cost	15692052	14166892
Generated Diesel :	32122	10803
2. Coal:	654786	121749
3. Furnace Oil	1272000	1200000
	12565645	11842111
4. Others	—	—
B. Consumption per MT of Production:		
Electricity(units)	107.75	116.6
Furnace oil	31.44	28.2
Coal	---	---

B. Technology Absorption : NIL**C. Foreign Exchange Earnings and Outgo**

	Current year	(Rs.in lacs) Previous year
1. Foreign Exchange Earnings	---	---
2. Foreign Exchange Outgo	5.49	513.07
(on payment basis)		57.40
(a) Raw Materials	---	54.83
(b) Capital Goods		
foreign Traveling	5.49	2.57
(d) Royalty/Dividend		
(e) Others		

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

SARBATI continues to review its corporate governance practices to ensure that they continue to reflect to conform to the best corporate governance practices. It takes feedback into account in its periodic reviews of the guidelines to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors.

The following is a report on the status and progress on major aspects of corporate Governance.

Principles

The corporate governance practices focus on the following main principles:

- a) Recognising the respective roles and responsibilities

of Board and management

- b) To establish an effective mechanism for overseeing the affairs.
- c) define the respective roles and responsibilities of senior executives and officers to ensure accountability; and

The board has the appropriate mix of executive and non-executive directors ensuring Directors' commitment and time to participate in the affairs fully.

Honesty, Integrity, Respect, Fairness, Purposefulness, Trust, Responsibility, are the values which never loose sight of by anyone at Sarbati under any circumstances irrespective of the goals that are intended to be achieved. To us, the means are as important as the ends.

SARBATI is committed to an ethical treatment of all our stakeholders - our employees, our customers, our shareholders, out lenders and other investors, our suppliers and the Government.

2. Board of Directors

2.1The Board of Directors consists of 7 directors. The composition and category of Directors is as follows:

Four non-executive directors and Three executive directors.

Mr.A.K.Das and Mr.Vinod Seth are the whole time director of the company .

Mr.Prem Goyal , Mr.A.J.Menon , Mr.C.Ramesh Menon and Mr.Rama lyengar Srinivasa Chari are non-executive directors.

2.2Changes in the composition of Board during the year 2002-03 and details thereof:

There were changes in the composition of the board under review. Mr.A.J.Menon , Mr.C.Ramesh Menon and Mr.Rama lyengar Srinivasa Chari were appointed as board of directors during the year under review.

Profile of Mr. A.J.Menon

Profile of Mr.C.Ramesh Menon

Profile of Mr. Rama lyengar Srinivasan Chari

Profile of Mr.Vinay Goyal

Mr. Vinod Seth is retiring by rotation. He is an engineer by profession and has been appointed as whole time director of the company and has considerable business experience.

Mr.A.J.Menon is a Fellow member of British Institute of Management , was Chairman Of Incorporated Society of Planters and is a member of the same , was chairman of " THE PLANTERS ASSOCIATION " and is a Member of the Same .He hods many diplomas n various business management principle like Accountancy , Labour Relations ,etc. Also he is



Sri Sarbati Steel Tubes Limited

advisor to many organisations and governments like world Bank , Ministry of Agriculture , West Africa etc.

Mr.C.Ramesh Menon is an MBA graduate and has almost 15 years of Business experience .He has depth knowledge of various business operation .

Mr. Rama Iyengar Sinivasan Chari is a Ex. Chief Secretary To Government Of Pondyicherry and a IAS officer He has served many departments in the government sector during his tenure as an IAS officer .

Mr. Vinay Goyal is a *B.Com., Graduate* and is one of the key person having rich experience in the field of Steel business. He is having in depth experience covering disciplines of operations, finance and general management of any industry .He have been associated with the Company right from inception and has hands-on experience of our operations and is fully seized of the problems and challenges in store. He was not drawing any remuneration earlier .

3.Board Meetings:

The Company holds minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. Apart from the four pre-scheduled Board Meetings, giving appropriate notice at any time to address the specific needs of the Company will convene additional Board Meetings. The Board may also approve permitted urgent matters by passing resolutions by circulation. The meetings are usually held at the Company's Registered Office. During the financial year ended 31-03-2003 eight Board Meetings were held on **31/05/2002, 30/06/2002, 31/07/2002, 16/09/2002, 31/10/2002, 31/01/2003, 28/02/2003 and on 10/03/2003**

The attendance at Board Meetings and last Annual General Meeting (AGM) and the number of other directorship and committee memberships / chairmanships of directors is given below:

4. Board Committees

(i) Audit Committee

Your company has reconstituted the audit Committee during the year and the same comprises of 3 non-executive

directors; out of which one is an independent director. Mr.Rama Iyengar Srinivasa Chari is the chairman of the Audit committee. Statutory Auditors and other senior management personnel generally attend the meetings.

The committee ensures the truthful and factual presentation of the Company's financial position, the Company has put in place a structure of review and authorisation apart from strong internal audit process.

Audit Committee of the Board oversees the internal control systems. This system is designed to identify, assess, monitor Fair review, active encouragement and management effectiveness and To ensure consistent effectiveness of the overall management.

The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows:

- Review of the Company's financial reporting and consideration of financial results of the company and
- the disclosure thereof.
- Reviewing the internal audit & control processes.
- General Discussion with statutory auditors and follow up there on.

During the year, the Committee has met 3 times on 30/04/2002, 30/09/2002 and 25/01/2003 .The Statutory Auditor of the Company were also invited to attend the Audit Committee meetings. The attendance out of the 3 audit meetings is given below :The attendance at the Audit Committee Meetings is given below:

During the year, the Committee has met 3 times on 30/04/2002, 30/09/2002 and 10/03/2003 .The Statutory Auditor of the Company were also invited to attend the Audit Committee meetings. The attendance out of the 3 audit meeting is

Name	Executive Non-Executive	No. of Board Held	Attendance at Meeting Attended	No. of membership Directorship* on other Committees** Other / Independent Companies Board	
Mr.Prem Goyal	Non	8	8	Yes	NIL
Mr.Vinay Goyal	MD, Exe.		8	8	Yes
Mr.A.K.Das	Exe.	8	8	No	NIL
Mr.Vinod Seth	Exe	8	5	No	NIL
Mr.A.J.Menon	Non	8	2		
(Cooped on 28/02/03)					
Mr.C.Ramesh Menon	Non	8	2	-	-
(Cooped on 28/02/03)					
Mr.Rama Iyengar Srinivasa Chari	Non	8	1	no	NIL
(Cooped on 10/03/03)					