

12TH
ANNUAL REPORT
1996-97

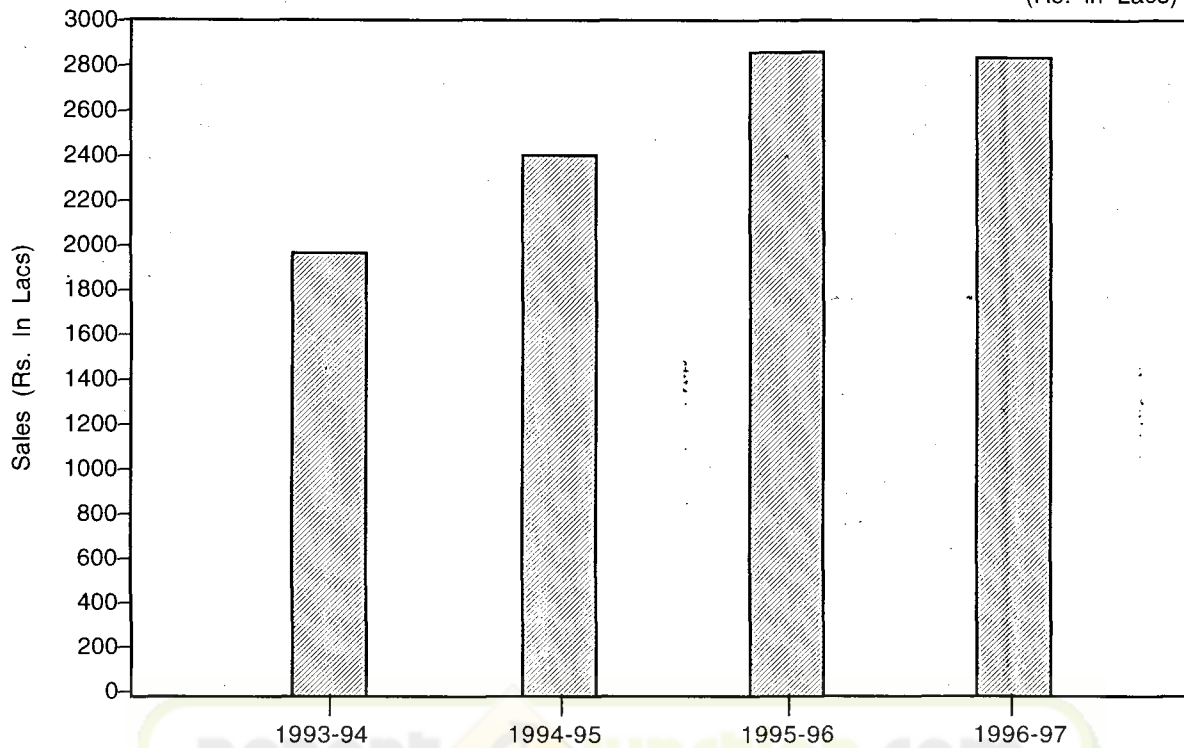
Report Junction

GANDHI SPECIAL TUBES LIMITED

GANDHI SPECIAL TUBES LTD.

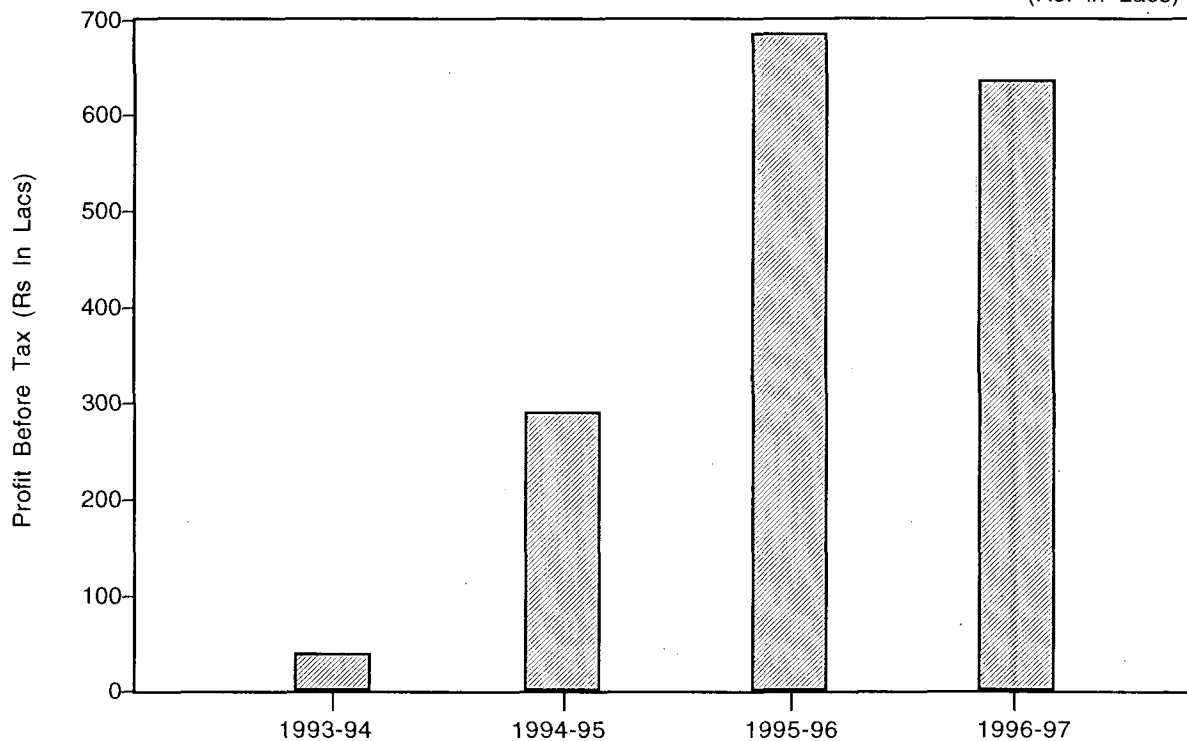
SALES TURNOVER FROM 1993-94 TO 1996-97

(Rs. in Lacs)



PROFIT FROM 1993-94 TO 1996-97

(Rs. in Lacs)



GANDHI SPECIAL TUBES LIMITED

BOARD OF DIRECTORS : JAGDISH M. MEHTA
Chairman

MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

MANUBHAI G. GANDHI
Managing Director

BHUPATRAI G. GANDHI
Joint Managing Director

DHIRAJLAL S. SHAH
Director

KAVAS N. WARDEN
Director

SURESH VISHWANATH
Nominee Of ICICI

AUDITORS : S. V. DOSHI & CO.
CHARTERED ACCOUNTANTS,
45, GOPAL BHUVAN,
199, PRINCESS STREET,
MUMBAI 400 002

BANKERS : CANARA BANK
STATE BANK OF INDIA

REGISTERED OFFICE : JARIWALA MANSION
43, K. M. MUNSHI MARG,
NEAR BHARATIYA VIDYA BHAVAN,
MUMBAI 400 007.

WORKS : VILLAGE NURPURA,
TALUKA HALOL,
DIST. PANCHMAHAL,
GUJARAT. PIN - 389 350

Gandhi Special Tubes Limited

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of Gandhi Special Tubes Limited will be held at Kanji Khetsey Sabhagriah, Bharatiya Vidya Bhavan, Kulpati K.M. Munshi Marg, Mumbai - 400 007 on Wednesday, the 20th August, 1997 at 11.00 a.m. to transact the following business:

Ordinary Business:

1. To receive and adopt the Directors' Report, Auditors' Report and Audited Statement of Accounts for the year ended 31st March, 1997.
2. To declare a dividend.
3. To appoint a Director in place of Mr D. S. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr K. N. Warden who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Special Business:

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr M.G.Gandhi as Managing Director of the Company for a period of 5 years with effect from 1st January, 1997 on the terms and conditions including remuneration as set out in the draft Agreement submitted to the meeting, and signed by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, so as not to exceed the limits, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mr M.G.Gandhi."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr B.G.Gandhi as Joint Managing Director of the Company for a period of 5 years with effect from 1st January, 1997 on the terms and conditions including remuneration as set out in the draft Agreement submitted to the meeting, and signed by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, so as not to exceed the limits, if any, specified in Scheduled XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mr. B.G.Gandhi."

By Order of the Board of Directors

M. G. GANDHI
Managing Director

Registered Office:

Jariwala Mansion, 43 K.M.Munshi Marg,
Near Bharatiya Vidya Bhavan, Mumbai 400 007.
Mumbai: 12th June, 1997

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Explanatory Statement under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Friday, 1st August, 1997 to Wednesday, 20th August, 1997 (both days inclusive).
4. Dividend, as recommended by the Board of Directors, if declared by the members at the meeting, will, subject to the provisions of Section 206A of the Companies Act, 1956, be payable to those shareholders or their mandate(s) whose names appear on the Company's Register of Members as on 20th August, 1997.
5. **Those members who are desirous of having their bank account details on the Dividend Warrants so as to avoid any misuse or its fraudulent encashment, should give details to the Company before 31st July, 1997. For convenience of members, a form is provided alongwith the report.**
6. **Members desirous of getting any information about the accounts and operations of the Company are requested to write their queries to the Company at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.**
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
8. Members are requested to notify immediately any change in their address to the Company.

EXPLANATORY STATEMENT

Item Nos. 6 & 7 :

The present terms of Mr. M. G. Gandhi as Managing Director and Mr. B. G. Gandhi as Joint Managing Director have expired on 31st December, 1996.

The Board of Directors of the Company at its Meeting held on 21st November, 1996 re-appointed Mr M.G. Gandhi and Mr B.G. Gandhi as Managing Director and Joint Managing Director respectively of the Company, with effect from 1st January, 1997 subject to the approval of the Company in General Meeting. The terms and conditions including remuneration payable to Mr M.G. Gandhi and Mr B.G. Gandhi are set out in the draft Agreements to be entered into by the Company with Mr M.G. Gandhi and Mr B.G. Gandhi contain *inter alia* the following terms and conditions:

OVERALL REMUNERATION

Subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mr. M.G. Gandhi, Managing Director and Mr. B.G. Gandhi, Joint Managing Director, in any financial year shall not exceed 10% (ten percent) of the net profit of the Company.

Where in any financial year during the currency of the tenure of Mr. M.G. Gandhi, Managing Director and Mr. B.G. Gandhi, Joint Managing Director, the Company has no profit or its profits are inadequate, the remuneration payable to Mr. M.G. Gandhi, Managing Director and Mr. B.G. Gandhi, Joint Managing Director, will be according to the applicable provisions of Schedule XIII to the Companies Act, 1956.

Within the aforesaid ceiling, the remuneration payable to each of Mr. M.G. Gandhi, Managing Director and Mr. B.G. Gandhi, Joint Managing Director, shall be as follows:-

SALARY:

Rs 80,000 per month with annual increment as may be decided by the Board/Committee of the Board, subject to a ceiling of 30% p.a.

COMMISSION :

As decided by the Board of Directors at the time of adoption of accounts, but not exceeding the ceiling prescribed under Section 198 and 309 of the Companies Act, 1956.

Gandhi Special Tubes Limited

PERQUISITES :

- (a) House Rent Allowance upto 60% of the salary or rent free unfurnished accommodation alongwith benefits of gas, fuel, water, electricity and telephone/fax as also upkeep and maintenance of the Company's furnished accommodation, the value of such accommodation and its upkeep and maintenance being evaluated in accordance with the provisions of the Income Tax Rules. Personal long distance calls shall be billed to Mr. M.G. Gandhi and Mr. B.G. Gandhi.
- (b) Conveyance : Company car with chauffeur or alternatively Company to maintain Mr. M.G. Gandhi's and Mr. B.G. Gandhi's personal cars and provide them with chauffeur, monetary value for private use to be evaluated in accordance with the Income Tax Rules.
- (c) Medical Benefits : Reimbursement of medical expenses for themselves and their family actually incurred during the continuance of their employment as per Rules of the Company upto a limit of one month's salary in a year or three months salary over a period of three years.
- (d) Leave : 30 working days leave (travelling time included) once in every year of service, with encashment of unavailed leave at the end of their tenure.
- (e) Leave Travel Assistance : Once in every year of service or as per Rules of the Company.
- (f) Personal Accident Insurance: Premium for each shall not exceed Rs 4000/-per annum.
- (g) Club fees: Will be subject to a maximum of two clubs each. No admission or life membership fee will be paid.
- (h) Contribution of Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of unavailed leave at the end of tenure shall not be included in the computation of the ceiling on remuneration in terms of Schedule XIII to the Companies Act, 1956.
- (i) Mr. M. G. Gandhi and Mr. B.G. Gandhi will not be entitled to sitting fees for meetings of the Board/ Committee of the Board attended by them.

Apart from the above, the aforesaid Agreements contain further terms and conditions as to the tenure of office, the powers and duties of Managing Director and Joint Managing Director, reimbursement of entertainment, travelling and all other expenses incurred by them for the business of the Company, provision for earlier determination of the appointment by either party by giving six months' notice in writing to the other party, etc.

The Board recommends the General Meeting to approve the re-appointment of Mr. M.G. Gandhi and Mr B.G. Gandhi as Managing Director and Joint Managing Director respectively on the terms and conditions set out hereinabove as the same are in the interest of the Company.

The explanation together with the accompanying notice is and should be treated as an abstract of the terms of re-appointment of Managing Director and Joint Managing Director under Section 302 of the Companies Act, 1956.

The draft Agreements to be entered into by the Company with Mr. M.G. Gandhi and Mr. B.G. Gandhi are available for inspection of the members of the Company at the Registered Office of the Company on all its working days except Saturday between 10.30 a.m. and 12.30 p.m. upto the date of the Annual General Meeting.

None of the Directors, except Mr.M.G.Gandhi and B.G.Gandhi are directly concerned or interested in the resolution.

By Order of the Board of Directors

M. G. GANDHI
Managing Director

Registered Office:

Jariwala Mansion, 43 K.M.Munshi Marg,
Near Bharatiya Vidya Bhavan, Mumbai 400 007.
Mumbai: 12th, June, 1997.

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the Twelfth Annual Report together with Audited Accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

(Rs. in Lacs)

	31.03.1997	31.03.1996
SALES	<u>2834.21</u>	<u>2842.92</u>
Profits before Financial charges & Depreciation	951.14	1057.40
Less : Financial Charges	146.17	234.88
Depreciation	<u>138.08</u>	<u>132.61</u>
	<u>284.25</u>	<u>367.49</u>
PROFIT BEFORE TAXATION	666.89	689.91
Less : Provision for Taxation (MAT)	<u>86.10</u>	<u>—</u>
PROFIT AFTER TAXATION	580.79	689.91
Less : Depreciation adjustment of earlier years (Net)	<u>—</u>	<u>2.81</u>
	580.79	687.10
Add : Profit/(Loss) B/F from Previous Year	<u>65.58</u>	<u>(621.52)</u>
PROFIT AVAILABLE FOR APPROPRIATION	<u>646.37</u>	<u>65.58</u>
APPROPRIATIONS :		
Proposed Dividend	94.49	—
Dividend Tax	9.45	—
Investment Allowance Reserve	235.07	—
Balance carried to Balance Sheet	<u>307.36</u>	<u>65.58</u>
	<u>646.37</u>	<u>65.58</u>

In spite of overall recession in the economy, especially in the refrigeration industry, your Company has maintained a turnover of Rs 2834.21 lacs as against Rs 2842.92 in the Previous Year, Though profit before tax is more or less same as last year, the profit after tax is lower due to provision of tax on account of applicability of Minimum Alternate Tax (MAT).

2. DIVIDEND

Your Directors are pleased to recommend a maiden dividend @ 10%. If approved, would absorb Rs.103.94 lacs (including Dividend Tax) and will be paid to those members whose names appear on the Register of Members as on the date of ensuing Annual General Meeting.

3. FUTURE PROSPECTS

The Company is working on the development of value added products like Ready condensers for refrigerators with concealed condenser and wire welded condenser. The Company is also upgrading process of manufacture of cold drawn seamless steel tubes for fuel injection. This will have positive impact on the production and sales of the Company.

Your Directors are confident to meet the challenge of competition and achieve good results.

4. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the Public during the year under review.

5. DIRECTORS

Mr. D.S.Shah and Mr. K.N. Warden retire by rotation and being eligible offer themselves for re-appointment.

Mr. M.G.Gandhi and Mr B.G.Gandhi were re-appointed as Managing Director and Joint Managing Director respectively of the Company.

The above appointments require approval of the shareholders. The Board recommends their re-appointment.

6. AUDITORS

M/s. S.V. DOSHI & CO., Chartered Accountants, who were appointed as Auditors to hold office until the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. The Company has received the Certificate from them to this effect.

7. EMPLOYEES

There were no employees other than Managing Director and Joint Managing Director, covered under the purview of Section 217 (2A) of the Companies Act,1956 and rules framed thereunder.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of 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 is given in annexure and forms part of this report.

9. APPRECIATION

Your Directors convey their sincere thanks to Financial Institutions, Bankers, Central and State Governments, Customers and Shareholders for their continued co-operation extended to the Company at all the times.

Relations between the employees and the Management continued to remain cordial during the year under review. The Directors hereby place on record their appreciation of the efficient and loyal services rendered by the Company's employees at all levels.

For and on behalf of the
Board of Directors

J M MEHTA
CHAIRMAN

Mumbai, 12th June, 1997.

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH, 1997.

I. CONSERVATION OF ENERGY

The company continues to explore measures which will help in conservation and saving of energy.

FORM - A**A. POWER AND FUEL CONSUMPTION**

PARTICULARS		1996-97	1995-96
1. Electricity			
Purchase Units	(Lacs KWH)	30.62	28.35
Total Amount	(Rs. lacs)	104.91	79.06
Average Rate/KWH	(Rupees)	3.43	2.78
2. LPG			
Quantity	(Tonnes)	735.77	720.91
Total Amount	(Rs.Lacs)	103.08	82.37
Average Rate/Tonnes	(Rupees)	14010.00	11426.00

B. CONSUMPTION PER UNIT OF PRODUCTION

PARTICULARS		1996-97 Per Tonnes	1995-96 Per Tonnes
1. Electricity	(KWH)	* 1200.98	* 1121.34
2. LPG	(Tonnes)	* 0.288	* 0.285

(* Indicates combined consumption of welded and seamless tubes)

FORM - B**II. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION****A. RESEARCH AND DEVELOPMENT****(1) SPECIFIC AREAS IN WHICH R&D WAS CARRIED OUT BY THE COMPANY**

Research & Development has continuously been carried out for improvement in quality of existing products and improved products and new processing technology for better productivity, quality and cost effectiveness.

(2) BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

Production processes have been improved with the benefit of increased productivity, greater economy and value addition.

(3) FURTHER PLAN OF ACTION

Steps are continuously being undertaken to up-grade the processing technologies, development of science based innovative products of higher nutritional value and to maximise production capacity at optimum cost.