

16TH
ANNUAL REPORT
2000-2001

GANDHI SPECIAL TUBES LIMITED

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GANDHI SPECIAL TUBES LIMITED

BOARD OF DIRECTORS : JAGDISH M. MEHTA
Chairman

MANUBHAI G. GANDHI
Managing Director

BHUPATRAI G. GANDHI
Joint Managing Director

DHIRAJLAL S. SHAH
Director

KAVAS N. WARDEN
Director

JAYESH M. GANDHI
Director

COMPANY SECRETARY : MS. VIDYA R. SHEMBEKAR

REGISTERED OFFICE : JARIWALA MANSION
43, K. M. MUNSHI MARG,
NEAR BHARATIYA VIDYA BHAVAN,
MUMBAI - 400 007.
Tel. No. : 363 4179, 363 4183, 363 4789
Fax : 91-22-363 4392
E-mail : gstl@bol.net.in
Website : www.gandhitubes.com

WORKS : NURPURA VILLAGE,
TALUKA-HALOL, DIST. PANCHMAHAL,
GUJARAT. PIN - 389 350
T-39, M.I.D.C., BHOSARI,
PUNE - 411 026

AUDITORS : S. V. DOSHI & CO.
CHARTERED ACCOUNTANTS

BANKERS : CANARA BANK,
GIRGAUM BRANCH,
MUMBAI - 400 004

COMPANY LAW CONSULTANTS : DHOLAKIA & ASSOCIATES,
COMPANY SECRETARIES

DETAILS OF STOCK EXCHANGE : COMPANY'S EQUITY SHARES ARE
LISTED ON MUMBAI STOCK EXCHANGE

LISTING FEES : LISTING FEES PAID UPTO 2001-2002

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of Gandhi Special Tubes Limited will be held at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, Kulpati K.M. Munshi Marg, Mumbai - 400 007. on Tuesday, the 31st July, 2001 at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To Declare the Dividend
3. To appoint a Director in place of Mr. M.G. Gandhi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. J.M. Gandhi 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 the following resolution with or without modification(s) as a Special Resolution:-

"RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended in the following manner :-

(a) In Article 62, the phrase "and every registered instrument of transfer shall remain permanently in the custody of the Company" be deleted.

(b) After Article 62, following new article 62A with marginal note be added :-

62A The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. All instruments of transfer which the Board may decline to register shall, on demand be returned to the person depositing the same. The Board may cause to be destroyed all instruments of transfer (including those relating to Debentures) lying with the Company after such period as the Board may determine."	Custody of instrument of transfer and when to be destroyed.
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By Order of the Board of Directors

VIDYA R. SHEMBEKAR
COMPANY SECRETARY

Regd. Office :
Jariwala Mansion,
43, K.M. Munshi Marg,
Near Bhartiya Vidya Bhavan,
Mumbai 400 007
Date : 30th May, 2001.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956.

ITEM NO. 6

The existing article 62A stipulates that instruments of transfer should be preserved permanently. The Companies (Preservation and Disposal of Records) Rules, 1966 do not prescribe any regulation for preservation of instruments of transfers. Moreover, all the listed companies are required to dematerialize their shares and thereby eliminating paper work and preservation of instrument of transfers and related papers. In view of this, your Directors have thought fit to amend relevant article and grant an authority to destroy instruments of transfers within such period as the Board may determine.

The existing Articles of Association as also a copy of the proposed amendments to the Articles of Association are available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturday, upto the date of Annual General meeting of the Company.

None of the Directors of the Company is any way concerned or interested in the resolution.

By Order of the Board of Directors

VIDYA R. SHEMBEKAR
COMPANY SECRETARY

Regd. Office :
Jariwala Mansion,
43, K.M. Munshi Marg,
Near Bhartiya Vidya Bhavan,
Mumbai 400 007
Date : 30th May, 2001.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
 2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 28th July, 2001 to Tuesday, the 31st July, 2001. (both days inclusive)
 3. Members are requested to notify the Company immediately of any change in their address.
 4. The dividend on the Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2001 when sanctioned at the Annual General meeting of the Company will be payable within thirty days from the date of declaration of dividend by the members i.e. on or before 29th August, 2001, to those shareholders whose name appears on the Company's Register of Members or as the beneficial owner of shares in the records of the Depository as on 31st July, 2001.
 5. Members attention being drawn that pursuant to the provisions of Section 205A of the Companies Act, 1956, with effect from Financial Year ended 31st March, 1997 dividend which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend Warrant(s) for the financial year ended 31st March, 1997 to 31st March, 1999 and Interim Dividend for the year 1999-2000 are requested to write to the Company's Share Department at its Registered Office. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof with the Company.
 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 once again requested to note that the Company's shares are under compulsory Demat trading, with effect from 2nd April, 2001 for all investors. Members are therefore requested to Demat their shareholding to avoid inconvenience in future.
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DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the Sixteenth Annual Report together with Audited Accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

(Rs. in Lakhs)

	31.03.2001	31.03.2000
SALES	2549.95	3123.94
PROFIT BEFORE TAXATION	573.84	719.74
Less : Provision for Taxation	232.00	282.00
PROFIT AFTER TAXATION	341.84	437.74
Interim Dividend	—	141.74
Proposed Dividend	110.24	—
Corporate Dividend tax	11.25	15.59
Transfer to General Reserve	100.00	40.00
Balance Carried to Balance Sheet	1160.06	1081.86

2. REVIEW OF OPERATIONS

During the year under review, the industrial climate continued to be difficult particularly in the automobile and refrigeration industries where the recessionary conditions affected the growth of this business. Consequently, your Company has witnessed decline in the turnover which stood at Rs.2549.95 lacs as against Rs.3123.94 lacs in 1999-2000, a decrease of 18.37%. This has resulted in reduction in Net Profit of the Company.

3. FUTURE OUTLOOK

Considering the present scenario, the Order position of the Company is satisfactory. The Company has introduced value added products, particularly for the automobiles and refrigeration industries.

4. DIVIDEND

Despite reduction in Net Profit, your Directors are pleased to recommend dividend @15% (Previous Year 15%) for the year under review.

5. BUY BACK

The Company has successfully completed buy-back of 20,99,929 Equity Shares of Rs.10/- each at a price of Rs.17/- per share. Accordingly, the paid-up share capital of the Company is reduced from Rs.944.92 lacs to Rs.734.93 lacs.

6. QS 9000 CERTIFICATION

After obtaining ISO 9002 Certification, your Company has started process for Qs 9000 Certification during the year under review.

7. CORPORATE GOVERNANCE

The provisions of the Listing Agreement for the corporate governance are applicable to your Company in the year 2002-2003. However, as per provisions of the Companies Act, 1956, the Audit Committee has been formed consisting of three members Mr. J. M. Mehta, Mr. M. G. Gandhi and Mr. D. S. Shah. The members of the Audit Committee has elected Mr. D.S. Shah as the Chairman of the Audit Committee.

8. DEPOSITS

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

9. DIRECTORS

Mr. M. G. Gandhi and Mr. J. M. Gandhi retire by rotation and being eligible offer themselves for re-appointment.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors give hereunder Director's Responsibility Statement pertaining to the Accounts of the Company:

- i) In preparation of the annual accounts, applicable accounting standards have been followed.
- ii) The accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The directors had prepared the annual accounts on a going concern basis.

11. DEMATERIALISATION OF SHARES

Your Company has already entered into agreements with both the Depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to facilitate the investors to trade in the company's equity shares in dematerialized form. The Securities and Exchange Board of India (SEBI) has also made compulsory trading in your Company's equity shares in dematerialized form by all investors with effect from 2nd April 2001.

12. 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.

13. 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 there under.

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

Information in accordance with the provisions of Section 217(1) (e) of the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 is given in annexure and forms part of this report.

15. APPRECIATION

Your Directors wish to place on record their appreciation for the continued support of Customers, Bankers and Suppliers. Your Directors acknowledge and thank the employees for their valuable contribution and involvement.

For and on behalf of the
Board of Directors

J.M. MEHTA
CHAIRMAN

Mumbai : 30th May, 2001.

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, 2001.

I. CONSERVATION OF ENERGY

The Company continues to take adequate measures for conservation and saving of energy.

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

PARTICULARS		2000-2001	1999-2000
1. Electricity Purchased :			
Units Purchased	(Lakhs KWH)	27.29	32.09
Total Amount	(Rs. lakhs)	141.45	154.46
Average Rate/KWH	(Rupees)	5.18	4.81
2. LPG Consumed :			
Quantity Consumed	(Tonnes)	633.53	733.49
Total Amount	(Rs. Lakhs)	121.37	97.11
Average Rate/Tonnes	(Rupees)	19157.63	13239.71

B. CONSUMPTION PER UNIT OF PRODUCTION

PARTICULARS		2000-2001	1999-2000
		Per Tonne	Per Tonne
1. Electricity *	(KWH)	1375.00	1263.39
2. LPG *	(Tonnes)	0.319	0.289

(* Indicates combined consumption of welded and seamless tubes)

FORM - B

II. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION AS PER FORM - B:

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 value added products and to maximize production capacity at optimum cost.

(4) EXPENDITURE ON R & D

No separate allocation but expenditure has been shown under respective heads of expenditure in the Profit & Loss Account.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company is continuously taking steps to improve the product and process technology in an effort to provide value added goods to consumers.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on Foreign Exchange earnings and outgo is contained in Schedule 20, Paras 12, 13 and 14 of the Notes on Accounts.

 For and on behalf of the
Board of Directors
J.M. MEHTA
CHAIRMAN

Mumbai : 30th May, 2001.
