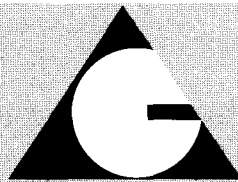


**28TH
ANNUAL REPORT
2012-2013**



GANDHI SPECIAL TUBES LIMITED



ISO 9001 : 2008 & ISO/TS 16949:2009
Certified Company

GANDHI SPECIAL TUBES LIMITED

BOARD OF DIRECTORS : MANHAR G. GANDHI
Chairman & Managing Director

BHUPATRAI G. GANDHI
Joint Managing Director

DHIRAJLAL S. SHAH
Director

KAVAS N. WARDEN
Director

DHARMEN B. SHAH
Director

JAYESH M. GANDHI
Director

AUDIT COMMITTEE : DHIRAJLAL S. SHAH
Chairman

DHARMEN B. SHAH
Director

JAYESH M. GANDHI
Director

COMPANY SECRETARY : KINJAL D. PADRAKAR

REGISTERED OFFICE : 201-204 PLAZA, 2ND FLOOR
55 HUGHES ROAD,
NEXT TO DHARAM PALACE
MUMBAI 400007
Tel No: 23634179, 23634183, 23634789

WORKS : VILLAGE NURPURA
TALUKA- HALOL, DIST: PANCHMAHAL
GUJARAT - 389350

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

BANKERS : HDFC BANK LTD., MUMBAI

COMPANY LAW CONSULTANTS : DHOLAKIA & ASSOCIATES
COMPANY SECRETARIES

DETAILS OF STOCK EXCHANGE : COMPANY'S EQUITY SHARES ARE LISTED
ON BSE LTD & NATIONAL STOCK
EXCHANGE OF INDIA LTD

LISTING FEES : LISTING FEES PAID FOR THE YEAR 2013-14

10-YEARS FINANCIAL HIGHLIGHTS

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Net Sales	3,437.86	4,541.43	5,428.45	6,015.21	7,623.13	5,606.96	7,549.17	9,017.40	10,652.93	9,593.96
Total Income	3,610.48	4,797.64	5,700.92	6,251.15	7,998.65	6,287.71	8,750.36	9,425.27	11,065.90	9,862.19
EBIDTA (Earning Before Dep, Interest & Tax)	1,252.30	1,832.14	2,197.95	2,344.76	3,148.09	2,854.89	4,147.43	4,214.87	4,620.26	3,509.83
Depreciation	297.77	341.95	343.45	408.53	463.32	535.85	508.26	471.27	452.69	433.68
Profit After Taxation	590.01	983.63	1,614.29	1,287.13	1,884.42	1,592.75	2,533.31	2,629.15	2,981.74	2,206.28
Equity Dividend (%)	25.00	30.00	40.00	40.00	50.00	50.00	100.00	100.00	120.00	120.00
Dividend Payout	183.73	220.48	293.97	293.97	367.46	367.46	734.92	734.93	881.92	881.92
Equity Share Capital	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93
Reserves & Surplus	2,160.34	2,894.68	4,173.77	5,125.69	6,580.20	7,743.03	9,416.50	11,188.66	13,145.42	14,326.72
Net Worth	2,895.27	3,629.61	4,908.70	5,860.62	7,315.13	8,477.96	10,151.43	11,923.59	13,880.35	15,061.65
Gross Fixed Assets	3,945.55	4,196.12	5,460.70	6,704.75	8,466.77	8,702.26	8,692.18	8,741.90	8,915.72	10,957.77
Net Fixed Assets	1,876.35	1,808.76	2,746.10	3,605.07	4,958.92	4,688.87	4,210.81	3,789.25	3,553.49	5,195.71

(Rs. Lakhs)

Key Indicators

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Earning per share	8.03	13.38	21.97	17.51	12.82*	10.84*	17.24*	17.89*	20.29*	15.01
Turnover per share - Rs.	46.78	61.79	73.86	81.85	51.86	38.15	51.36	61.35	72.48	65.27
Book Value per share	39.40	49.39	66.79	79.74	49.77	57.68	69.06	81.12	94.43	102.47
Debt/Equity Ratio	0.24	0.19	0.15	0.12	0.08	0.04	0.00	0.00	0.00	0.00
Net Profit Margin %	17.16	21.66	29.74	21.40	24.72	28.41	33.56	29.16	27.99	23.00
EBDIT/ Net Sales %	36.43	40.34	40.49	38.98	41.30	50.92	54.94	46.74	43.37	36.58

*During the year 2007-08, the Company has split the paid up value of its equity shares of the face value of Rs.10/- each into equity of share of Rs. 5/- each. Accordingly, EPS for the year 2007-08 to 2012-13 has been restated, as per the AS 20 "Earning Per Share"

FOR KIND ATTENTION OF SHAREHOLDERS:

- **DEMAT:-** if you are still holding shares in physical mode kindly consider following advantages by opting shares in demat mode:-
 - sale of shares is possible only through demat mode as the Company's shares are traded compulsorily in demat mode only.
 - Realize better price for transfer/sale of shares
 - Eliminate loss of shares through burglary or theft, misplacement or mutilation
 - Easy and faster transaction of shares
 - Minimum brokerage.
 - No stamp duty on purchase/sale
- Steps involved in dematerialization of shares
 - Open an account with a Depository Participant (DP) of your choice.
 - You may choose your DP based on your evaluation of their reputation, service standards, charges, comfort level, other conveniences, etc.
 - Submit a dematerialization request form (DRF) to your DP along with the defaced shares certificates.
 - Shares will be converted into electronic form and will get credited into your demat account.
- To understand about the procedure and for all queries relating to dematerialization, kindly contact the Shares Transfer Agent of the Company.
- **ECS:-** To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Transfer Agents.
- **GREEN INITIATIVE:-** Please register your email ID with the Registrars and Transfer Agents of the Company or with the Secretarial department of the Company at complianceofficer@gandhitubes.com. Your initiative will save forest wealth of our Country.

NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of **GANDHI SPECIAL TUBES LIMITED** will be held on Thursday, the 25th day of July, 2013 at 11.00 a.m. at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To confirm the Interim Dividend paid on Equity Shares as Final Dividend.
3. To appoint a Director in place of Shri Jayesh. M. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Companies Act, 1956, the approval of the members be and is hereby accorded for the appointment of Shri M. G. Gandhi as Managing Director of the Company for a further period of Five years with effect from 1st January, 2013 on the terms and conditions including remuneration as set out in the draft agreement submitted to this meeting and signed by the Chairman of the remuneration committee for the purpose of identification which agreement is hereby specifically sanctioned with a liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement, so as not to exceed the limits of remuneration, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Shri. M. G. Gandhi.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Companies Act, 1956, the approval of the members be and is hereby accorded for the appointment of Mr. B. G. Gandhi as Joint Managing Director of the Company for a further period of Five years with effect from 1st January, 2013 on the terms and conditions including remuneration as set out in the draft agreement submitted to this meeting and signed by the Chairman of the remuneration committee for the purpose of identification which agreement is hereby specifically sanctioned with a liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement, so as not to exceed the limits of remuneration, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Shri. B. G. Gandhi.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Article No. 143 of the Articles of Association of the Company ("Articles") be and is hereby amended and altered by amending sub - clause (a) and the amended Article No. 143(a) will read as under:-

143.

- (a) *The Board may elect one of their members as a Chairman who may be Managing Director or Whole Time Director for its meetings and determine the period for which he is to hold office.*

By Order of the Board of Directors

KINJAL D. PADRAKAR
COMPANY SECRETARY

Mumbai
28th May, 2013

Regd. Office:

201-204 Plaza, 2nd Floor,
55 Hughes Road,
Next to Dharam Paice,
Mumbai - 400007

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 5 to Item No. 7 is annexed hereto and forms a part of this Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY MAY NOT VOTE EXCEPT ON POLL. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.
3. The Register of Members and the Share Transfer books of the Company will remain closed from Wednesday, 24th July, 2013 to Thursday, 25th July, 2013 (both days inclusive).
4. In case of Dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) ("the Depositories") to the Company and the Company cannot entertain any request for deletion/change of Bank details without confirmation from the Depositories. Hence, Beneficial Owners holding shares in Electronic/ Demat form are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant. ECS Mandate has to be sent to the concerned Depository Participant directly.
5. SEBI, vide its circular No. CIR/MRD/DP/10/2013, dated 31st March, 2013 has made it mandatory to print the bank account details of the investors on Dividend Warrant Instrument. Hence, members holding shares in Physical Form are requested send their ECS Mandate Form, duly filled in, to the Company's Registrar and Share Transfer Agent (RTA) "**M/s. Karvy Computershare Pvt. Ltd**" (for **ECS Mandate Form, kindly visit Company's website www.gandhispecialtubes.com**). Members holding shares in physical form are also requested to intimate any change in their Address, Bank Account etc. to the RTA.
6. To avoid incidents of fraudulent encashment of the Dividend warrants, Members holding shares in physical form are requested to intimate the RTA of the Company, under the signatures of the sole/first joint holder, the following information so that the Bank Account number and name and address of the Bank can be printed on the dividend warrant, if and when issued:
 - (a) Name of the sole/first joint holder and folio number.
 - (b) Particulars of Bank Account viz:
 - (i) Name of Bank;
 - (ii) Name of branch;

- (iii) Complete address of the Bank with pin code number;
 - (iv) Account type, whether Savings or Current;
 - (v) Bank account number allotted by the Bank
 - (vi) 9 Digits MICR No.
7. **Members' attention is particularly drawn to the provisions of Section 205A of the Companies Act, 1956, wherein the Company is required to transfer the unclaimed/unpaid Dividend to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The amount of the unclaimed dividends for and upto the Financial Year ended 2006 has been transferred to the Investor Education and Protection Fund (IEPF).**
8. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules). The objective of the IEPF Rules is to help the shareholders ascertain Status of the unclaimed amounts and overcome the problem due to misplacement of intimation thereof by post etc. the company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial years 2006 - 2007 upto 2011 - 2012 on the website of the IEPF viz. www.iepf.gov.in and under "Investor Section" on the website of the Company viz. www.gandhispecialtubes.com.
9. Members who have not encashed their dividends warrants for Financial Year 2006-07 or any subsequent years are requested to write to the Company immediately claiming dividends declared by the Company for the said periods. Please note that as per section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the due date and no payment shall be made in respect of any such claims. **(Proforma of Indemnity Bond for Duplicate Dividend Warrant is available under "Investor Section" on the website of the Company viz. www.gandhispecialtubes.com)**
10. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holding should be verified.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
12. Member who is desirous of getting any information as regard to the business to be transacted at the meeting are requested to write to the Company their queries at least seven days in advance of the Meeting in order to keep the information required readily available at the Meeting.
13. Members/Proxies should bring the attendance slip duly filled in for attending the meeting. The identity/signature of the Members holding shares in electronic/demat form is liable for verification with specimen signatures as may be furnished by NSDL/CDSL to the Company. Such Members are advised to bring the relevant identity card, issued by the Depository Participant, to attend the Annual General Meeting.
14. The Annual Report duly circulated to the Members of the Company, is available on the Company's Website at www.gandhispecialtubes.com.
15. **Members are requested to bring their copies of the Annual Report to the Meeting.**
16. As a part of its Green in Corporate Governance and circulars issued by Ministry of Corporate Affairs allowing paperless compliances through electronic mode, soft copy of the Annual Report for 31-3-2012 has been sent to all the members whose email addresses are registered with the Company/Depository Participant(s)(DP) unless any member has requested for a hard copy of the same. **For members who have not yet registered, are requested to register their email address with the DP or the Company on email id: complianceofficer@gandhitubes.com.**

17. As required by Clause 49 of the Listing Agreement brief profile of the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given below:

Name of Director	Shri Jayesh M. Gandhi
Date of Birth	28.11.1965
Date of Appointment on the Board	07.05.1998
Experience in specific field	Shri Jayesh M. Gandhi has a rich and extensive experience for more than 23 years in manufacturing, administration and marketing automobile and diesel engine, oil engine parts including exports. He has achieved good export orders visiting various countries. He is also a key person in developing the ERP system for your Company.
Qualification	B.COM., M.B.A.
Name of other Companies in which he holds Directorships	Jaishri Engineering Company Private Limited. B. M. Gandhi Investments Company Private Limited
Chairman/Member of the Committee(s) of the Board of Directors of the Company	Member-Audit Committee
Chairman/Member of the Committee(s) of Directors of other Companies.	Nil
No. of Shares held in the Company	11,67,466 Equity Shares of Rs. 5/- each.

By Order of the Board of Directors

Mumbai
28th May, 2013

KINJAL D. PADRAKAR
COMPANY SECRETARY

Regd. Office:
201-204 Plaza, 2nd Floor,
55 Hughes Road,
Next to Dharam Palace,
Mumbai - 400007

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

ITEM NO 5 AND 6

The present term of Shri M. G. Gandhi as Managing Director and Shri B. G. Gandhi as Joint Managing Director has expired on 31st December 2012.

The Board of Directors of the Company at its Meeting held on 29th October, 2012 re-appointed Shri M. G. Gandhi and Shri B. G. Gandhi as Managing Director and Joint Managing Director respectively of the Company, with effect from 1st January 2013 for a further period of Five Years, subject to the approval of the Company in General Meeting in accordance with Schedule XIII of the Act. The terms and conditions including remuneration payable to Shri M. G. Gandhi and Shri B. G. Gandhi are set out in the draft Agreements entered into by the Company with Shri M.G. Gandhi and Shri B. G. Gandhi contain inter alia the following terms and conditions.

OVERALL REMUNERATION:

Subject to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other provisions applicable of the Companies Act, 1956, if any, the remuneration payable to Shri M. G. Gandhi, Managing Director and Shri B. G. Gandhi, Jt. Managing Director, in any financial year shall not exceed 10% (Ten percent) of the net profits of the Company.

MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of Shri M. G. Gandhi, Managing Director and Shri B. G. Gandhi, Jt. Managing Director, the company has no profits or its profits are inadequate, the remuneration payable to Shri M. G. Gandhi, Managing Director and Shri B. G. Gandhi, Jt. Managing Director, will be according to the applicable provisions of Schedule XIII of the Act. Within the aforesaid ceiling, the remuneration payable (except the Commission) to Shri M. G. Gandhi, Managing Director and Shri B. G. Gandhi, Jt. Managing Director, shall be as follows:-

SALARY, PERQUISITES AND ALLOWANCES

Not Exceeding Rs.12,00,000/- p.m. inclusive of all perquisites and allowances except those specifically excluded as per Schedule XIII of the Act.

COMMISSION:

In the event of adequate profit and as may be decided by the Board of Directors at the time of adoption of accounts, commission will be payable to the Managing Director and Joint Managing Director not exceeding the ceiling in respect of overall remuneration as prescribed under Section 198 and 309 of the Companies Act, 1956.

Other Term and Conditions

- a) Leave: 30 working days leave (traveling time included) once in every year of service, with encashment of un-availed leave at the end of their tenure.
- b) Contribution to 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 salary for each completed year of service and encashment of un-availed leave at the end of tenure shall not be included in the computation of the ceiling on remuneration in terms of Schedule XIII of the Companies Act, 1956.
- c) Shri M. G. Gandhi and Shri B. G. Gandhi will not be entitled to sitting fees for meetings of the Board/Committee of the Board attended by him.
- d) Shri M. G. Gandhi and Shri B. G. Gandhi shall not be liable to retire by rotation.

The Board recommends the re-appointment of Shri M. G. Gandhi and Shri B. G. Gandhi as the Managing Director and joint Managing Director respectively

Shri M. G. Gandhi and Shri B. G. Gandhi are interested in the above resolutions in respect of their respective reappointments as also they being related to each other. Shri Jayesh Gandhi, Director is also interested being related to the Managing Director and the Joint Managing Director. No other Director is concerned or interested in the said resolutions.

The overall remuneration is in accordance with the provisions of Section I of Part II of Schedule XIII to the Companies Act, 1956 and the minimum remuneration is in accordance with the provisions of Section II of Part II of the Schedule XIII to the Companies Act, 1956 and subject to the overall limit of 10% (5% for each) of the net profits of the Company for each financial year computed in the manner prescribed in Section 349 & 350 of the Companies Act, 1956.

The above may also be considered as an abstract of the terms and conditions of appointment of the Managing Director and Jt. Mg. Director as required under Section 302 of the Companies Act, 1956.

Item No. 7

Considering the size of the Company it has been thought fit by the Board of Directors to combine the office of the Chairman and Managing Director and accordingly Shri M. G. Gandhi who is managing director is holding the office of the Chairman of the Company also.

The present Articles of Association of the Company empowers the Board to appoint Chairman amongst the Directors. In order to clarify the matter the phrase "*who may be Managing Director or Whole Time Director*" is being added to the Article 143(a) of the Act.

The Board recommends this Special Resolution for amendment of Article 143(a) of the Articles of Association of the Company.

None of the Directors is concerned or interested in this Resolution

Documents referred to in the resolution and the explanatory statement along with the Copy of memorandum and Articles of association would remain available for inspection between 10.00 a.m. to 12.00 noon on all working days except Saturdays and Sundays at the Registered Office of the Company.

By Order of the Board of Directors

KINJAL D. PADRAKAR
COMPANY SECRETARY

Mumbai
28th May, 2013

Regd. Office:
201-204 Plaza, 2nd Floor,
55 Hughes Road,
Next to Dharam Palace,
Mumbai - 400007