

**29TH
ANNUAL REPORT
2013-2014**



GANDHI SPECIAL TUBES LIMITED
(CIN : L27104MH1985PLC036004)



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

GANDHI SPECIAL TUBES LIMITED

(CIN : L27104MH1985PLC036004)

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

KAVAS N. WARDEN
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 2014-15

10-YEARS FINANCIAL HIGHLIGHTS

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Net Sales	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	8,352.55
Total Income	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	9,144.02
EBIDTA (Earning Before Dep, Interest & Tax)	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	3,407.02
Depreciation	341.95	343.45	408.53	463.32	535.85	508.26	471.27	452.69	433.68	493.66
Profit After Taxation	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	1,730.84
Equity Dividend (%)	30.00	40.00	40.00	50.00	50.00	100.00	100.00	120.00	120.00	120.00
Dividend Payout	220.48	293.97	293.97	367.46	367.46	734.92	734.93	881.92	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	2,894.68	4,173.77	5,125.69	6,580.20	7,743.03	9,416.50	11,188.66	13,145.42	14,326.72	15,025.76
Net Worth	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	15,760.69
Gross Fixed Assets	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	12,670.83
Net Fixed Assets	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	6,415.11

Key Indicators

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Earning per share	13.38	21.97	17.51	12.82*	10.84*	17.24*	17.89*	20.29*	15.01	11.78
Turnover per share - Rs.	61.79	73.86	81.85	51.86	38.15	51.36	61.35	72.48	65.27	56.83
Book Value per share	49.39	66.79	79.74	49.77	57.68	69.06	81.12	94.43	102.47	107.23
Debt/Equity Ratio	0.19	0.15	0.12	0.08	0.04	0.00	0.00	0.00	0.00	0.00
Net Profit Margin %	21.66	29.74	21.40	24.72	28.41	33.56	29.16	27.99	23.00	20.72
EBDIT/ Net Sales %	40.34	40.49	38.98	41.30	50.92	54.94	46.74	43.37	36.58	40.79

*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 2013-14 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 NINTH ANNUAL GENERAL MEETING

NOTICE is hereby given that Twenty Ninth Annual General Meeting of the Members of **GANDHI SPECIAL TUBES LIMITED** will be held on Thursday, the 24th day of July, 2014 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 Financial Statements and the reports of the Board of Directors and Auditors thereon for the Financial Year ended on 31st March, 2014.
2. To confirm the Interim Dividend paid on Equity Shares as Final Dividend.
3. To appoint Director in place of Shri Bhupatrai G. Gandhi (DIN 00041273) who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of section 139 of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) the retiring auditors M/s. S.V.DOSHI & CO., Chartered Accountants, having the ICAI Registration No. 102752W and holding valid Peer Review Certificate issued by the Institute of Chartered Accountants of India, be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of three years from the conclusion of this Annual General Meeting till the conclusion of the 32nd Annual General Meeting (subject to ratification by the shareholders at every Annual General Meeting), on remuneration and other expenses to be fixed by the Managing Director of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT consent of the Company be and is hereby accorded to Shri Dhirajlal S. Shah (DIN 00044163), who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the Office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation."

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

"RESOLVED THAT consent of the Company be and is hereby accorded to Shri Kavas N. Warden (DIN 00045840), who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the Office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation."

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

"RESOLVED THAT consent of the Company be and is hereby accorded to Shri Dharmen B. Shah (DIN

01834884), who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the Office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs 40,000/- for the Financial Year ending 31st March, 2015 as approved by the Board of Directors of the Company to be paid to Mr Dakshesh H. Zaveri, the Cost Accountant, having ICWAI Registration No. 8971 for conducting the Cost Audit of the Company's Steel Products and Windmills be and is hereby ratified."

By Order of the Board of Directors

KINJAL D. PADRAKAR
COMPANY SECRETARY

Mumbai
22nd May, 2014

Regd. Office:

201-204 Plaza, 2nd Floor,
55 Hughes Road,
Next to Dharam Palace,
Mumbai - 400007
Tel.: 022-23634179
Email: complianceofficer@gandhitubes.com
Website: www.gandhispecialtubes.com

NOTES:

1. The relevant Explanatory Statement as required under section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL 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, 23rd July, 2014 to Thursday, 24th July, 2014 (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. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company or its Registrars for payment of dividend. The Company or its Registrars cannot act on any request

received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend, are requested to write to the Company or its Registrars with supporting documents.

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 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 amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs 420,776.00/- (Four lakhs twenty thousand seven hundred and seventy six rupees only) being the unpaid and unclaimed dividend amount pertaining to Dividend for the Financial Year 2006-07, to the Investor Education and Protection Fund of the Central Government on 1st March, 2013.**
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 2007 - 2008 upto 2012 - 2013 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 2007-08 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. Pursuant to Section 72 of the Companies Act, 2013, Members holding shares in physical form may file nomination in the prescribed Form SH-13 (Available on the Company's website viz www.gandhispecialtubes.com) with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

11. 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 longer periods. Periodic statement of holdings should be obtained from the concerned Depository Participant and holding should be verified.
12. 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.
13. 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.
14. 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.
15. The Annual Report duly circulated to the Members of the Company, is available on the Company's Website at www.gandhispecialtubes.com.
16. **Members are requested to bring their copies of the Annual Report at the Meeting.**
17. **Voting through electronic means**

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited. It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it own discretion, subject to compliance with the instructions prescribed below:

Procedure / Instructions for e-voting are as under

- i) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'
- ii) Enter the login credentials (i.e., user-id & password) mentioned on the Postal Ballot Form. Your folio/DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- <u>Event no.</u> followed by Folio Number registered with the company
Password	Your Unique password is printed on the Attendance Slip which is sent separately to you through courier / via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii) Please contact our toll free No. **1-800-34-54-001** for any further clarifications.
- iv) Members can cast their vote online from 17th July, 2014 from 9.30 AM to 19th July, 2014 upto 5.30 PM

- v) After entering these details appropriately, click on "LOGIN".
 - vi) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through **Karvy Computershare Private Limited e-Voting platform**. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vii) You need to login again with the new credentials.
 - viii) On successful login, system will prompt to select the 'Event' i.e., '**Company Name**'.
 - ix) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
 - x) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
 - xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xii) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - xiii) Corporate/Institutional Members (corporate /FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to complianceofficer@gandhitubes.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no.".
- 18.** Pursuant to Section 101 of Companies Act, 2013 read with Rule 18 of Companies (Management & Administration) Rules, 2014, Electronic copy of the Annual Report for 2013-2014 is being sent to all the Members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
- 19. For Members who have not yet registered, are requested to register their email address and those who would want to update their email address, are requested to furnish their fresh email address, on email id: complianceofficer@gandhitubes.com. Alternatively, Members can also register/update their email addresses with their respective Depository Participants.**