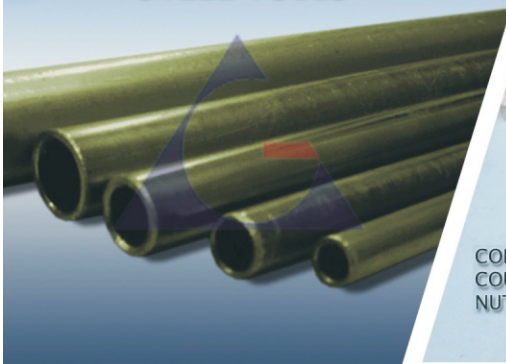


30th Annual Report 2014-15

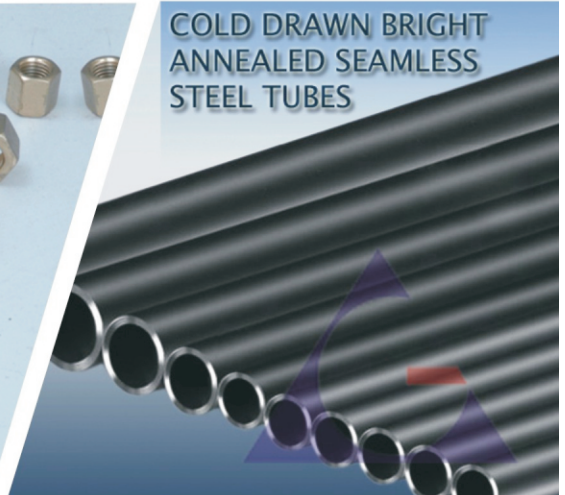
PRECISION ELECTRIC
RESISTANCE WELDED
STEEL TUBES



COLD FORMED
COUPLING
NUTS



COLD DRAWN BRIGHT
ANNEALED SEAMLESS
STEEL TUBES



GANDHI SPECIAL TUBES LIMITED



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

GANDHI SPECIAL TUBES LIMITED

(CIN : L27104MH1985PLC036004)

30th Annual Report 2014-15

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
		BHAVI JATIN KORADIA Director
AUDIT COMMITTEE	:	DHIRAJLAL S. SHAH Chairman
		DHARMEN B. SHAH Director
		JAYESH M. GANDHI Director
		BHAVI JATIN KORADIA Director
COMPANY SECRETARY	:	PRIYANKA M. BORKAR
CHIEF FINANCIAL OFFICER	:	SHOBHANA RAJAN VARTAK
REGISTERED OFFICE	:	201-204 PLAZA, 2ND FLOOR 55 HUGHES ROAD, NEXT TO DHARAM PALACE MUMBAI 400007 Tel No: 23634179, 23634183, 23635042 complianceofficer@gandhitubes.com
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 LLP 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 2015-16

10-YEARS FINANCIAL HIGHLIGHTS

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Net Sales	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	9,189.77
Total Income	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	9,632.55
EBIDTA (Earning Before Dep, Interest & Tax)	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	2,774.79
Depreciation	343.45	408.53	463.32	535.85	508.26	471.27	452.69	433.68	493.66	495.03
Profit After Taxation	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	1,579.63
Equity Dividend (%)	40.00	40.00	50.00	50.00	100.00	100.00	120.00	120.00	120.00	150.00
Dividend Payout	293.97	293.97	367.46	367.46	734.92	734.93	881.92	881.92	881.92	1,102.40
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	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	15,273.62
Net Worth	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	16,008.55
Gross Fixed Assets	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	12,897.51
Net Fixed Assets	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	6,274.00

Key Indicators

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Earning per share	21.97	17.51	12.82*	10.84*	17.24*	17.89*	20.29*	15.01	11.78	10.75
Turnover per share - Rs.	73.86	81.85	51.86	38.15	51.36	61.35	72.48	65.27	56.83	62.52
Book Value per share	66.79	79.74	49.77	57.68	69.06	81.12	94.43	102.47	107.23	108.91
Debt/Equity Ratio	0.15	0.12	0.08	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit Margin %	29.74	21.40	24.72	28.41	33.56	29.16	27.99	23.00	20.72	17.19
EBDIT/ Net Sales %	40.49	38.98	41.30	50.92	54.94	46.74	43.37	36.58	40.79	30.19

*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 2014-15 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 THIRTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that Thirtieth Annual General Meeting of the Members of **GANDHI SPECIAL TUBES LIMITED** will be held on Wednesday, the 29th day of July, 2015 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, 2015.
2. To confirm the payment of Interim Dividend paid on Equity Shares as Final Dividend
3. To appoint Director in place of Mr. Jayesh M. Gandhi (DIN 00041330) 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 the appointment of existing statutory auditors i.e. 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 and who having consented to act as the Statutory Auditors of the Company be and is hereby ratified for the financial year 2015-2016 in terms of resolution passed at the Annual General Meeting held on 24th July, 2014, under Section 139 of the Companies Act, 2013 and Rule 3 of the Companies (Audit and Auditors) Rules, 2014 on such remuneration as may be decided by the Board of Directors from time to time pursuant to Section 142 of the Companies Act 2013 for the said year."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and such other applicable provisions read with Schedule IV of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement entered into with Stock Exchanges, Mrs. Bhavi Jatin Koradia (DIN 07004836), who was appointed as an Additional Director of the Company in the category of an Independent and Woman Director with effect from 30th October, 2014 in terms of Section 161 of the Act, and who holds office as such up to the date of this Annual General Meeting and having submitted declarations for her eligibility for appointment and meeting the criteria of independence as provided in Section 149(6) of the Act and Clause 49 of the Listing Agreement(s), be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing from 29th July, 2015 up to 28th July, 2020."

By Order of the Board of Directors

PRIYANKA M. BORKAR
COMPANY SECRETARY

Place : Mumbai

Date : 21st May, 2015

Regd. Office:

201-204 Plaza, 2nd Floor,

55 Hughes Road,

Next to Dharam Palace,

Mumbai - 400007

Tel: 022 – 23634179

Fax: 91-22-2363 4392

CIN: L27104MH1985PLC036004

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.**

Pursuant to the provisions of section 105 of the Companies Act, 2013, 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 paid up share capital of the Company. Member holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.

The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Company at its Registered Office not less than 48 hours before the commencement of the meeting.

3. The Register of Members and the Share Transfer books of the Company will remain closed from Tuesday, 28th July, 2015 to Wednesday, 29th July, 2015 (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.
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, in order 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.

6. **Members' attention is particularly drawn to the provisions of Section 205A and 205C 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 ₹ 5,00,550/- (Five Lakh Five Hundred and Fifty Only) being the unpaid and unclaimed dividend amount pertaining to Dividend for the Financial Year 2007-08, to the Investor Education and Protection Fund of the Central Government on 19th March, 2015.**
7. 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 2008 - 2009 up to 2013 -2014 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.

8. Members who have not encashed their dividends warrants for Financial Year 2008-09 or any subsequent years are requested to write to the Company immediately claiming dividends declared by the Company for the said period (**Proforma of Indemnity Bond for Duplicate Dividend Warrant is available** under "Investor Section" on the website of the Company viz. www.gandhispecialtubes.com)
9. Pursuant to Section 72 of the Companies Act, 2013, Members holding shares in physical form may file nomination in the prescribed Form SH-13 (Annexed to the Report) 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.
10. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
11. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
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. and on the website of Karvy Computershare Pvt. Ltd. at "<https://evoting.karvy.com>"
16. Shareholders can register their complaints, if any, on an exclusive e-mail id complianceofficer@gandhitubes.com which has been designated for the said purpose.
17. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
18. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
- 19. Members are requested to bring their copies of the Annual Report at the Meeting.**
- 20. Voting through electronic means**

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with, 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 (remote e-voting) and the business may be transacted through remote e-voting services provided by Karvy Computershare Private

Limited.

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) which will be sent to you separately. Your folio/DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDI :- 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 will be sent to you separately by 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 9.00 a.m. on Sunday, 26th July, 2015 and will end at 5.00 p.m. on Tuesday, 28th July, 2015.
- 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 gstlevoting2015@dholakia-associates.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.”

A. In case a Member receives physical copy of the Notice of AGM and Attendance Slip [for members whose email IDs are not registered with the Company / Depository Participants(s)] or requesting physical copy:

- (i) Initial password will be sent separately
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) Above, to cast vote.

(2) Voting at AGM: The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM.

The Company will make arrangements of poll papers in this regards at the AGM Venue.

OTHER INSTRUCTIONS

- I. In case of any queries, you may refer the

Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of "<https://evoting.karvy.com>. If you are already registered with Karvy for e-voting then you can use your existing USER ID AND PASSWORD/PIN for casting your vote.

- II. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- III. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, 22nd July, 2015, are entitled to vote on the Resolutions set forth in this Notice by way of remote e-voting and poll.**
- IV. The remote e-voting period will commence at 9.00 a.m. on Sunday, 26th July, 2015 and will end at 5.00 p.m. on Tuesday, 28th July, 2015. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Wednesday, 22nd July, 2015**, may cast their vote electronically. The remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd July, 2015 for both remote e-voting and poll.
- VI. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd July, 2015 may obtain the login ID and password by sending an email to complianceofficer@gandhitubes.com or evoting@karvy.com by mentioning their Folio No./DP ID and Client ID No. however, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forget User Details/Password" option available on <https://evoting.karvy.com>.
- VII. Pursuant to Section 107 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, voting through polling paper shall also be made available to those Members who attends the Annual General Meeting and have not already cast their vote by e-voting.**
- VIII. A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
- IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the meeting through ballot papers.
- X. Mr. Bhumitra V. Dholakia or in his absence Mr. Nrupang B. Dholakia, Practicing Company Secretary of Dholakia & Associates LLP has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XI. The Scrutinizer shall, immediately after the conclusion of voting at general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutinizer shall within 3 days of conclusion of the meeting submit a