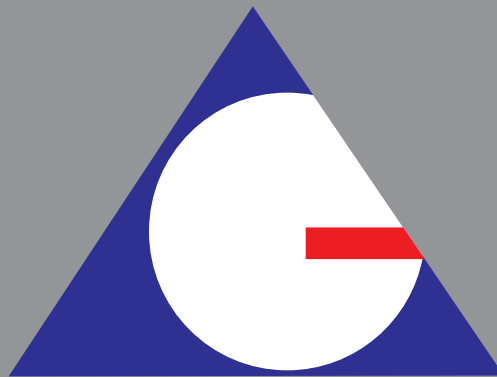
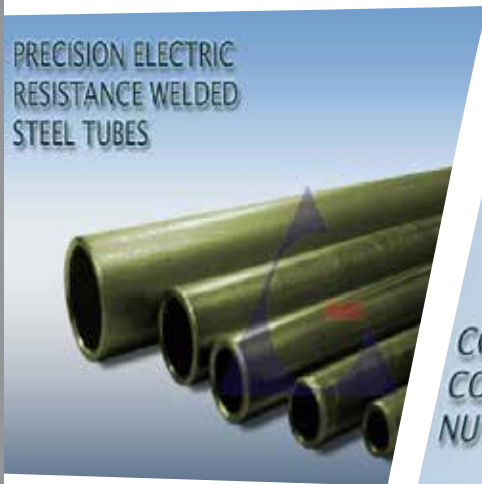


# 34<sup>th</sup> Annual Report 2018-19



## GANDHI SPECIAL TUBES LIMITED



ISO 9001:2008 & ISO/TS 16949:2009

Certified Company

**“GANDHI SPECIAL TUBES-OLD AGE HOME” - OUR CSR ACTIVITY**



**“GANDHI SPECIAL DEAF AND MUTE SCHOOL” - OUR CSR ACTIVITY**



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<b>BOARD OF DIRECTORS</b>	:	MR. MANHAR G. GANDHI Chairman & Managing Director
		MR. BHUPATRAI G. GANDHI Joint Managing Director
		MR. DHIRAJLAL S. SHAH Director
		MR. KAVAS N. WARDEN Director
		MR. DHARMEN B. SHAH Director
		MR. JAYESH M. GANDHI Director
		MS. BHAVI JATIN KORADIA Director
<b>AUDIT COMMITTEE</b>	:	MR. DHIRAJLAL S. SHAH Chairman
		MR. DHARMEN B. SHAH Director
		MR. JAYESH M. GANDHI Director
		MS. BHAVI JATIN KORADIA Director
<b>COMPANY SECRETARY</b>	:	MS. JEEGEESHA G. SHROFF
<b>CHIEF FINANCIAL OFFICER</b>	:	MS. SHOBHANA RAJAN VARTAK
<b>REGISTERED OFFICE</b>	:	201-204 PLAZA, 2 <sup>ND</sup> FLOOR 55 HUGHES ROAD, NEXT TO DHARAM PALACE MUMBAI 400007 Tel No: 23634179, 23634183, 23634789 <a href="mailto:complianceofficer@gandhitubes.com">complianceofficer@gandhitubes.com</a>
<b>WORKS</b>	:	VILLAGE NURPURA TALUKA- HALOL, DIST: PANCHMAHAL GUJARAT – 389350
<b>AUDITORS</b>	:	SHASHIKANT J. SHAH & CO. CHARTERED ACCOUNTANTS
<b>BANKERS</b>	:	HDFC BANK LTD., MUMBAI
<b>SECRETARIAL AUDITORS</b>	:	DHOLAKIA & ASSOCIATES LLP COMPANY SECRETARIES
<b>DETAILS OF STOCK EXCHANGE</b>	:	COMPANY'S EQUITY SHARES ARE LISTED ON BSE LTD & NATIONAL STOCK EXCHANGE OF INDIA LTD

**10-YEARS FINANCIAL HIGHLIGHTS**

Particulars	(₹ Lakhs)											IND AS		
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 *	2017-18	2018-19				
Net Sales	7,549.17	9,017.40	10,652.93	9,593.96	8,352.55	9,189.77	9,117.37	9,757.23	11,393.17	12,290.68				
Total Income	8,750.36	9,425.27	11,065.90	9,862.19	9,144.02	9,632.55	9,417.47	10,712.94	12,217.66	13,061.55				
EBIDTA (Earning Before Dep. Interest & Tax)	4,147.43	4,214.87	4,620.26	3,509.83	3,407.02	2,774.79	2,991.27	4,252.79	4,934.73	5,344.39				
Depreciation	508.26	471.27	452.69	433.68	493.66	495.03	470.58	445.65	387.31	369.05				
Profit After Taxation	2,533.31	2,629.15	2,981.74	2,206.28	1,730.84	1,579.63	1,855.00	3,080.63	3,356.51	3,863.13				
Equity Dividend (%)	100.00	100.00	120.00	120.00	120.00	150.00	150.00	180.00	0.00	180.00				
Dividend Payout	734.92	734.93	881.92	881.92	881.92	1,102.40	1,102.40	1,322.88	0.00	1,243.67				
Equity Share Capital	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	690.93	690.93				
Reserves & Surplus	9,416.50	11,188.66	13,145.42	14,326.72	15,025.76	15,273.62	15,801.80	18,029.08	17,032.43	19,413.90				
Net Worth	10,151.43	11,923.59	13,880.35	15,061.65	15,760.69	16,008.55	16,536.73	18,764.01	17,723.36	20,104.83				
Gross Fixed Assets	8,692.18	8,741.90	8,915.72	10,957.77	12,670.83	12,897.51	13,014.98	12,998.16	12,980.58	13,290.19				
Net Fixed Assets	4,210.81	3,789.25	3,553.49	5,195.71	6,415.11	6,274.00	5,901.42	5,520.49	5,139.14	5,128.33				

**Key Indicators**

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 *	2017-18	2018-19
Earning per share	17.24	17.89	20.29	15.01	11.78	10.75	12.62	20.96	22.85	27.96
Turnover per share - Rs.	51.36	61.35	72.48	65.27	56.83	62.52	62.03	66.38	82.45	88.94
Book Value per share	69.06	81.12	94.43	102.47	107.23	108.91	112.51	127.66	128.26	145.49
Debt/Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit Margin %	33.56	29.16	27.99	23.00	20.72	17.19	20.35	31.57	29.46	31.43
EBDIT/ Net Sales %	54.94	46.74	43.37	36.58	40.79	30.19	32.81	43.59	43.31	43.48

\* Figures are restated as per IND AS

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**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:-

- o sale of shares is possible only through demat mode as the Company's shares are traded compulsorily in demat mode only.
- o Realize better price for transfer/sale of shares
- o Eliminate loss of shares through burglary or theft, misplacement or mutilation
- o Easy and faster transaction of shares
- o Minimum brokerage.
- o No stamp duty on purchase/sale
- o SEBI (Securities and Exchange Board of India) has made it compulsory for listed company to entertain transfer of shares only in demat form.

Steps involved in dematerialization of shares

- o Open an account with a Depository Participant (DP) of your choice.
- o You may choose your DP based on your evaluation of their reputation, service standards, charges, comfort level, other conveniences, etc.
- o Submit a Dematerialization Request Form (DRF) to your DP along with the defaced shares certificates.
- o 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 Registrar & Transfer Agent of the Company; M/s Karvy Fintech Private Limited at [kishore.bv@karvy.com](mailto:kishore.bv@karvy.com) or at 040 67161585.

**ECS:-** To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS), NEFT and other permitted mode. 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](mailto:complianceofficer@gandhitubes.com). Your initiative will save forest wealth of our Country.

**NOTICE OF THIRTY FOURTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that Thirty Fourth Annual General Meeting of the Members of **GANDHI SPECIAL TUBES LIMITED** will be held on Wednesday, July 31, 2019 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 Audited Financial Statements and the reports of the Board of Directors and Auditors thereon for the Financial Year ended March 31, 2019.
2. To declare a Dividend on Equity Shares for the Financial Year ended March 31, 2019.
3. To appoint a Director in place of Shri Jayesh Gandhi (DIN 00041330), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

4. To approve Buyback of shares through Tender Offer Route

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to Article 24A and 24B of the Articles of Association of the Company and the provisions of Sections 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act, 2013 (**“the Act”**), the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable, the Companies (Management and Administration) Rules, 2014, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (**“Buyback Regulations”**), as amended from time to time, and subject to such other approvals, permissions, sanctions and exemptions as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by the appropriate authorities while granting such approvals, permissions, sanctions and exemptions, which may be agreed by the Board of Directors of the Company (**“Board”**), which expression shall include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), consent of the Members be and is hereby accorded for the buyback by the Company of its fully paid-up equity shares of face value of Rs. 5/- (Rupees Five) each (**“Equity Shares”**) up to 9,00,000 (Nine Lakh) Equity Shares (representing **6.51%** of the total issued and paid-up equity share capital of the Company) at a maximum price of **Rs.550/- (Rupees Five Hundred Fifty only)** per Equity Share, payable in cash for an aggregate consideration not exceeding **Rs. 49,50,00,000/- (Rupees Forty Nine Crore Fifty Lakh only)** excluding transaction costs viz. filing fees, advisors’ fees, brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, public announcement expenses, printing and dispatch expenses and other incidental and related expenses.etc., being within the limit of 25% of the aggregate of the paid-up share capital and free reserves as per the audited accounts of the Company as on March 31, 2019, out of the free reserves of the Company (including securities premium account) and or such other source as may be permitted by the Buyback Regulations or the Act, from the Members of the Company, as on the record date, on a proportionate basis, through the **“Tender Offer”** route as prescribed under the Buyback Regulations.

**RESOLVED FURTHER THAT** the Company, to the extent legally permissible, implement the Buyback using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, including any amendments thereof.

**RESOLVED FURTHER THAT** the Company may buyback Equity Shares from all the existing Members holding Equity

Shares of the Company on a proportionate basis, provided 15% (fifteen percent) of the number of Equity Shares which the Company proposes to Buyback or number of Equity Shares entitled as per the shareholding of small shareholders as on the record date, whichever is higher, shall be reserved for the small shareholders, as prescribed under Regulation 6 of the Buyback Regulations.

**RESOLVED FURTHER THAT** the Buyback of Equity Shares from non-resident Members of the Company, including Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs), Members of foreign nationality, etc., shall be subject to the provisions contained in the Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder, if any, Income Tax Act, 1961 and rules and regulations framed there under, as applicable, and shall also be subject to such approvals if, and to the extent necessary or required from the concerned authorities.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Committee of Director(s) ("Buyback Committee") of the Company in order to give effect to the aforesaid resolution, including but not limited to finalizing the terms of the Buyback like record date, entitlement ratio, the time frame for completion of Buyback, appointment of merchant banker, brokers, lawyers, depository participants, escrow agents, bankers, advisors, registrars, scrutinizers, consultants, representatives, intermediaries, agencies, printers, advertising agency, compliance officer, as may be required, for the implementation of the Buyback; preparation, finalizing, signing and filing of the Public Announcement, the Draft Letter of Offer / Letter of Offer with the Securities and Exchange Board of India, the stock exchanges where the Equity Shares are listed and other appropriate authorities and to make all necessary applications to the appropriate authorities for their approvals including but not limited to approvals as may be required from the Securities and Exchange Board of India, Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder; and to initiate all necessary actions for preparation and issue of various documents including letter of offer, opening, operation and closure of necessary accounts including escrow account with the bank, entering into agreements, release of public announcement, filing of declaration of solvency, obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law, extinguishment in respect of the Equity Shares bought back by the Company, and such other undertakings, agreements, papers, documents and correspondence, as may be required to be filed in connection with the Buyback with the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies, Depositories and / or other regulators and statutory authorities as may be required from time to time.

**RESOLVED FURTHER THAT** nothing contained herein shall confer any right on the part of any Members to offer and/or any obligation on the part of the Company or the Board or the Buyback Committee to Buyback any shares, and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback, if so permissible by law.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board or the Buyback Committee be and is hereby empowered and authorised on behalf of the Company to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as the Board and /or Buy Back Committee may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

5. To consider and if thought fit, to pass, the following resolution as an 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, the remuneration of Rs 50,000/- (Rupees Fifty Thousand) for the Financial Year ending March 31, 2020 as approved by the Board of Directors of the Company payable to Shri Dakshesh Zaveri, the Cost Accountant, having ICWAI Registration No. 8971 for conducting the Cost Audit of the Company be and is hereby ratified.”

**By Order of the Board of Directors**

**JEEGEESHA G. SHROFF  
COMPANY SECRETARY**

**Place : Mumbai**

**Date : May 28, 2019**

**Regd. Office:**

201-204 Plaza, 2<sup>nd</sup> Floor,

55 Hughes Road,

Next to Dharam Palace,

Mumbai - 400007

Tel : 022 – 23634179

Fax : 91-22-2363 4392

CIN : L27104MH1985PLC036004

Email : [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com)

Website : [www.gandhitubes.com](http://www.gandhitubes.com)

**NOTES:**

**1 APPOINTMENT OR REAPPOINTMENT OF DIRECTOR**

1. In respect of resolution at item no 3, a statement giving additional information on director seeking re-appointment is annexed herewith as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**SPECIAL BUSINESS AND EXPLANATORY STATEMENT**

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, (Act) relating to Special Business to be transacted at the Annual General Meeting (the “AGM” or “Meeting”), is annexed hereto.

**MEMBER’S ENTITLEMENT TO ATTEND MEETING AND APPOINT PROXY**

3. **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) Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as proxy on behalf of a member or number 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



- (b) The instrument appointing Proxy as per the format included in the Annual Report should be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the meeting i.e by 11.00 a.m. on Monday, July 29, 2019.
- (c) During the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged with the Company during normal business hours (9.30 a.m. IST to 6.00 p.m. IST) at the registered office of the Company, provided that a requisition for the same from a Member is received in writing not less than 3 days before the commencement of the Meeting.

#### **CORPORATE MEMBER**

- 4. 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 along with their specimen signature to attend and vote on their behalf at the Meeting.

#### **JOINT HOLDERS**

- 5. 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.

#### **BOOK CLOSURE**

- 6. The Register of Members and the Share Transfer books of the Company will remain closed from **Saturday, July 13, 2019 to Monday, July 15, 2019** (both days inclusive).

#### **DIVIDEND AND ITS PAYMENT**

- 7. Subject to the provisions of the Act, dividend as recommended by the Board, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members as of the close of the business hours on **Friday, July 12, 2019**.
- 8. 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 by the members only to their Depository Participant.
- 9. Pursuant to Regulation 12 read with Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 it is 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.

10. Members who have not encashed their dividends warrants for Financial Year 2012-2013 or any subsequent years are requested to write to the Company immediately but not later than February, 2020 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.gandhitubes.com](http://www.gandhitubes.com)).
11. Members are requested to note that the Dividend for the year ended March 31, 2013 declared on January 28, 2013 and which remained unpaid or unclaimed is due to be transferred to IEPF in March 2020 pursuant to Section 125 of the Companies Act, 2013 and the rules made thereunder.

#### **INVESTOR EDUCATION AND PROTECTION MATTER—UNCLAIMED DIVIDEND AND SHARES**

12. Pursuant to the provisions of Section 124 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, unclaimed dividend amount of Rs. 17,34,822/- (Seventeen Lakh Thirty Four Thousand Eight Hundred Twenty Two Only) of the Company for the financial year ended March 31, 2012 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government on March 19, 2019 pursuant to Section 125 of the Companies Act, 2013..
13. Pursuant to Rule 5 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial years 2011-2012 to 2016-2017 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor Section" on the website of the Company viz. [www.gandhitubes.com](http://www.gandhitubes.com) The objective of the IEPF Rules is to help the shareholders ascertain Status of the unclaimed amounts and thus overcome their problem.
14. Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Account:

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Rules") as amended, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF Account after complying with the procedure laid down under the "Rules".

Accordingly, during the year under review, the Company has transferred 11002 shares to the IEPF Account maintained with NSDL on March 25, 2019 taking the year 2011-2012 as base. The details of the shares transferred to IEPF Authority are uploaded under "Investor Section" on the website of the Company viz. [www.gandhitubes.com](http://www.gandhitubes.com)).

The said details have also been uploaded on the website of the IEPF and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in)

#### **HOLDING IN PHYSICAL FORM**

15. Pursuant to Section 72 of the Companies Act, 2013, Members holding shares in physical form may file nomination in the prescribed Form SH-13 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. Form SH-13 is available under "Investor Section" on the website of the Company viz. [www.gandhitubes.com](http://www.gandhitubes.com);
16. As per Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form so as to be able to freely transfer them and participate in corporate actions such as buyback. Members can contact the Company or Company's Registrars and Transfer Agents, Karvy Fintech Private Limited for assistance in this regard.