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ANNUAL REPORT
2004-2005



RAJASTHAN TUBE
MANUFACTURING COMPANY LTD.

RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED

Annual Report 2004-2005

BOARD OF DIRECTORS :

SHRI HARISH CHAND JAIN
(Chairman & Managing Director)
SHRI RAJENDRA KUMAR JAIN
SHRI SUNIL KUMAR JAIN
SHRI DEEPESH JAIN

AUDITORS :

PRAMOD & ASSOCIATES
Chartered Accountants
JAIPUR

CORPORATE ADVISOR :

V. M. & ASSOCIATES
Company Secretaries
JAIPUR

BANKERS :

STATE BANK OF BIKANER & JAIPUR

SHARE TRANSFER AGENT :

BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.,
Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre,
Near Dada Harsukh Das Mandir,
New Delhi

REGISTERED OFFICE :

404, Shekhawati Complex,
Station Road, JAIPUR.

WORKS :

B-61, Ambaji Industrial Area,
Abu Road (SIROHI)

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RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED**RAJASTHAN TUBE MANUFACTURING
COMPANY LIMITED****NOTICE**

Notice is hereby given that the 19th Annual General Meeting of RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED will be held at **ANOKHA GAON**, Near Road No.14, Vishwakarma Industrial Area, Sikar Road, Jaipur on **Saturday the 24th September, 2005 at 10 A.M.** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended on 31st March, 2005, Balance Sheet as on that date, the Directors' Report and Auditors' Report thereon.
2. To appoint Directors in place of those retiring by rotation.
3. To appoint Auditors of the company and to fix their remuneration from the conclusion of this meeting until the conclusion of the next Annual General Meeting, M/s Pramod & Associates, Chartered Accountants, Jaipur, the retiring auditors of the company are eligible for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modifications the following Resolution as a Special Resolution :

"RESOLVED THAT in terms of Section 81, 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Articles of Association and subject to the guidelines issued by Securities and Exchange Board of India (SEBI), and such other approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which shall be deemed to include any Committee thereof), at its sole discretion, the consent of the Company be and is hereby accorded to the Board of Directors to create, offer and issue to the holders of equity shares of the Company 30,00,000 equity shares of the Company of the face value of Rs. 10/- each at a price determined in accordance with SEBI Guidelines, as amended from time to time for subscription for cash, in one or more tranches and at such premium/s per share and in such ratio as may be fixed and determined by the Board prior to the issue on such other terms and conditions, if any, in respect of such issue, to such extent as may be, then permissible, and at such time or times as the Board at its absolute discretion and in the best interest of the Company may deem fit.

RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED

"RESOLVED FURTHER THAT the Board shall be entitled to issue, in consultation with and subject to the acknowledgement by SEBI and subject to approval, if necessary, or any concerned authority, appropriate letter of offer to the holders of equity share and to such other persons containing the terms and conditions of such issue as the Board may at its absolute discretion think fit and Board be and is hereby expressly authorised and empowered to accept, such variations and modifications as the SEBI or any other concerned authority may stipulate in that behalf and also, at its discretion to amend, modify, vary or alter all or any terms of the issue including the right to increase, decrease or recalculate the number of equity shares to be created, offered and issued."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary or desirable, to decide the basis of allotment in consultation with the stock exchange and to any question, difficulty or doubt that may rise in regard to the issue and allotment of securities in terms of this resolution."

RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such arrangements with any investment/Merchant Banker (s), Lead Manager (s), Underwriter (s), Broker (s), Guarantor (s), Depository (ies), Custodian (s) and Trustee (s), Registrar (s) and all such advisors as may be involved or concerned in such intermediaries including by way of payment of commission, brokerage, fees or the like and to reimburse to them and incur all the expenses relating to the issue including documentation, travel, printing, listing fees or the like and also to seek the listing as Securities in one or more stock exchanges as the Board may in its absolute discretion decide.

5. To consider and if thought fit to pass the following resolution without modification as an ordinary Resolution :-

"Resolved that Mr. Rajendra Kumar Jain, who was appointed an additional Director of the Company by the Board of Director and who ceases to hold office under section 260 of the companies Act 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as Director for the company liable to retire by rotation."

Notes :

Registered Office :
404, Shekhawati Complex,
Station Road,

JAIPUR

Dated : 11th August, 2005

By order of the Board

Sd/-
(SUNIL KUMAR JAIN)
DIRECTOR

RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The proxy form duly completed and stamped must reach the Registered Office of the company at 404, Shekhawati Complex, Station Road, Jaipur not less than 48 hours before the time of holding the aforesaid meeting.
2. Shareholders are requested to advise the company immediately of any change in their addresses.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2005 to 24th September, 2005 (both dates inclusive).
4. Members are requested to quote their folio numbers in all their correspondence.
5. Members are requested to bring their copies of Annual Report to the meeting.
6. The shareholders desiring any information as regards accounts are requested to write to the Company at an early date so as to enable the Management to keep information ready.
7. Members are requested to bring with them the attendance slip and hand it over at entrance duly signed by them.

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

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

The following Explanatory statements pursuant to section 173 of the Companies Act, 1956 set out all material facts relating to the special business mentioned in the accompanied notice dated 11th August, 2005.

Item nos.4 :

In order to plan for long term financial sources as well as for working capital needs, it was proposed to raise additional finance. The additional finance can be raised by issue of fresh equity shares by right offer to the existing shareholders. The above method for raising the required finance would attract the approval of members of the company by way of special Resolution under Section 81 of the Companies Act, 1956.

The mode of raising finance, its pricing, timing obtaining, various approvals, shall depend upon the prevailing market conditions and will be decided in consultation with the lead Managers/Advisors.

The members are requested to authorise the Board of Directors to finalise the same and to take decisions from time to time in this connection.

The Directors of the Company may be deemed to be concerned or interested to the extent the securities may be offered to them under the resolution.

Your Directors commend the resolution for approval.

Item Nos. 5

Mr. Rajendra Kumar Jain, was appointed an Additional Director of the Company on 2nd December, 2004 by the board of Directors of the company. Shri Rajendra Kumar Jain is directly related in the field of Sales, liaison with Govt. Deptt.

According to the provisions of the companies Act, 1956 he holds office as Director only upto the date of the ensuing Annual General Meeting. As required by section 257 of the Act a notice has been received from member signifying his intention to propose his appointment as a Director.

Having regard to Shri Rajendra Kumar Jain vast experience and in depth knowledge, the Board of Directors consider that the continuance of Shri Rajendra Kumar Jain is Director of the company will be highly beneficial to the company.

None of the Directors except Shri Rajendra Kumar Jain is concerned or interested in the resolution.

Your Directors commend the resolution for approval.

RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED**RAJASTHAN TUBE MANUFACTURING
COMPANY LIMITED****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their Nineteenth Annual Report on the operations of your company together with audited statement of accounts for the year ended on 31st March, 2005.

1. FINANCIAL RESULTS :

| | For the year ended on 31.3.2005 (Rs.in lacs) | For the year ended on 31.3.2004 (Rs.in lacs) |
|---------------------------------------|--|--|
| Total Sales & Other Income | 4817.11 | 3324.72 |
| Profit Before Interest & Depreciation | 152.22 | 132.02 |
| Interest | 76.81 | 85.54 |
| Profit Before Depreciation | 75.41 | 46.48 |
| Profit on Sale of Assets | — | 0.13 |
| Depreciation | 37.62 | 38.03 |
| Net Profit before Taxation | 37.79 | 8.58 |
| Provision for Taxation | 18.50 | 2.40 |
| Deferred Tax (Net) | (2.93) | (2.82) |
| Net Profit after Taxation | 22.22 | 9.00 |

2. DIVIDEND :

Your Directors are unable to recommend any dividend during the year under review with a view to conserve funds for the proposed diversification plans.

3. YEAR IN RETROSPECT :

During the year under review, the sales and other income during the year increased to Rs.4817.11 Lacs as compared to Rs.3324.72 Lakh in the previous year. The profit after tax during the year was increased to Rs.22.22 lacs as compared to Rs. 9.00 lacs in the previous year.

4. MANAGEMENT DISCUSSION & ANALYSIS REPORT :**(a) INDUSTRY STRUCTURE & DEVELOPMENT :**

Activities of your company come under the category of steel tube industry. With the increased activity in housing and agriculture, the future of the steel tube industry shall continue to remain encouraging.

RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED

(b) OPPORTUNITIES, THREATS RISK & CONCERNS :

Presently major requirements of pipes in Rajasthan are being met through units situated outside Rajasthan. The pipes manufactured by the company would be able to compete effectively in the market as they would have a clear price advantage over the other outside suppliers because of lower transportation cost benefits applicable to the company.

The company's product shall enjoy 4% price preference and 80% purchase preference in all Govt. & semi Govt. organisation of Rajasthan Govt.

Steel Tube and pipe industry is expected to show good prospects in view of increased availability of H.R. Coils being basic raw material to manufacture M.S. Steel Tube.

More units with similar facility may come up resulting in greater competition and lower price realisation.

Changed state Govt. policies may affect the profitability of the company

The steel tube industry is subject to market cycle and as constituent of the industry. Your company is also exposed to these constituents. rise in price H.R. Coils, Zinc are also a matter of concern.

(c) SEGMENT :

The operations of the company is covered in one segment only i.e. steel tube segment.

(d) OUTLOOK :

Having regard to the prevailing circumstances your company visualizes a hopeful growth in the industry.

(e) INTERNAL CONTROL SYSTEM :

Your company maintain an internal control system in different areas like purchases billing for the jobs etc. moreover there are internal auditors who make a constant monitoring to have proper and sufficient care for maintenance of adequate accounting records required for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(f) DEVELOPMENT : HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT :

Your Board has nothing to report on the development in human resource as well industrial relations front which have a material bearing on the business of the company.

(g) DISCLOSURE BY THE MANAGEMENT :

Your board has not received any disclosure by the management relating to any material financial and commercial transactions where any of the managerial staff has personal interest that may have a potential conflict with the interest of the company at large.

5. FUTURE PROSPECTS :

Your Directors hope that, during this year turnover and profit shall increase substantially due to better prospects of steel industry because of increasing steel price all over the world and also due to the fact that company has started production of pipes on job works basis.

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6. EXPANSION/DIVERSIFICATION

The company has also planned to diversify in rigid PVC PIPE project.

7. DISCLOSURE UNDER THE LISTING AGREEMENTS :

LISTING OF SHARES

Presently the equity shares of the company are listed at the following recognised Stock Exchanges.

- (i) The Jaipur Stock Exchange Limited, Jaipur
- (ii) The Stock Exchange Mumbai, Mumbai.
- (iii) The Delhi Stock Exchange Association Limited, New Delhi.

The application of the company dated: 10.06.1999 for delisting of shares from the The Delhi Stock Exchange Association Limited, New Delhi is still pending with the concerned Exchange.

The company has paid the annual listing fees for the year 2004-2005 to the stock exchanges except to stock exchange where the company has applied for delisting of shares of the company.

8. FIXED DEPOSITS :

The Company has not accepted any fixed deposit during the year under report.

9. ISSUE OF SHARES :

The Company Issued 500000 Equity Shares of Rs. 10/- each at a premium of Rs. 9/- Per Share to select group of person on preferential basis in the board meeting held on 11th July, 2005 in terms resolutions passed at EOGM held on 4th July, 2005. The necessary papers regarding listing of these shares have been submitted to the concerned stock Exchanges.

10. DIRECTOR' RESPONSIBILITY STATEMENT :

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956 your Directors confirm that :

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2005 and of the Profit of the Company for the year ended on that date;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

11. PARTICULARS OF EMPLOYEES :

Particulars of employees as required under section 217 (2A) of the Companies Act, 1956 read