

# 19th Annual Report 2002 - 2003



Report  Junction.com



**RATNAMANI**  
METALS & TUBES LIMITED



**RATNAMANI**  
**METALS & TUBES LTD.**  
AHMEDABAD

**Board of Directors** : **Shri S. Solanki** *Chairman*  
**Shri Prakash M. Sanghvi** *Managing Director*  
**Shri Jayantilal M. Sanghvi** *Whole-time Director*  
**Shri Shanti M. Sanghvi** *Director (Marketing)*  
**Shri D.C. Anjaria** *Director*  
**Dr. Vinodkumar M. Agrawal** *Director*

**Bankers** : Dena Bank  
Punjab National Bank  
State Bank of India  
IDBI Bank Limited

**Auditors** : **M/s. Mehta Lodha & Co.**  
Chartered Accountants

**Registered Office** : 17, Rajmugat Society  
Naranpura Char Rasta  
Naranpura  
Ahmedabad - 380 013

**Works** : **STAINLESS STEEL TUBES AND PIPES DIVISION**  
Ahmedabad - Mehsana Highway  
Village - Indrad  
Nr. Chhatral GIDC  
Taluka - Kadi  
Dist. - Mehsana  
GUJARAT

**SAW PIPE DIVISION**  
Plot No. 3306 to 3309  
GIDC - Chhatral  
Taluka - Kalol  
Dist. - Gandhinagar  
GUJARAT

**Surrender of Share Certificates of Ratnamani Engineering Limited**

Ratnamani Engineering Ltd. (REL) is amalgamated with Ratnamani Metals & Tubes Ltd. (RMTL) as per the scheme approved by the Honourable High Court of Gujarat in the year 1998. Accordingly, RMTL has allotted shares to the shareholders of REL. From our records, we find that most of the shareholders have yet not exchanged their Share Certificates after delivering Share Certificates of REL. Therefore, it is our earnest request to all the shareholders who have REL Share Certificates, to get the same exchanged for RMTL Share Certificates.



## NOTICE

NOTICE is hereby given that the NINETEENTH Annual General Meeting of the Members of **RATNAMANI METALS & TUBES LIMITED** will be held on **TUESDAY, the 30th SEPTEMBER, 2003 at 10.00 a.m.** at the Conference Hall of "The Ahmedabad Textile Mills Association" Near "Gurjari", Ashram Road, Ahmedabad - 380 009 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares
3. To appoint a Director in place of Shri. S.M. Sanghvi who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors 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 Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, consent of the Company be and is hereby accorded to the appointment of Shri Shanti M. Sanghvi as a Whole-time Director of the Company w.e.f. 1-11-2002 for a period of five years."

"RESOLVED FURTHER THAT terms of remuneration shall be governed by the existing applicable Schedule XIII of the Companies Act, 1956 and will be as under:

#### I. Salary:

- (a) Rs. 30,000/- per month (Rupees Thirty Thousand) in the scale of Rs. 30,000----3000----45,000 w.e.f. 01.11.02 upto 31.03.2003
- (b) Rs. 70,000/- per month (Rupees Seventy Thousand) in the scale of Rs. 70,000----7,500----1,00,000 w.e.f. 1st April, 2003 for the remaining period of his tenure of appointment.

- II. **Commission** : Commission subject to the provisions of sections 198 and 309 of the Companies Act, 1956 shall be on percentage of the Net Profits and such amount as Board of Directors of the Company may determine, keeping in view the performance of the Company in the financial year.

- III. **Perquisites** : Perquisites would be as agreed to by the Board of Directors and the Whole-time Director subject to a ceiling of Rs. 4,00,000/- per annum (Rupees Four Lacs) Per annum.

- IV. Salary and Perquisites mentioned above at item No. 1, 2 and 3 will be exclusive of

- (a) **Provident Fund** : Contribution of Provident Fund, Superannuation Fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
- (b) **Gratuity** : Gratuity not exceeding half month's salary for each completed years of service.
- (c) **Encashment of Leave** : Leave unavailed of to be allowed to be encashed as per rules of the Company.

- V. **Car and Telephone** : Provision of car with driver for use of Company's business and telephone at residence, (personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director). which shall not be included in the computation of perquisites.

- VI. The Whole-time Director shall be liable to retire by rotation.

- VII. The appointee shall not be entitled to receive any sitting fees for attending the Meeting of the Board of Directors or Committee thereof.

"RESOLVED FURTHER THAT in case of no profits or inadequacy of Profits, in any financial year the appointee shall be entitled to receive the above salary and perquisites as minimum remuneration".

6. 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 to Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the consent of the company be and is hereby accorded to the appointment of Shri P. M. Sanghvi as Managing Director of the company w.e.f 01.11.03 for a period of 5 years on the following terms and conditions."

"Resolved further that the terms of remuneration shall be governed by the existing applicable schedule XIII of the Companies Act, 1956 and will be as under :

- I. **SALARY** : Rs. 1,00,000/- per month (Rupees One lac) in the scale of Rs.1,00,000----12,500----1,50,000.

Provided that the next increment shall become due from 1st April, 2004.

- II. **COMMISSION** : In addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the company in a particular financial year. as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956.

- III. **PERQUISITES** : In addition to the salary he shall be entitled to perquisites such as fully furnished house or house rent allowance in lieu thereof; expenses incurred on gas, electricity, water and furnishing, repairs, medical benefits for self and family, leave travel concession for self and family, club fees, personal accident insurance and mediclaim policy and / or any other allowances.

- IV. The salary and perquisites as mentioned above at items 1, 2 and 3 will be exclusive of

- (a) **Provident Fund** : Contribution of Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.

- (b) **Gratuity** : Gratuity not exceeding half month's salary for each completed years of service

- (c) **Encashment of Leave** : Leave unavailed of to be allowed to be encashed as per rules of the Company.

- V. **Car and Telephone** : Provision of car with driver, and Telephone at the residence, (Personal use of car and long distance personal telephone calls will be chargeable to the appointee) which shall not be included in the computation of perquisites."



"Resolved further that if in any accounting year there is no profit or the profit is inadequate, the Managing Director will be entitled to the aforesaid remuneration and the perquisites as specified in para I and III above provided that the salary and perquisites put together shall not exceed the ceiling specified under Section II part II of Schedule XIII of the Companies Act, 1956."

"The Managing Director shall be entitled to be reimbursed and paid out all costs, charges and expenses, if any, paid, spent or incurred by him for and on behalf of and on account of the Company in the discharge and execution of his duties as Managing Director of the Company or otherwise, in connection with the business and affairs of the Company."

"The Managing Director shall not be liable to retire by rotation and he is not entitled to receive any sitting fees for attending the meeting of the Board of Directors or Committees there of."

"Resolved further that the Board of Directors be and is hereby authorised to vary the said terms and conditions of remuneration subject to the limits set out in the existing applicable Schedule XIII of the Companies Act, 1956 and in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of the companies Act, 1956, the Board of Directors of the company be and is hereby authorised to vary or increase remuneration including salary, commission, perquisites etc. within such prescribed limit or ceiling."

"Resolved further that the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to this resolution."

7. 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 to Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the consent of the company be and is hereby accorded to the appointment of Shri J.M.Sanghvi as Whole-time Director of the company w.e.f 01.11.03 for a period of 5 years on the following terms and conditions."

"Resolved further that the terms of remuneration shall be governed by the existing applicable schedule XIII of the Companies Act, 1956 and will be as under :

- i. **SALARY** : Rs. 80,000/- per month (Rupees Eighty Thousand) in the scale of Rs.80,000----10,000----1,20,000.

Provided that the next increment shall become due from 1st April, 2004.

- II. **COMMISSION** : In addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956.

- III. **PERQUISITES** : In addition to the salary he shall be entitled to perquisites such as fully furnished house or house rent allowance in lieu thereof; expenses incurred on gas, electricity, water and furnishing, repairs, medical benefits for self and family, leave travel concession for self and family, club fees, personal accident insurance and mediclaim policy and / or any other allowances provided that such perquisites be restricted to Rs. 3,50,000/- per annum.

- IV. The salary and perquisites as mentioned above at items 1,2 and 3 will be exclusive of

- (a) **Provident Fund** : Contribution of Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.

- (b) **Gratuity** : Gratuity not exceeding half month's salary for each completed years of service

- (c) **Encashment of Leave** : Leave unavailed of to be allowed to be encashed as per rules of the Company.

- V. **Car and Telephone** : Provision of car with driver, and Telephone at the residence, (Personal use of car and long distance personal telephone calls will be chargeable to the appointee) which shall not be included in the computation of perquisites."

"Resolved further that if in any accounting year there is no profit or the profit is inadequate, the Whole-time Director will be entitled to the aforesaid remuneration and the perquisites as specified in para I and III above provided that the salary and perquisites put together shall not exceed the ceiling specified under Section II part II of Schedule XIII of the Companies Act, 1956."

"The Whole-time Director shall be entitled to be reimbursed and paid out all costs, charges and expenses, if any, paid, spent or incurred by him for and on behalf of and on account of the Company in the discharge and execution of his duties as Director of the Company or otherwise in connection with the business and affairs of the Company."

The Whole-time Director shall not be liable to retire by rotation and he is not entitled to receive any sitting fees for attending the meeting of the Board of Directors or Committees there of."

"Resolved further that the Board of Directors be and is hereby authorised to vary the said terms and conditions of remuneration subject to the limits set out in the existing applicable Schedule XIII of the Companies Act, 1956 and in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of the companies Act, 1956, the Board of Directors of the company be and is hereby authorised to vary or increase remuneration including salary, commission, perquisites etc. within such prescribed limit or ceiling."

"Resolved further that the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to this resolution."

8. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"Resolved that in partial modification of the resolution passed by the Members at the Fourteenth Annual General Meeting of the Company, held on 31st December, 1998 and pursuant to Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provision, if any of the companies Act, 1956, the consent of the Company be and is hereby accorded to pay the revised remuneration to Shri P. M. Sanghvi as Managing Director and Shri J. M. Sanghvi as Whole-time Director of the Company w.e.f. 1st April, 2003 for the remaining period of their tenure of office i.e. upto 31st October, 2003, as under :

Shri P. M. Sanghvi - Rs. 1,00,000/- p.m. (Rupees One Lac p.m.)

Shri J. M. Sanghvi - Rs. 80,000/- p.m. (Rupees Eighty Thousand p.m.)

"Resolved further that the Board of Directors / Remuneration Committee of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to this resolution".

**Registered Office :**  
17, Rajmugat Society  
Naranpura Char Rasta  
Ahmedabad - 380 013  
29th July, 2003

By the Order of the  
Board of Directors  
**V.C. Bhagat**  
Company Secretary

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the commencement of the meeting.
3. The Registrar of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16th September, 2003 to Tuesday 30th September, 2003. (Both days inclusive).
4. The Dividend, if declared will be made payable from 13th October, 2003 to 12th January, 2004

(a) to those members whose names appear in the Register of Members of the Company after giving effect to all valid transfers in physical form lodged with the Registrar and Share Transfer Agent of the Company before 16th September, 2003 and

(b) in respect of shares held in electronic form to those members whose names appear on the statements of beneficial owners furnished by NSDL and CDSL as at the end of the business hours on 15th September, 2003.

Members are requested to note that the Dividend Warrants are payable at par at the Branches as printed overleaf of Dividend Warrants within the initial validity period of three months. Thereafter, Dividend warrants on re-validation are payable on collection basis only at controlling branch at Ahmedabad. The members are therefore advised to encash their Dividend Warrants within the initial validity period.

5. Queries on "Account and Operations" of the Company if any, may please be sent to the Company ten days in advance of the Meeting so that the answers are readily available at the meeting.
6. Kindly quote your LF Number in all your future correspondence.
7. Members are requested to bring their copy of the Annual Reports to the Annual General Meeting of the Company.
8. Members are also requested to intimate to the Company, if shares are held in the same name or in the same identical order of names, in more than one account, to enable us to amalgamate all such accounts into one.
9. The Company has already transferred unclaimed Dividend declared for the Financial Year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Company's unpaid Dividend Rules, 1978.

In view of the recent amendments to the Companies Act, 1956 the details of the unpaid Dividend that are due for transfer to the Investor Education and Protection Fund set up by the Central Government are as follows:

Date of Declaration	For the Financial Year	Due for Transfer on	Unpaid Amt. (Rs. in lacs)
30.12.1996	1995-1996	09.02.2004	0.19
22.10.1997	1996-1997	02.12.2004	0.10
31.12.1998	1997-1998	10.02.2005	3.22
30.09.1999	1998-1999	29.10.2006	1.15
25.05.2000	1999-2000	24.06.2007	1.21
29.09.2001	2000-2001	28.10.2008	1.34

Members who have not encashed their Dividend Warrants may approach to the Company immediately for re-validation before

the above due dates as otherwise no claim thereafter shall lie against the Fund or the Company in respect of such unclaimed Dividend Amount.

10. Securities and Exchange Board of India (SEBI) has made it compulsory to trade in your Company's equity shares in dematerialised form by all investors with effect from 26th March, 2001

The shareholders are, therefore, advised to convert their shareholdings in demat form by opening a demat account with any of the depository participants, who acts as an agent of NSDL/ CDSL.

11. The Company has appointed Pinnacle Share Registry Pvt. Ltd. as its Registrar and Share transfer agent w.e.f 01.04.03 as per SEBI's circular dtd. 27.12.02. All the shareholders of the company are therefore requested to correspond directly with them at the following address in the matters related both for the transfer of shares as well as for dematerialisation of the shares.

Shri Gautam V Shah, Pinnacle Share Registry Pvt. Ltd., Unit : Ratnamani Metals & Tubes Ltd., Near Ashoka Mills, Naroda Road, Ahmedabad - 380 025, Tel No. 2204226, 2200591, 2200582, Fax No.91-079-2202963

12. Members are requested to notify immediately any change in their address / Bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical shares Folios to the Registrar and Share Transfer agent of the company namely Pinnacle Share Registry Pvt. Ltd., Unit: Ratnamani Metals & Tubes Ltd., Near Ashoka Mills, Naroda Road, Ahmedabad - 380 025

13. Explanatory statement, as required under section 173(2) of the Companies Act, 1956 in respect of items 5, 6, 7 and 8 of the notice, is annexed here to.

14. With a view to providing protection against fraudulent encashment of Dividend Warrants, members are requested to provide their Bank Account Numbers, names of the Banks and addresses of the Branches to enable to Company to incorporate the said detail in the Dividend Warrants.

15. Pursuant to the Corporate Governance Code, the particulars of Directors who are proposed to be re-appointed are given below:

(1) Name : Shanti M. Sanghvi

Age : 38

Qualification : Undergraduate

Experience & Expertise : He was a Director on the Board of erstwhile Ratnamani Engineering Limited with effect from, 27th September, 1988. He also worked as a Whole-Time Director on the Board of Erstwhile Ratnamani Fine Tubes Pvt. Ltd.

Other Directorship : Shanti FinCap Pvt. Ltd.

Shareholding in the Company : 1,36,649

Relationship with other Directors of the Company : Shri. Shanti M. Sanghvi is the brother of Shri. Prakash M. Sanghvi and Shri. Jayanti M. Sanghvi, Directors of the Company.

(2) Name : Prakash M. Sanghvi

Age : 47

Qualification : Matriculation

Experience & Expertise : He was a Director on the Board of erstwhile Ratnamani Engineering Limited. He has an experience of more than 25 years in the field of Corporate Planning and Management of the Company. He also possess





good knowledge for marketing, finance and development of projects and has established a wide distribution network in Tubes and Pipes.

Other Directorship : Rathnamani Holdings Pvt. Ltd. Prakash Fincap Pvt. Ltd. Jayanti Finstock Pvt. Ltd. Babulal Holdings Pvt. Ltd. Chunilal Holdings Pvt. Ltd. Shanti Fincap Pvt. Ltd. Pavan Finstock Pvt. Ltd.

Shareholding in the Company : 2,79,800

Relationship with other Directors of the Company : Shri Prakash M Sanghvi is the brother of Shri Jayanti M. Sanghvi & Shri S. M. Sanghvi, Directors of the Company

(3) Name : Jayanti M. Sanghvi

Age : 45

Qualification : 1<sup>st</sup> B. Com

Experience & Expertise : He has excellent Government and business contacts. He has experience of about 25 years in the field of factory administration. He is a key person for monitoring the production, project implementation and human resource management.

Other Directorship : Oswal Organisers Pvt. Ltd. Jayanti Finstock Pvt. Ltd.

Shareholding in the Company : 3,72,971

Relationship with other Directors of the Company : Shri. Jayanti M Sanghvi is the brother of Shri. Prakash M. Sanghvi & Shri S. M. Sanghvi, Directors of the Company

#### ANNEXURE TO THE NOTICE

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

##### ITEM NO. 5

The Shareholders of the company in their meeting held on 31st December, 1998, appointed Shri. Shanti M Sanghvi as a Whole-time Director with effect from 1st November, 1998 for a period of three years which expired on 31st October, 2001. The shareholders have also re-appointed Shri Shanti M Sanghvi as a whole-time Director with effect from 1st November, 2001 for a period of 1 year which expired on 31st October, 2002. On the recommendation of the remuneration committee the Board of Directors of the Company re-appointed Shri Shanti M Sanghvi as a whole-time Director with effect from 01.11.02 for a period of 5 years subject to the approval of the members of the company in the general meeting at remuneration including salary of Rs. 30,000/- per month in the scale of Rs. 30,000---3,000----45,000. However in view of the revision in the salary of Managing Director and other Whole-time Directors, the remuneration committee and the Board of Directors of the Company considered the matter regarding the remuneration being paid to Shri S. M. Sanghvi under existing terms of appointment. The remuneration committee and the Board of Directors of the Company at its meeting held on 29th July, 2003 thought fit and appropriate to revise the remuneration of Shri S. M. Sanghvi as mentioned under Clause b under heading of salary. Accordingly suitable resolutions have been passed by the Board of Directors of the Company subject to the approval of the members of the Company in the general meeting.

Shri. Shanti M Sanghvi, is responsible for co-ordinating support service between the customers and central marketing division of the company as well as finalising offers with customers in the country. Mr. Shanti M Sanghvi is based in Mumbai and closely associated with metal market. He also ensures effective after-sales service to the customers. He is also looking after maintaining the Administrative work of the Company's Branch office at Mumbai.

During the last five years Shri. Shanti M Sanghvi was paid remuneration as shown below:

Year	Salary (Rs.)	Commis- sion (Rs.)	Perqui- sites (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
1998-1999	1,80,500	-	-	21,600	2,02,100
1999-2000	2,40,000	-	-	28,800	2,68,800
2000-2001	2,40,000	-	-	52,800	2,92,800
2001-2002	2,65,000	-	-	61,800	3,26,800
2002-2003	3,25,000	5,00,000	-	70000	8,95,000

His present term of appointment and remuneration is mentioned in resolution NO. 5 Considering the experience, qualification and present services of Shri. Shanti M Sanghvi, the Board is of the opinion that it would be appropriate to re-appoint him as a Whole-time Director for a further period of five years.

The Board of Directors recommends his re-appointment.

Shri. Shanti M. Sanghvi is concerned or interested in the said Resolution as it relates to his own appointment as Director (Marketing) and the payment of remuneration to him. Shri. Prakash M. Sanghvi and Shri. Jayantilal M. Sanghvi, Directors of the Company are also concerned or interested in the said Resolution as they are relatives of Shri. Shanti M. Sanghvi. None of the other Directors of the Company is interested or concerned in the resolution.

The terms of appointment as mentioned in resolution No. 5 may be treated as an abstract of the terms of his appointment and memorandum of interest as required under section 302 of the Companies Act, 1956.

The company will enter into new agreement which Shri S. M. Sanghvi for his re-appointment as Managing Director embodying the principle terms and conditions enumerated in the resolution: A draft agreement will be open for inspection by the members of the company at the registered office of the company on any working days between 11.00 a.m. to 1.00 p.m.

##### Item No.6

Shri P. M. Sanghvi was re-appointed as Managing Director of the Company at the 14th Annual General Meeting held on 31st December, 1998 for a period of 5 years w.e.f 01.11.98 at a remuneration within the overall limit provided in the Schedule XIII of the Companies Act. Shri P. M. Sanghvi is looking after marketing, finance and development of projects and has established a wide distribution network in Tubes and Pipes.

During the past five years, Shri P. M. Sanghvi was paid remuneration as shown below :

Year	Salary (Rs.)	Commis- sion (Rs.)	Perqui- sites (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
1998-1999	305000	350000	142669	36600	834269
1999-2000	480000	200000	31098	57600	768698
2000-2001	480000	500000	-	105600	1085600
2001-2002	480000	500000	-	105600	1085600
2002-2003	480000	500000	-	105600	1085600

In order to enable the company to continue to benefit from his wide and varied knowledge and experience of more than 25 years in the field of Corporate Planning and Management of the company, the Board of Directors of the Company, on the recommendation of the remuneration committee and subject to the approval of the members of the company in the general meeting, thought fit to re-appoint him for a period of 5 years w.e.f. 01.11.03 on the terms and conditions of remuneration enumerated in the resolution.



His terms of remuneration as specified in the resolution are in conformity with the provisions of Schedule XIII of the Companies Act, 1956. However, the Board of Directors are being empowered to review and revise his remuneration and grant suitable increase whether by way of salary, commission, allowance and or perquisites within the over all limits. The Board of Directors recommend the resolution for approval of the members.

The company will enter into new agreement which Shri P. M. Sanghvi for his re-appointment as Managing Director embodying the principle terms and conditions enumerated in the resolution. A draft agreement will be open for inspection by the members of the company at the registered office of the company on any working days between 11.00 a.m. to 1.00 p.m.

The terms and conditions of re-appointment and remuneration payable to Shri P. M. Sanghvi as Managing Director of the Company as set out in the notice and explanatory statement should be treated as an abstract of the terms of his appointment and memorandum of interest under Section 302 of the act.

Shri P. M. Sanghvi is concerned or interested in the resolution as it relates to his own appointment as Managing Director and the payment of remuneration to him.

Shri J.M.Sanghvi and Shri S. M. Sanghvi, Directors of the Company are also concerned or interested in the said resolution as they are relatives of Shri P. M. Sanghvi. None of the other Directors of the Company is interested or concerned in the resolution.

#### Item No.7

Shri J.M.Sanghvi was re-appointed as Whole-time Director of the Company at the 14th Annual General Meeting held on 31st December, 1998 for a period of 5 years w.e.f 01.11.98 at a remuneration within the overall limit provided in the Schedule XIII of the Companies Act.

During the last five years Shri J.M.Sanghvi was paid remuneration as shown below :

Year	Salary (Rs.)	Commis- sion (Rs.)	Perqui- sites (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
1998-1999	255000	350000	56135	30600	691735
1999-2000	360000	200000	41150	43200	644350
2000-2001	360000	500000	71345	79200	1010545
2001-2002	360000	500000	49936	79200	989136
2002-2003	360000	500000	51565	79200	990765

In order to enable the company to continue to benefit from his wide and varied knowledge and experience of about 25 years in the field of factory administration and excellent development of business contacts, the Board of Directors of the Company, on the recommendation of the remuneration committee and subject to the approval of the members of the company in the general meeting, thought fit to re-appoint him for a period of 5 years w.e.f. 01.11.03 on the terms and conditions of remuneration enumerated in the resolution.

His terms of remuneration as specified in the resolution are in conformity with the provisions of Schedule XIII of the Companies Act, 1956. However, the Board of Directors are being empowered to review and revise his remuneration and grant suitable increase whether by way of salary, commission, allowance and or perquisites within the over all limits. The Board of Directors recommend the resolution for approval of the members.

The company will enter into new agreement which Shri J.M.Sanghvi for his re-appointment as Whole-time Director embodying the principle terms and conditions enumerated in the resolution. A draft agreement will be open for inspection by the members of the company at the registered office of the company on any working days between 11.00 a.m. to 1.00 p.m.

The terms and conditions of re-appointment and remuneration payable to Shri J.M.Sanghvi as Whole-time Director of the Company as set out in the notice and explanatory statement should be treated as an abstract of the terms of his appointment and memorandum of interest under Section 302 of the act.

Shri J.M.Sanghvi is concerned or interested in the resolution as it relates to his own appointment as Whole-time Director and the payment of remuneration to him. Shri P. M. Sanghvi and Shri S. M. Sanghvi, Directors of the Company are also concerned or interested in the said resolution as they are relatives of Shri J.M.Sanghvi. None of the other Directors of the Company is interested or concerned in the resolution.

#### Item No. 8

Shri P. M. Sanghvi and Shri J. M. Sanghvi were appointed as Managing Director and Whole-time Director respectively of the Company for a period of 5 years w.e.f. 01.11.98 and their appointments were approved by the members at the 14th Annual General Meeting of the Company held on 31st October, 1998.

Shri P. M. Sanghvi was entitled to remuneration comprising of salary of Rs. 40,000/- per month and also commission and other perquisites, while Shri J. M. Sanghvi was entitled to remuneration comprising of salary of Rs. 30,000/- per month and commission and other perquisites as approved by the members.

During the tenure of their holding the office as Managing Director and Whole-time Director, the Company has registered and all round progress. The turnover and profitability has increased and the Company has registered growth under their leadership. The Board of Directors of the Company at its meeting held on 29th July, 2003 at the recommendation of the remuneration committee of the Board and subject to the approval of the members in General Meeting, has approved the revision in the remuneration of both the managerial personnel of the Company keeping in mind the overall increase in the cost of living and all round upgradation of the remuneration packages in the industry. The said revision is proposed to be effective from 1st April, 2003 till the remaining tenure of his office i.e. 31st October, 2003. All other terms and conditions of their appointment will remain unchanged.

None of Directors except Shri P. M. Sanghvi and Shri J. M. Sanghvi being appointee in the respective resolutions and alongwith Shri S. M. Sanghvi being related to them, is in any way concerned or interested in the said resolution.

The explanation together with the accompanying notice is to be regarded as an abstract of terms and their appointment and Memorandum on interest under Section 302 of the Companies Act, 1956. The Directors recommend the resolution as set out at item No.8 of the accompanying notice for your approval.

**Registered Office :**  
17, Rajmugat Society  
Naranpura Char Rasta  
Ahmedabad - 380 013  
29th July, 2003

By the Order of the  
Board of Directors  
**V.C. Bhagat**  
Company Secretary



## DIRECTORS' REPORT

To The Members

The Board of Directors have pleasure in presenting the NINETEENTH Annual Report with Audited Accounts of the Company for the year ended 31st March, 2003.

### 1 FINANCIAL RESULTS

	2002-2003	(Rs. in lacs) 2001-2002
Sales and Other Income	9347.64	8005.79
Profit before Depreciation and tax	642.05	616.58
Less: Depreciation	318.23	314.00
Profit before tax	323.82	302.58
Less: Provision for taxation	62.98	62.13
Deferred Tax Liability	43.43	41.42
Profit after Tax	217.41	199.03
Add Balance brought forward from previous year	423.28	324.25
Amount available for appropriation	640.69	523.28
Appropriations:		
General Reserve	358.92	100.00
Proposed Dividend	67.40	—
Dividend Tax	8.64	—
Balance carried to Balance Sheet	205.73	423.28
<b>TOTAL</b>	<b>640.69</b>	<b>523.28</b>

### 2. DIVIDEND :

Your Directors are pleased to recommend for the payment of Dividend of Rs. 1/- (10%) per equity share payable on 67,39,933 Equity Shares of the Company. This will absorb Rs. 76.04 /- lac including Dividend Tax.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS :

Performance of your Company was good during the year under review and could have been better but for the anxiety and uncertainty created by Gulf War II during the end of the year. The price structure of raw materials required by the Company was very volatile especially during the end of 2002-2003. Many of us are aware that the business of the Company largely depends on growth plans firmed up and implemented by the State Agencies besides expansion of domestic Petrochemical Industry and other mega projects. On the basis of overall assessment, Directors of your Company foresee a bright future.

Quality Management Systems have been appraised and approvals accorded by large customers for their requirement of Special Stainless Steel Tubes, HP & LP Heater and Condenser tubes. The approvals have already helped the Company to generate substantial business in the engineering sector for critical applications. The Quality Management System has also been evaluated by the Central Boiler Board and accorded recognition under Indian Boiler regulations as a "WELL KNOWN TUBE MAKER" for manufacture of Stainless Steel Seamless and Welded Tubes and Pipes. In view of this we have planned to add to the existing capacities and modernize the existing manufacturing capabilities both in SSTP and SP Divisions.

We have also received approval from Engineers India Limited for manufacture of ASTM A-358 Class Pipes required by Refineries and other projects. Pressure Equipment Derivative certification is expected shortly from Lloyds which would be an added qualification in exporting Heat Exchanger Tubes to Europe. For the Mobile Plant installed for Jobwork,

we have not been able to generate adequate orders because of lack of demand at home. Unpredictable price hikes in raw material prices had also suppressed the expected orders from the State agencies. However industrial climate is expected to get stabilized with resultant desirable impact on the business. Global and domestic competition is fierce and your Company has taken adequate measures to protect its interests and enhance market share.

### 4 DIRECTORS:

In accordance with the requirement of the Companies Act, 1956 and Article 170 of the Articles of Association of the Company, Shri. S. M. Sanghvi is liable to retire by rotation and being eligible offers himself for re-appointment.

### 5. DEPOSITS:

Your Company has not invited or accepted any deposits from Shareholders and Public during the year within the meaning of Section 58(A) of the Companies Act, 1956.

### 6. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure 'A' forming part of the Report.

### 7. PARTICULARS OF EMPLOYEES:

The particulars of employees under the Companies (Particulars of Employees) Rules, 1975 as amended upto date which are required to be included in the Directors Report pursuant to Section 217(2A) of the Companies Act, 1956 are not applicable as none of the employee is drawing remuneration exceeding Rs.2,00,000/- lacs per month or Rs.24,00,000/- lacs per year.

### 8. AUDITORS:

M/s. Mehta Lodha & Company, Chartered Accountants, retire but as they are eligible for re-appointment, your Directors recommend that they be re-appointed, as statutory Auditors of the Company until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be fixed by the Members.

### 9. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

The Board of Directors hereby state and confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed, alongwith proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for that period;
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for