

20th Annual Report 2003 - 2004



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RATNAMANI
METALS & TUBES LIMITED



सत्यमेव जयते

भारत सरकार

GOVERNMENT OF INDIA

वाणिज्य एवम् उद्योग मंत्रालय

MINISTRY OF COMMERCE & INDUSTRY

संयुक्त महानिदेशक, विदेश व्यापार का कार्यालय

OFFICE OF THE JOINT DIRECTOR GENERAL OF FOREIGN TRADE

मान्यता प्रमाण पत्र

Certificate of Recognition

निर्यात सदन

EXPORT HOUSE

मैसर्स.....

(आयातक-निर्यातक कोड-संख्या आयकर स्थायी खाता सं.) को
निर्यात-आयात नीति के उपबन्धों के अनुसार एतद् द्वारा निर्यात सदन के रूप में मान्यता दी जाती है।
यह प्रमाण-पत्र, 1 अप्रैल, से 31 मार्च तक वर्षों की अवधि के लिए वैध है।

M/s. RATNAPANI METALS & TUBES LTD., 17, RAJNAGAT SOCIETY,
NARANPURA CHAR RASTA, ANKUR ROAD, AHMEDABAD-380 013

(IEC No. 0888007264 and Income Tax PAN No. AAAPR1742E)

are hereby accorded the status of an **Export House** in accordance with the provisions of the
Exim Policy. This Certificate is valid for a period of **Four** years effective from 1st April, 2003
to 31st March, 2007

सं० N^o 012714

No

तारीख 01.07.2003

Date

स्थान AHMEDABAD

Place



(VIJAYKUMAR SHEWALE)

अतिरिक्त निर्यात आयुक्त /

संयुक्त महानिदेशक, विदेश व्यापार

ADDITIONAL EXPORT COMMISSIONER

JOINT DIRECTOR GENERAL
OF FOREIGN TRADE



RATNAMANI
METALS & TUBES LTD.
 AHMEDABAD

Board of Directors	: Shri S. Solanki Shri Prakash M. Sanghvi Shri Jayantilal M. Sanghvi Shri Shanti M. Sanghvi Shri D.C. Anjaria Dr. Vinodkumar M. Agrawal Shri Pravinchandra M. Mehta	<i>Chairman</i> <i>Managing Director</i> <i>Whole-time Director</i> <i>Director (Marketing)</i> <i>Director</i> <i>Director</i> <i>Additional Director (Appointed on 30.07.2004)</i>
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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

**NOTICE**

NOTICE is hereby given that the TWENTIETH Annual General Meeting of the Members of **RATNAMANI METALS & TUBES LIMITED** will be held on Thursday, the 30th September, 2004 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, 2004 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. D. C. Anjaria who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. V. M. Agrawal who retires by rotation and being eligible offers himself for re-appointment.
5. 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

6. Ordinary Resolution :

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Pravinchandra Maganlal Mehta who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 148 of the Articles of Association of the Company by the Board of Directors and who holds office up to the date of ensuing Annual General Meeting and being eligible for re-appointment be and is hereby appointed as a Director of the Company liable to retire by rotation in terms of the provisions of Article 170 of the Articles of Association of the Company."

7. Ordinary Resolution :

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in modification of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 30th December, 1996, consent of the Company pursuant to the provision of Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sum or sums or money as it may consider fit for the purpose of the business of the Company, notwithstanding that the monies to be so borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of Rs. 100 crores (Rupees One Hundred Crores only)"

Registered Office :
17, Rajmugat Society
Naranpura Char Rasta
Ahmedabad - 380 013
30th July, 2004

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 Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 16th September, 2004 to Thursday 30th September, 2004. (Both days inclusive).
4. The Dividend, if declared will be made payable from Thursday, 07th October, 2004 to 06th January, 2005
 - (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, 2004 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, 2004.

Members are requested to note that the Dividend Warrants are payable at par with the initial validity period of three months.

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. The Company has already transferred unclaimed Dividend declared for the Financial Year ended 31st March, 1996 to the Investor Education and Protection Fund 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 lac)
22.10.1997	1996-1997	02.12.2004	0.10
31.12.1998	1997-1998	10.02.2005	3.13
30.09.1999	1998-1999	29.10.2006	1.14
25.05.2000	1999-2000	24.06.2007	1.19
29.09.2001	2000-2001	28.10.2008	1.29
30.09.2003	2002-2003	29.10.2010	1.69

Members who have not encashed their Dividend Warrants may approach to the Company immediately for re-validation as otherwise no claim thereafter shall lie against the Fund or the Company in respect of such unclaimed Dividend Amount.

9. The Company has appointed Pinnacle Share Registry Pvt. Ltd. as its Registrar and Share transfer agent w.e.f 01.04.03. 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. 22204226, 22200591, 22200582
Fax No.91-079-22202963

**Annexure to the Notice
Explanatory Statement Pursuant to Section 173(2) of the
Companies Act, 1956**

10. 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.
11. 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.
12. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of item 6 of the notice is annexed hereto.
13. Pursuant to the Corporate Governance Code, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

(1) Name : Divyabhash Chandrakant Anjaria

Age : 58 years

Qualification : MBA (Finance)

Experience & Expertise : 20 years experience with Citibank N.A.: out of which 7 years in India and 13 years in Africa, Middle East and Europe. His experience covered Trade Finance, Treasury and Investment Banking and Financial Control Functions. After returning to India in 1989, Mr. Anjaria worked for Unit Trust of India and served on Government Committees on Capital Market and Mutual Funds. On behalf of Unit Trust of India, Shri Anjaria led a team of Indian Experts to advise the Government of Indonesia on their capital markets. Mr. Anjaria was a prominent member of the L C Gupta Committee on derivatives. He is a consultant on derivatives and risk management.

Other Directorship : International Financial Solutions Pvt. Ltd. Nucleus Holdings Pvt. Ltd. E-Cube India Solutions Ltd. OTC Exchange of India Ltd. Shri Adhikari Brothers Television Network Ltd. UTI Securities Ltd.

Shareholding in the Company : 133

Relationship with other Directors of the Company : Nil

(2) Name : Dr. Vinodkumar Mahavirprasad Agrawal

Age : 56 Years

Qualification : MBBS

Experience & Expertise : Renowned doctor. In practice since last 33 years

Other Directorship : Nil

Shareholding in the Company : 500

Relationship with other Directors of the Company : Nil

(3) Name : Pravinchandra Maganlal Mehta

Age : 65 years

Qualification : B.E. (Mechanical)

Experience & Expertise : Worked in Larsen & Toubro Limited in different capacities and areas such as Engineering, Marketing, Manufacturing, all Technical Depts. and subsequently In-charge of 9 Business Units. Retired from L&T as Senior Vice President & Member of the Board on 30.04.2004

Business Strategies, Market growth, Engineering & Manufacturing

Other Directorship : Nil

Shareholding in the Company : 200

Relationship with other Directors of the Company : Nil

ITEM NO. 6

The Board of Directors in its meeting held on 30th July, 2004 appointed Shri Pravinchandra Maganlal Mehta as an additional Director of the Company under Section 260 of the Companies Act, 1956 and Article 148 of the Articles of Association of the Company and therefore he holds the office up to the date of ensuing Annual General Meeting. The Company has received notice from the shareholder of the Company together with requisite deposits, under Section 257 of the Companies Act, signifying his intention to propose Shri Pravinchandra Maganlal Mehta as an Additional Director of the Company at the ensuing General meeting.

Shri Mehta is a graduate in Mechanical Engineering. He joined as a Junior Engineer in L&T in 1965. He was thereafter promoted as General Manager in the year 1990 and was incharge of group II Unit Equipment. He was also given responsibility for Hazira factory. He was inducted in the Board of L&T in 2002. At the time of retirement, he was incharge of nine different business unit with eight factories located at different places in India.

During the tenure of his service, L&T developed technologies to manufacture critical process plant equipment, Nuclear reactors, space satellites and various defence equipment. Shri Mehta has travelled abroad several times and is in continuous touch with leading consultants and customers all over the world. He is wellknown in industrial circle in India and abroad.

He represented L&T in number of forums and was on Board of number of joint ventures promoted by L&T. He has special quality for development and vision to exploit export potential of engineering products from India.

None of the Directors of the Company except Shri Pravinchandra Maganlal Mehta may be deemed to be concerned or interested in the resolution.

The Board of Directors recommend the resolution for approval of the members.

ITEM NO. 7

At the 12th Annual General Meeting of the Company held on 30th December, 1996 an Ordinary resolution was passed authorising the Board of Directors to borrow money, in excess of the Company's paid up capital and free reserves to the extent of Rs. 50 crores. The turnover of the Company during the financial year under review increased to Rs. 133/- crores and therefore to finance the increasing volume of the operation of the company, your Company is in need of long term resources. Moreover the Board of Directors have also decided to implement the project in the Kutch area District Anjar for the manufacture of ERW Pipes, Spiral Pipes, S. S. Welded, Seamless Pipes and Tubes and therefore the requirement of funds would also be increased substantially in future.

In view of the above, the consent of the Members of the Company under Section 293(1)(d) of the Companies Act, 1956 is required to enable Board of Directors to borrow upto an amount of Rs. 100/- crores (Rupees One Hundred Crores only) over and above the paid up capital and free reserves of the Company.

Your Directors, therefore, recommend adoption of the Resolution.

None of the Directors is concerned or interested in the Resolution.

Registered Office :
17, Rajmugat Society
Naranpura Char Rasta
Ahmedabad - 380 013
30th July, 2004

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 TWENTIETH Annual Report with Audited Accounts of the Company for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	2003-2004	2002-2003
Sales and Other Income	13337.54	9347.64
Income from Power Generation	97.54	33.31
Profit before Depreciation and tax	983.23	642.05
Less: Depreciation	356.27	318.23
Profit before tax	626.96	323.82
Less : Provision for taxation	66.65	62.98
Deferred Tax Liability	154.34	43.43
Profit after Tax	405.97	217.41
Add Balance brought forward from previous year	205.73	423.28
Amount available for appropriation	611.70	640.69
Appropriations:		
General Reserve	300.00	358.92
Proposed Dividend	90.00	67.40
Dividend Tax	11.53	8.64
Balance carried to Balance Sheet	210.17	205.73
TOTAL	611.70	640.69

2. DIVIDEND :

Your Directors are pleased to recommend Dividend of Rs. 1/- per equity share (10%) payable on 90,00,000 Equity Shares of the Company. This will absorb Rs.101.53 lac including Dividend Tax.

3. CAPITAL :

The shareholders at the Extraordinary General Meeting held on 30th October, 2003 unanimously authorized the Board of Directors for the issue of Equity shares on preferential basis. Accordingly, the Board of Directors of the Company in their meeting held on 16th December, 2003 allotted 22,60,067 Equity shares of Rs.10/- each for cash at a premium of Rs.10/- by way of preferential issue to the Promoters and other persons in public. The Equity capital of the Company is therefore increased to Rs.900/- lacs from Rs.673.99 lacs. The listing of the increased capital is approved by Mumbai and Ahmedabad Stock Exchanges. Total amount received against this preferential allotment is fully utilized for capital expenditure plans and for working capital requirement.

4. REVIEW OF OPERATIONS :

During the year under review the price structure of Raw Material namely Carbon Steel Plates & Coils was unpredictable and volatile both in the International and domestic Market. There was, now and then, steep increase in the price. Moreover, uncertainties were prevailing in the global market which could have had serious impact on the performance of your company but for the foresight and advance planning for procurement of Raw Material.

In spite of this during the year under review, overall production in terms of tonnage was substantially higher in both the divisions. Due to this, the turnover increased to Rs.133.36 crore from Rs.93.47 crore in the previous year - an increase of 43%. Performance of your Company during the year was good.

5. MANAGEMENT DISCUSSION AND ANALYSIS :

Your Company has invested in an additional Tube Mill, Finishing Equipments and Testing facilities to increase the capacity of Pipes and Tubes in SSTD Division. Investment has also been made in SAW Pipe Division to increase the plant capacity besides installing additional testing facilities. It is expected that demand for C. S. Pipes as well as Stainless Steel Tubes and Pipes would appreciably increase. Keeping this in view your Company has decided to go in for a greenfield C. S. Pipe Plant in Kutch area. The order will be placed in the current financial year for all the equipment and machinery required for this plant. You will be glad to know that your Company has installed and commissioned another Wind Mill for green power generation.

The Board of Directors foresee growth potential in C. S. Pipe and Stainless Steel Tube / pipe demand. Your Company is committed to benchmarking itself with the best in all areas including Corporate Governance.

6 EXPORT HOUSE :

The Joint Director General of Foreign Trade, New Delhi accorded your Company the status of an Export House in accordance with the provisions of the Exim Policy for a period of 4 years effective from 1st April, 2003 to 31st March, 2007. Your Company will therefore get certain benefits available to the Export House status industries.

7. DIRECTORS :

In accordance with the requirement of the Companies Act, 1956 and Article 170 of the Articles of Association of the Company, Shri D. C. Anjaria and Shri V. M. Agrawal are liable to retire by rotation and being eligible offer for re-appointment.

Shri Pravinchandra Maganlal Mehta was appointed as an Additional Director of the Company w.e.f. 30.07.2004 and he will hold office upto date of ensuing Annual General Meeting of the Company.

**8. 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.

9. 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.

10. 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.

11. 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.

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

The Board of Directors hereby state and confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed,

alongwith proper explanation relating to material departures;

- (ii) 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;
- (iii) 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 safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the annual accounts on a going concern basis.

13. CORPORATE GOVERNANCE REPORT :

A separate report on Corporate Governance is enclosed as part of this Annual Report and marked as Annexure 'B'. Requisite Certificate from the Statutory Auditors of the Company regarding Compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report of Corporate Governance.

14. ACKNOWLEDGEMENTS :

The Directors hereby place on record their commendation of the valuable contribution by the employees. The Directors also express their gratitude to the Shareholders, Customers, Suppliers, Banks, Financial Institutions, and the Central and State Governments for their unwavering support to the Company.

For and on behalf of the Board of Directors

Ahmedabad
30th July, 2004

S. SOLANKI
Chairman

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.



ANNEXURE 'A' TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31.03.2004
ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

(A) CONSERVATION OF ENERGY:**(a) Energy conservation**

The Company has given utmost importance to Energy conservation by adopting the modern technology and has implemented energy conservation measures through small group activities and suggestions scheme. The Company has always given priority for minimization of energy consumption by putting continuous efforts towards optimization of operating and processing parameters and upgradation of Plant equipments.

(b) Additional investment

No separate A/c is maintained

(c) Impact of measures (a) and (b) above

Substantial Energy saving as compared to the previous power supply system.

(d) Total Energy consumption as per form "A":
Not applicable**(B) TECHNOLOGY ABSORPTION****(e) Efforts made in technology absorption as per Form B. : Form B enclosed .****(C) FOREIGN EXCHANGE EARNINGS AND OUTGO****(f) Activities relating to exports :**

Your company has exported Pipes to Germany, France, U.K., Egypt, U.S.A, Holland, U.A.E, Belgium, Indonesia and Australia.

(g) Total foreign exchange earnings used and earned.

Total Foreign exchange earnings (FOB) Rs.1381.16 Lac

Total Foreign exchange outgo Rs. 44.01 Lac

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D is carried out:**1. Installed Fibroscope****2. Installed Ultrasonic testing machine having more stringent levels of calibrations****2. Benefits derived :**

1. Can inspect internal surface of tubes through out the tube lengths

2. Can execute very critical nuclear application instrumentation tubes with 5% depth notch

3. Future plan of action:

The Company would continue research and development work to improve the systems.

4. Estimated expenditure on R&D

No separate record of expenditure is maintained.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**(1) Efforts in brief :**

The Quality Management system is being maintained efficiently so as to have improved image and quality of our products

(2) Benefits derived as a result of the above :

Improvement of operational efficiency and energy saving.

(3) In case of imported technology following information is furnished.

(a) Technology imported	:	}	
(b) Year of import	:	}	No technology has been
(c) Has technology been fully absorbed	:	}	acquired from import and
(d) If not fully absorbed	:	}	hence not applicable.

(D) Information on pollution control measures forming part of Directors' report

Your Company monitors and maintains environment and pollution control parameters at its plant site. The Company is maintaining proper effluent treatment plant and the treated water is used for plantation of trees.

For and on behalf of the Board of Directors

Ahmedabad
29th June, 2004

S. SOLANKI
Chairman