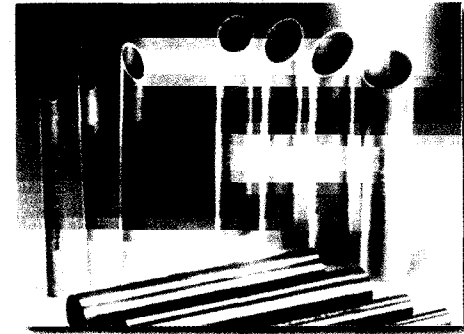
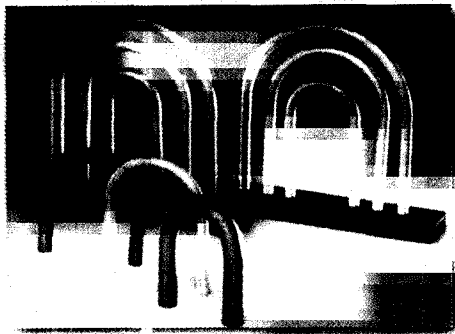
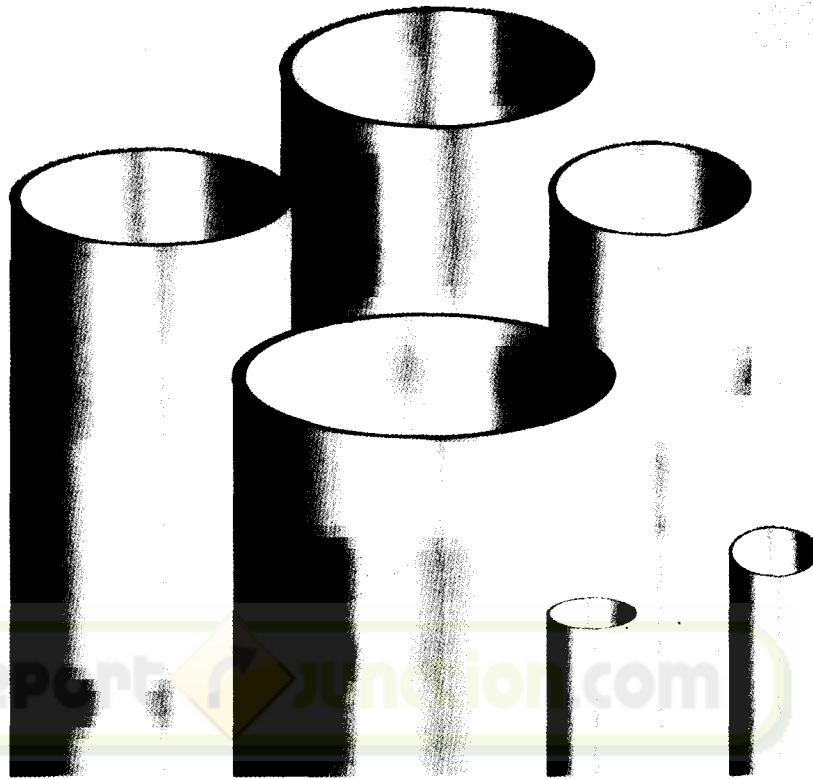
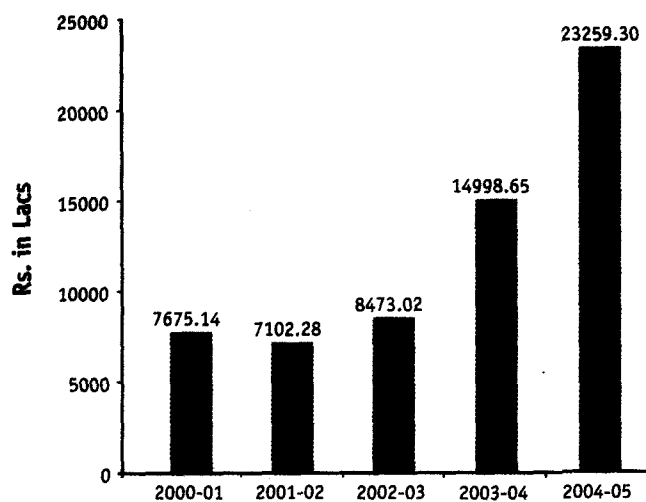


# 21st Annual Report 2004 - 2005

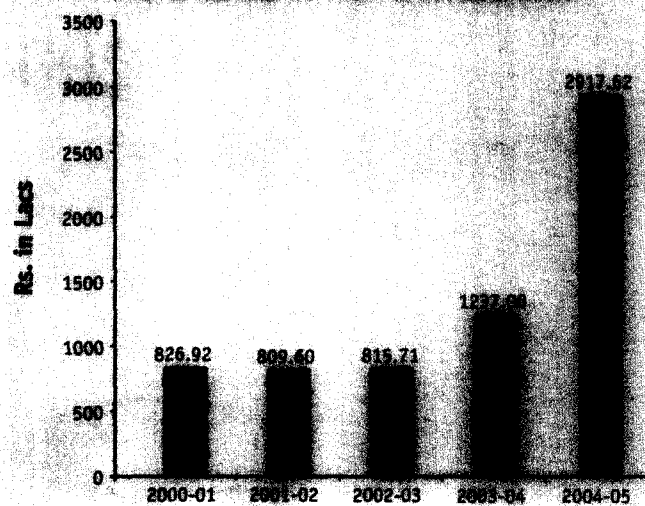


**RATNAMANI**  
METALS & TUBES LIMITED

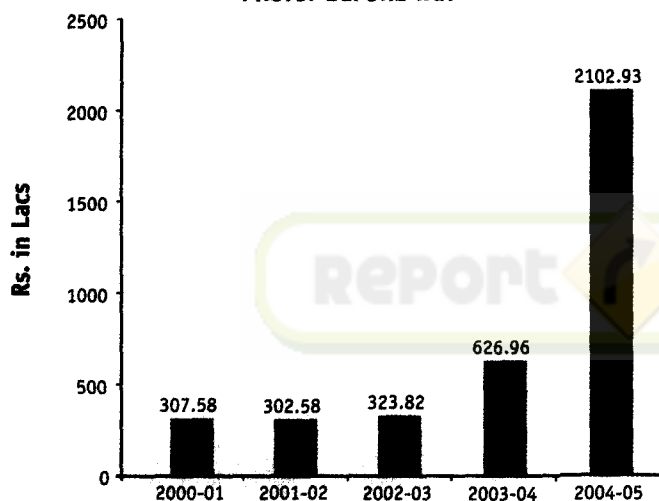
**GROSS TOTAL INCOME**



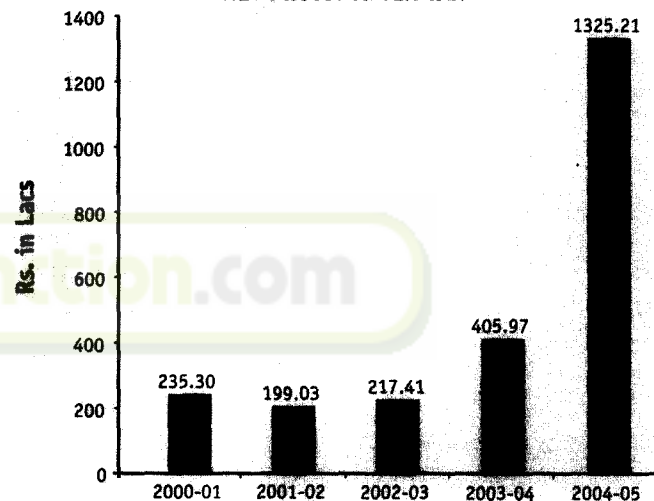
**PROFIT BEFORE INTEREST & DEPRECIATION**



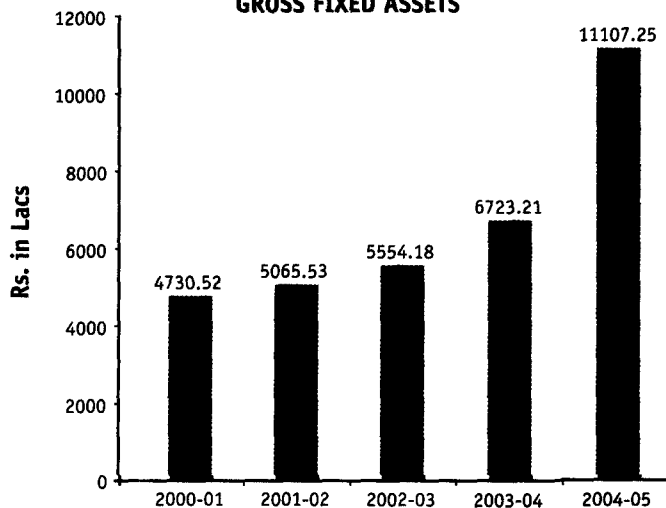
**PROFIT BEFORE TAX**



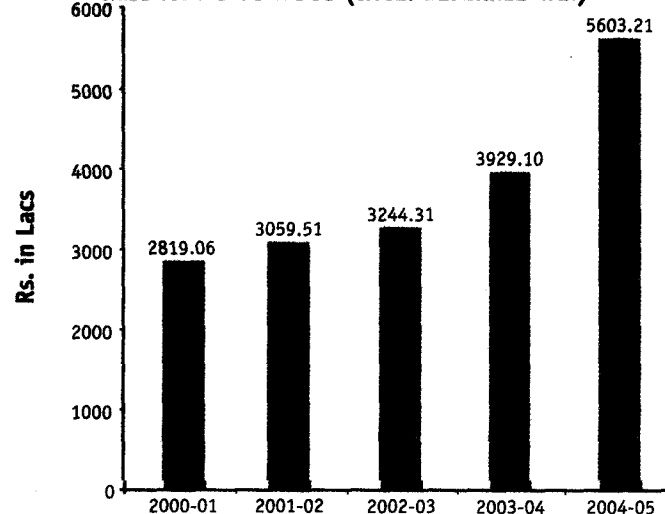
**NET PROFIT AFTER TAX**



**GROSS FIXED ASSETS**



**RESERVES & SURPLUS (INCL. DEFERRED TAX)**





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

**Board of Directors** : Shri S. Solanki *Chairman (upto 30-7-2005)*  
 Shri P. M. Sanghvi *Managing Director*  
 Shri J. M. Sanghvi *Whole-time Director*  
 Shri S. M. Sanghvi *Director (Marketing)*  
 Shri D. C. Anjaria *Director*  
 Dr. V. M. Agrawal *Director*  
 Shri P. M. Mehta *Director*

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

KUTCH DIVISION  
 Survey No. 474  
 Village - Bhimasar  
 Taluka - Anjar  
 Dist. - Kutch  
 GUJARAT



## FINANCIAL HIGHLIGHTS OF LAST FIVE YEARS

(Rs. in Lacs)

Financial Year	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Turnover &amp; Profitability</b>					
Gross Total Income	7675.14	7102.28	8473.02	13435.08	20679.41
Profit before Interest & depreciation	826.92	809.60	815.71	1237.00	2917.62
Profit Before Tax	307.58	302.58	323.82	626.96	2102.93
Net Profit after Tax	235.30	199.03	217.41	405.97	1325.21
Cash Profit	523.97	554.45	579.07	916.58	2315.40
<b>Balance Sheet</b>					
Gross Fixed Assets	4730.52	5065.53	5554.18	6723.21	11107.25
Ordinary Share Capital	673.99	673.99	673.99	900.00	900.00
Reserve & Surplus (incl. deferred tax)	2819.06	3059.51	3244.31	3929.10	5603.21
Secured Loan	752.09	414.49	67.70	14.58	3666.46
<b>Performance Ratios</b>					
PBIDT / Total Income	10.77%	11.40%	9.63%	9.21%	14.11%
Operating Profit / Total Income	4.01%	4.26%	3.82%	4.67%	10.17%
Return on Net-worth	6.74%	5.33%	5.55%	8.41%	20.38%
EPS Rs.	3.491	2.953	3.226	4.511	14.725
Book Value (Rs.)	51.66	55.31	58.13	53.66	72.26
Int. Coverage (times)	3.585	4.194	4.697	4.874	7.705
Current Ratio	1.668	1.444	1.263	1.264	1.048
D/E Ratio	0.27	0.15	0.10	0.11	0.68
Total Debt/Equity Ratio	0.79	0.80	0.96	0.91	1.56
Fixed Assets Coverage	3.43	5.69	8.40	8.29	2.40



## NOTICE

NOTICE is hereby given that the Twentyfirst Annual General Meeting of the Members of RATNAMANI METALS & TUBES LTD. will be held on Wednesday, 28th September 2005 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, 2005 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 appoint a Director in place of Shri S. Solanki, who was liable to retire by rotation at this Annual General Meeting and who has resigned with effect from 30th July, 2005. It is proposed not to fill up the resultant vacancy at present.
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 in modification of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 30th September 2004, 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.200 crores (Rupees Two Hundred Crores only)"

#### 7. Special Resolution :

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

"RESOLVED THAT pursuant to provisions of Section 31 and all other applicable provisions of the Companies Act,

1956, the Articles of Association of the Company be amended by insertion of a new Article 180 A after the existing Article 180 under the heading titled "Questions at Board Meeting how decided" reading as follows:

180 A "Questions arising at any Board Meeting shall be decided by majority of votes and in case of equality of votes, the Chairman shall have the second or casting vote."

#### Registered Office :

17, Rajmugat Society  
Naranpura Char Rasta  
Ahmedabad - 380 013  
29th July, 2005

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 Wednesday, 21st September 2005 to Wednesday, 28th September 2005 (Both days inclusive).
4. The Dividend, if declared will be made payable from 7th October 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 21st September 2005 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 the 20th September 2005

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 / Cl. ID 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, 1997 to the Investors Education and Protection Fund of the Central Government pursuant to Section 205C of Companies Act, 1956.



In view of the amendments to the Companies Act, 1956 the details of the unpaid Dividend that are due for transfer to the Investors 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)
31/12/1998	1997-1998	10/02/2006	2.85
30/09/1999	1998-1999	29/10/2006	1.10
25/05/2000	1999-2000	24/06/2007	1.15
29/09/2001	2000-2001	28/10/2008	1.26
30/09/2003	2002-2003	29/10/2010	1.64
30/09/2004	2003-2004	29/10/2011	1.58

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. 01/04/2003. 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 dematerialization of the shares.

Shri Gautam V. Shah, Pinnacle Share Registry Pvt. Ltd., Unit: Ratnamani Metals & Tubes Ltd., Near Ashoka Mills, Naroda Road, Ahmedabad-380025. Phone No.(079)22204226, 22200338, 22200582 Fax No.(079)22202963, Email: gautam.shah@psrp.com

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 the Company to incorporate the said details in the Dividend Warrants.
12. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of items 6 and 7 of the notice is annexed hereto.
13. Pursuant to the Corporate Governance Code, the particulars of Director, who is proposed to be re-appointed, are given below:

Name: Shri S.M. Sanghvi

Age: 43 Years

Qualification: Undergraduate

Experience: Shri S.M. Sanghvi 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: Nil

Shareholding in the Company: 1,36,649

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

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

##### ITEM No.6

In the last Annual General Meeting of the Company held on 30th September 2004 an ordinary resolution was passed authorizing Board of Directors to borrow money in excess of the Company's paid up capital and free reserves to the extent of Rs.100 crores. The turnover of the Company during the financial year 2004-05 increased over Rs.200 crores and your Company expects that the same would reach to about Rs.400 crores after stable production from the new facilities installed at Kutch.

Moreover the Company is in need of long-term resources for expansion programmes and for regular capital expenditure and therefore the borrowing limit is required to be increased.

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.200/- crores (Rupees Two 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.

##### ITEM No.7

The Company has adopted its own Articles of Association and the regulations contained in Table "A" Schedule I of the Companies Act, 1956 are not applicable to the Company.

Generally the decisions are taken at a meeting of the Board of Directors of the Company by majority except in cases where specific provisions are made under Companies Act, 1956. However it is felt that the provisions in the Articles of Association should be explicitly clear in this regard. With a view to bring more clarity in the matter, it is proposed to insert Article 180A after the existing Article 180 of the Articles of Association of the Company.

Under Section 31 of the Companies Act, 1956, the Articles of Association of a Company can be altered only by passing Special Resolution in General Meeting.

Your directors commend passing of the resolution as a Special Resolution as set out under Item 7 of the accompanying notice.

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

**Registered Office:**  
17, Rajmugat Society  
Naranpura Char Rasta  
Ahmedabad - 380 013  
29th July, 2005

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



## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Twenty first Annual Report with Audited Accounts of the Company for the year ended 31st March, 2005.

### 1. FINANCIAL RESULTS:

		(Rs. in lac)
	2004-2005	2003-2004
Gross Sales and Income from Operation	20679.41	13435.08
Profit before Depreciation and tax	2538.97	983.23
Less : Depreciation	436.04	356.27
Profit before tax	2102.93	626.96
Less : Provision for taxation	223.57	66.65
Deferred Tax Liability	554.15	154.34
Profit after Tax	1325.21	405.97
Add Balance brought forward from previous year	210.17	205.73
Amount available for appropriation	1535.38	611.70
Appropriations:		
General Reserve	1000.00	300.00
Proposed Dividend	180.00	90.00
Dividend Tax	25.25	11.53
Balance carried to Balance Sheet	330.13	210.17
Total	1535.38	611.70

### 2. DIVIDEND:

Your Directors are pleased to recommend Dividend of Rs. 2/- per equity share (20%) payable on 90,00,000 Equity Shares of the Company. This will absorb Rs.205.25 lacs including Dividend Tax.

### 3. REVIEW OF OPERATIONS:

Your Directors are happy to inform you that during the year under review, your Company has reported very satisfying performance. There has been an overall growth in the economy and more particularly in the infrastructure, heavy engineering, Oil & Gas and other Industrial segments.

During the year under review, your Company has registered gross sales of Rs.20455.28 lacs which represents 53.38% growth over the previous year, whereas net profit after tax stood at Rs.1325.21 lacs, which again represents 226.43% growth over the previous year. Your Company has achieved export sales of Rs.2398.06 lacs, which amounted to 11.72% of total sales.

### 4. FUTURE PROSPECT:

Your company manufactures wide range of Stainless Steel and Carbon Steel Pipes and Tubes serving a broad spectrum of industries which include Petroleum, Petrochemicals, Oil and Gas, Fertilizer, Power Plants, Nuclear, heavy Engineering, Pharmaceutical, Chemicals and water service.

Your company has built a strong order book and has been able to bag several prestigious orders from domestic as well as overseas Customers.

Ratnamani has an impressive clientele comprising of major public, private and joint sector domestic Companies. These customers include reputed corporates like L & T, Dodsai, GWSSB, HPCL, IOCL, BPCL, Reliance Industries, Godrej, BHEL etc. Your Company exports products to U.S., Europe, Gulf, CIS and Asia-Pacific Countries.

During the year under review, your Company received a prestigious order worth Rs.60.83 Crore from Gujarat Water Supply and Sewerage Board, Gandhinagar under Asian Development Bank (ADB) Funding for supply of 17000 MT of Pipes for rehabilitation of earthquake affected area of Jamnagar District. In value terms, this is one of the largest order received by the company in recent past and it bears testimony to the skills and systems developed by the Company. The execution of the said order would commence in the financial year 2005-06.

Indian economy is on steep trajectory and upsurged to an impressive growth of 7% in the financial year 2004-05, which is primarily aided by an impressive industrial growth rate of 8.3%. All major industrial segments including infrastructure are growing steeply. There has been a sharp rise in investments in the above sectors. Your Company is known to be a very strong player in the niche stainless steel tubes and pipes. The prospects for a steady and sustainable growth are bright for your Company.

Your Company received a substantially large export order from one of the overseas equipment manufacturers for the supply of Heat Exchanger Tubes for their projects. This will give us large opening for various requirements in this sector worldwide. Since we are putting up additional facility in Kutch for meeting the delivery terms of customers as per their needs, it is expected that our exports would considerably go up in the current financial year.

With the buoyancy in domestic and overseas economies, particularly in Gulf and Far-East Asia, we would continue and in fact, improve the Company's performance which would be satisfying in the years ahead.

Your Company's vision is to emerge as one of the prominent global players in this segment catering to the entire range of Stainless Steel and Carbon Steel Pipes and Tubes. Looking to the present buoyancy in economy, your Directors foresee comfortable future prospects for the Company.

### 5. ON GOING PROJECTS:

#### A) THE KUTCH PROJECT:

In view of the unfolding opportunities, your company has already embarked upon a Greenfield project at an estimated outlay of Rs.63.00 Crore for manufacture of Carbon Steel ERW, Spiral SAW Pipes as well as Stainless Steel Seamless Pipes and Tubes, Welded Pipes (large dia) and S.S. condenser Tubes in Kutch area in the state of Gujarat. This project is eligible for Sales Tax benefits and Central Excise benefits, under the Earthquake Rehabilitation Scheme announced by the State Government and the Central Government which are added incentives.

Your Directors wish to inform that the Company has already achieved full financial closure for the required Term Loan of Rs.44.00 Crore for the new project. The said financial closure is achieved through Term Loan



Facilities granted by ICICI Bank (UK) Ltd., Syndicate Bank and Bank of Maharashtra. The expansion project is in advanced stage of implementation and the Company has commenced trial production for some of the products in March 2005. It is scheduled to commence commercial production of some of the products by August 2005 and at full capacity by September 2005.

In the second phase, your Company plans to go in for creating capacities for backward integration into S.S. Extruded Mother Pipes, increase in SAW Pipes capacity and setting up value added coating lines. The impact of the revenue expected from the Kutch project will be felt from the F.Y. 2006-07.

**B) EXPANSION OF EXISTING CHHATRAL UNIT:**

During the year under review your Company has commissioned the third mobile plant for manufacturing higher thickness, tubulars for offshore platform applications.

**C) WIND POWER:**

During the year under review your Company has further invested around Rs. 11.50 crore in increasing the wind power capacity by 2.5 MW, making the total wind power capacity at 6.00 MW. Thus your Company has attained the status of 100% captive "Green Energy" generation.

**6. MANAGEMENT DISCUSSION AND ANALYSIS:**

Management discussion and analysis report is set out as separate Annexure "A".

**7. CERTIFICATE OF EXPORT EXCELLENCE:**

During the year under review your Company has been awarded by Engineering Export Promotion Council a Certificate of Export Excellence in recognition of achieving highest export performance during 2001-2002 amongst the Non-SSI exporters in the panel of Steel Pipes, Tubes and Fittings thereof.

**8. DIRECTORS:**

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

However Shri S. Solanki has conveyed his inability to continue as a director of the company with effect from 30th July, 2005 and accordingly his reappointment is not considered.

The Board of Directors places on record its sincere appreciation for the valuable guidance and excellent directions provided by Shri S. Solanki in the capacity as a director as well as chairman of the Board of Directors during his association of ten years with the Company.

**9. DEPOSITS:**

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

**10. 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 Board of Directors) Rules, 1988 is given in the Annexure "B" forming part of the Report.

**11. 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 attached herewith as per Annexure - "C".

**12. 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.

**13. 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.

**14. CORPORATE GOVERNANCE REPORT:**

A separate report on Corporate Governance is enclosed as part of this Annual Report and marked as Annexure "D". 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.

**15. ACKNOWLEDGEMENTS:**

The Directors hereby place on record their commendation of the valuable contribution made 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  
29th July, 2005

**S. SOLANKI**  
Chairman



## Annexure-A

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INDUSTRY

Your Company operates in one segment namely Steel Pipes & Tubes.

The Steel Tubes and Pipes industry can be broadly classified into:

- (a) Stainless Steel Tubes and Pipes
- (b) Carbon Steel Tubes and Pipes.

S.S. Tubes and Pipes are typically used in Heat Exchangers, Boilers, Refrigeration, Instrumentation, Hydraulics, Fuel Injection, Exhaust Systems for Automobiles, General Piping for Power Plants, Space Applications and Special Piping for Nuclear Applications.

From the above application profile it would be evident that major user industry segment would be Petrochemicals, Fertilizer, Refinery, Chemical, Power Plants, Sugar, Pump, Automobile, Food and Dairy, Paper, Pharmaceutical, Nuclear, Aeronautics, Space Research Centers, Atomic Energy, Ship Building, Railway Coaches etc.

Since Stainless Steel has much superior metallurgical properties, it is used as preferred metal in all the critical applications/applications involving transportation of corrosive liquids.

CS Pipes are proving to be an ideal means for the continuous transportation of large quantities of oil, natural gas and water over the long distances. (LINE PIPES). Basic advantage of this mode of transportation is that only the goods move, not the means of conveyance. Transport operations in pipes, which are laid mostly on the ground or on sea/ river beds, are more economical because the routes are shorter. Further, pipes are not dependent on the weather conditions and are not detrimental to the environment. Last but not the least, pipes are advantageous in that the materials being transported are far less exposed to atmospheric temperature and other physical or chemical influences. Main applications for CS pipes are:

- i) For conveying oil and gas
- ii) On shore and off-shore Drilling Platforms
- iii) For conveying non-corrosive liquids or semi-liquids
- iv) For conveying water from reservoir to pumping stations
- v) Casing Pipes, Structural, etc.

#### FUTURE OUTLOOK & OPPORTUNITIES

##### Stainless Steel Pipes and Tubes

The demand prospects for S.S. Pipes and Tubes depends upon the growth prospects of the end user industries. Since last few years the major end user industries, namely Fertilizer, Petrochemicals, Power Plants, Chemicals and Pharmaceuticals are growing at an average growth rate of around 8% per annum. Again, automobile sector is also now on high growth mode coupled with the automation and instrumentation industry. Due to this reason, the demand for SS Pipes and Tubes is steadily on the increase.

Presently, the annual production of S.S. Tubes and Pipes in the country is around 50000 TPA and is expected to grow in the coming years with the growth rate of around 10% - 12% per annum.

Your Company occupies a prominent position in the SSTP market, having good market share in the Industrial segment in the country.

##### Carbon Steel Pipes

One of the major end use segment for Carbon Steel Pipes and Tubes is transportation of water, oil and gas.

Oil and Gas sector is one of most vital sectors of a national economy. The important elements in the value chain of the sector are:

- Exploration
- Refining
- Distribution

LINE PIPES act as the critical link in this value chain, because they provide backbone of transportation of inputs and outputs in the chain.

The growth of Oil and Gas Sector is primarily driven by the energy consumption, as component of GDP & the International Oil prices, in correlation with market dynamics of supply and demand.

Thus, our country will see a change in oil transportation trends, where the current 70:30 ratio of oil transported by rail and road to pipelines will be reversed. Transportation through pipelines is economical as well as environment-friendly. There is huge market potential for pipe manufacturers both within India and abroad.

#### QUALITY CONTROL

The company features its achievements to adherence to strict quality standards. This has been achieved through our efforts to strike the balance between resources and technology to develop products at same level in excellence with international standards. The quality standard is taken care from the initial stage of production to ensure high end product quality.

#### INTERNAL CONTROL SYSTEMS

The Company has adequate internal control system in operation commensurate with the size and nature of its business for enduring efficiency of operation and protection of company's assets. The Audit Committee formed by the company review on periodical basis the compliance with the Company's policies, procedures and prevailing laws.

#### INDUSTRIAL RELATION & HUMAN RESOURCES

We have a team of experienced workers who are skilled and trained to get best out of its resources. Regular orientation programs are being conducted by the company wherein workers are directly exposed to the experts, which keep them with the latest technology and development.

The Company's philosophy is to provide its employees friendly working environment and a performance oriented work culture. The Company believes that human resources are important assets for giving company a competitive edge in a competitive environment.

#### RISK FACTORS

The industry is facing competition from big players who are producing on large scale production and have the advantage of economies in cost, facing challenges from cheaper imports and the industry is also facing risks from unorganized sector. However, your company does not foresee any risk due to its concentration on quality commitment for better products and prompt after sales service, coupled with a unique position as being present in both Stainless Steel as well as Carbon Steel Segment.

#### CAUTIONARY STATEMENT

The statement given in this report, describing the Company's objectives, estimates and expectations and future plans may be construed forward looking statement within the meaning of applicable laws and/ or regulations. Actual performance may differ materially from those either expressed or implied.