

**29TH  
ANNUAL REPORT  
2013-2014**



**GANDHI SPECIAL TUBES LIMITED**  
(CIN : L27104MH1985PLC036004)



ISO 9001 : 2008 & ISO/TS 16949:2009  
Certified Company



# **GANDHI SPECIAL TUBES LIMITED**

(CIN : L27104MH1985PLC036004)

**BOARD OF DIRECTORS** : MANHAR G. GANDHI  
Chairman & Managing Director

BHUPATRAI G. GANDHI  
Joint Managing Director

DHIRAJLAL S. SHAH  
Director

KAVAS N. WARDEN  
Director

DHARMEN B. SHAH  
Director

JAYESH M. GANDHI  
Director

**AUDIT COMMITTEE** : DHIRAJLAL S. SHAH  
Chairman

DHARMEN B. SHAH  
Director

JAYESH M. GANDHI  
Director

KAVAS N. WARDEN  
Director

**COMPANY SECRETARY** : KINJAL D. PADRAKAR

**REGISTERED OFFICE** : 201-204 PLAZA, 2ND FLOOR  
55 HUGHES ROAD,  
NEXT TO DHARAM PALACE  
MUMBAI 400007  
Tel No: 23634179, 23634183, 23634789

**WORKS** : VILLAGE NURPURA  
TALUKA- HALOL, DIST: PANCHMAHAL  
GUJARAT - 389350

**AUDITORS** : S.V.DOSHI & CO.  
CHARTERED ACCOUNTANTS

**BANKERS** : HDFC BANK LTD., MUMBAI

**COMPANY LAW CONSULTANTS** : DHOLAKIA & ASSOCIATES  
COMPANY SECRETARIES

**DETAILS OF STOCK EXCHANGE** : COMPANY'S EQUITY SHARES ARE LISTED ON  
BSE LTD & NATIONAL STOCK EXCHANGE OF  
INDIA LTD

**LISTING FEES** : LISTING FEES PAID FOR THE YEAR 2014-15

**10-YEARS FINANCIAL HIGHLIGHTS**

Particulars	(₹ Lakhs)										
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	
Net Sales	4,541.43	5,428.45	6,015.21	7,623.13	5,606.96	7,549.17	9,017.40	10,652.93	9,593.96	8,352.55	
Total Income	4,797.64	5,700.92	6,251.15	7,998.65	6,287.71	8,750.36	9,425.27	11,065.90	9,862.19	9,144.02	
EBIDTA (Earning Before Dep, Interest & Tax)	1,832.14	2,197.95	2,344.76	3,148.09	2,854.89	4,147.43	4,214.87	4,620.26	3,509.83	3,407.02	
Depreciation	341.95	343.45	408.53	463.32	535.85	508.26	471.27	452.69	433.68	493.66	
Profit After Taxation	983.63	1,614.29	1,287.13	1,884.42	1,592.75	2,533.31	2,629.15	2,981.74	2,206.28	1,730.84	
Equity Dividend (%)	30.00	40.00	40.00	50.00	50.00	100.00	100.00	120.00	120.00	120.00	
Dividend Payout	220.48	293.97	293.97	367.46	367.46	734.92	734.93	881.92	881.92	881.92	
Equity Share Capital	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	734.93	
Reserves & Surplus	2,894.68	4,173.77	5,125.69	6,580.20	7,743.03	9,416.50	11,188.66	13,145.42	14,326.72	15,025.76	
Net Worth	3,629.61	4,908.70	5,860.62	7,315.13	8,477.96	10,151.43	11,923.59	13,880.35	15,061.65	15,760.69	
Gross Fixed Assets	4,196.12	5,460.70	6,704.75	8,466.77	8,702.26	8,692.18	8,741.90	8,915.72	10,957.77	12,670.83	
Net Fixed Assets	1,808.76	2,746.10	3,605.07	4,958.92	4,688.87	4,210.81	3,789.25	3,553.49	5,195.71	6,415.11	

**Key Indicators**

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Earning per share	13.38	21.97	17.51	12.82*	10.84*	17.24*	17.89*	20.29*	15.01	11.78
Turnover per share - Rs.	61.79	73.86	81.85	51.86	38.15	51.36	61.35	72.48	65.27	56.83
Book Value per share	49.39	66.79	79.74	49.77	57.68	69.06	81.12	94.43	102.47	107.23
Debt/Equity Ratio	0.19	0.15	0.12	0.08	0.04	0.00	0.00	0.00	0.00	0.00
Net Profit Margin %	21.66	29.74	21.40	24.72	28.41	33.56	29.16	27.99	23.00	20.72
EBDIT/ Net Sales %	40.34	40.49	38.98	41.30	50.92	54.94	46.74	43.37	36.58	40.79

\*During the year 2007-08, the Company has split the paid up value of its equity shares of the face value of Rs.10/- each into equity of share of Rs. 5/- each, Accordingly, EPS for the year 2007-08 to 2013-14 has been restated, as per the AS 20 "Earning Per Share"

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**FOR KIND ATTENTION OF SHAREHOLDERS:**

- **DEMAT:-** if you are still holding shares in physical mode kindly consider following advantages by opting shares in demat mode:-
  - sale of shares is possible only through demat mode as the Company's shares are traded compulsorily in demat mode only.
  - Realize better price for transfer/sale of shares
  - Eliminate loss of shares through burglary or theft, misplacement or mutilation
  - Easy and faster transaction of shares
  - Minimum brokerage.
  - No stamp duty on purchase/sale
  
- Steps involved in dematerialization of shares
  - Open an account with a Depository Participant (DP) of your choice.
  - You may choose your DP based on your evaluation of their reputation, service standards, charges, comfort level, other conveniences, etc.
  - Submit a dematerialization request form (DRF) to your DP along with the defaced shares certificates.
  - Shares will be converted into electronic form and will get credited into your demat account.
  
- To understand about the procedure and for all queries relating to dematerialization, kindly contact the Shares Transfer Agent of the Company.
  
- **ECS:-** To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Transfer Agents.
  
- **GREEN INITIATIVE:-** Please register your email ID with the Registrars and Transfer Agents of the Company or with the Secretarial department of the Company at [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com). Your initiative will save forest wealth of our Country.

**NOTICE OF TWENTY NINTH ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that Twenty Ninth Annual General Meeting of the Members of **GANDHI SPECIAL TUBES LIMITED** will be held on Thursday, the 24<sup>th</sup> day of July, 2014 at 11.00 a.m. at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements and the reports of the Board of Directors and Auditors thereon for the Financial Year ended on 31<sup>st</sup> March, 2014.
2. To confirm the Interim Dividend paid on Equity Shares as Final Dividend.
3. To appoint Director in place of Shri Bhupatrai G. Gandhi (DIN 00041273) who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in accordance with the provisions of section 139 of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) the retiring auditors M/s. S.V.DOSHI & CO., Chartered Accountants, having the ICAI Registration No. 102752W and holding valid Peer Review Certificate issued by the Institute of Chartered Accountants of India, be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of three years from the conclusion of this Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting (subject to ratification by the shareholders at every Annual General Meeting), on remuneration and other expenses to be fixed by the Managing Director of the Company.”

**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** consent of the Company be and is hereby accorded to Shri Dhirajlal S. Shah (DIN 00044163), who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the Office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation.”

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Ordinary Resolution:**

**“RESOLVED THAT** consent of the Company be and is hereby accorded to Shri Kavas N. Warden (DIN 00045840), who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the Office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation.”

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Ordinary Resolution:**

**“RESOLVED THAT** consent of the Company be and is hereby accorded to Shri Dharmen B. Shah (DIN

01834884), who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the Office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation.”

8. 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 Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs 40,000/- for the Financial Year ending 31<sup>st</sup> March, 2015 as approved by the Board of Directors of the Company to be paid to Mr Dakshesh H. Zaveri, the Cost Accountant, having ICWAI Registration No. 8971 for conducting the Cost Audit of the Company's Steel Products and Windmills be and is hereby ratified.”

**By Order of the Board of Directors**

**KINJAL D. PADRAKAR**  
*COMPANY SECRETARY*

Mumbai  
22<sup>nd</sup> May, 2014

**Regd. Office:**

201-204 Plaza, 2<sup>nd</sup> Floor,  
55 Hughes Road,  
Next to Dharam Palace,  
Mumbai - 400007

Tel.: 022-23634179

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

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

**NOTES:**

1. The relevant Explanatory Statement as required under section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.

Proxy form in order to be effective should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting. A proxy may not vote except on poll. A proxy so appointed shall not have any right to speak at the meeting. Blank proxy form is enclosed.

3. The Register of Members and the Share Transfer books of the Company will remain closed from Wednesday, 23<sup>rd</sup> July, 2014 to Thursday, 24<sup>th</sup> July, 2014 (both days inclusive).
4. In case of Dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) (“the Depositories”) to the Company. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company or its Registrars for payment of dividend. The Company or its Registrars cannot act on any request

received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend, are requested to write to the Company or its Registrars with supporting documents.

5. SEBI, vide its circular No. CIR/MRD/DP/10/2013, dated 31<sup>st</sup> March, 2013 has made it mandatory to print the bank account details of the investors on Dividend Warrant Instrument. Hence, members holding shares in Physical Form are requested send their ECS Mandate Form, duly filled in, to the Company's Registrar and Share Transfer Agent (RTA) "**M/s. Karvy Computershare Pvt. Ltd**" (for **ECS Mandate Kindly visit Company's website [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com)**). Members holding shares in physical form are also requested to intimate any change in their Address, Bank Account etc. to the RTA.
6. To avoid incidents of fraudulent encashment of the Dividend warrants, Members holding shares in physical form are requested to intimate the RTA of the Company, under the signatures of the sole/first joint holder, the following information so that the Bank Account number and name and address of the Bank can be printed on the dividend warrant, if and when issued:
  - (a) Name of the sole/first joint holder and folio number.
  - (b) Particulars of Bank Account viz:
    - (i) Name of Bank;
    - (ii) Name of branch;
    - (iii) Complete address of the Bank with pin code number;
    - (iv) Account type, whether Savings or Current;
    - (v) Bank account number allotted by the Bank
    - (vi) 9 Digits MICR No.
7. **Members' attention is particularly drawn to the provisions of Section 205A of the Companies Act, 1956, wherein the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs 420,776.00/- (Four lakhs twenty thousand seven hundred and seventy six rupees only) being the unpaid and unclaimed dividend amount pertaining to Dividend for the Financial Year 2006-07, to the Investor Education and Protection Fund of the Central Government on 1<sup>st</sup> March, 2013.**
8. The Ministry of Corporate Affairs (MCA) on 10<sup>th</sup> May, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules). The objective of the IEPF Rules is to help the shareholders ascertain Status of the unclaimed amounts and overcome the problem due to misplacement of intimation thereof by post etc. the company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial years 2007 - 2008 upto 2012 - 2013 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor Section" on the website of the Company viz. [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com).
9. Members who have not encashed their dividends warrants for Financial Year 2007-08 or any subsequent years are requested to write to the Company immediately claiming dividends declared by the Company for the said periods. Please note that as per section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the due date and no payment shall be made in respect of any such claims. **(Proforma of Indemnity Bond for Duplicate Dividend Warrant is available under "Investor Section" on the website of the Company viz. [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com))**
10. Pursuant to Section 72 of the Companies Act, 2013, Members holding shares in physical form may file nomination in the prescribed Form SH-13 (Available on the Company's website viz [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com)) with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.



11. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for longer periods. Periodic statement of holdings should be obtained from the concerned Depository Participant and holding should be verified.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
13. Member who is desirous of getting any information as regard to the business to be transacted at the meeting are requested to write to the Company their queries at least seven days in advance of the Meeting in order to keep the information required readily available at the Meeting.
14. Members/Proxies should bring the attendance slip duly filled in for attending the meeting. The identity/signature of the Members holding shares in electronic/demat form is liable for verification with specimen signatures as may be furnished by NSDL/CDSL to the Company. Such Members are advised to bring the relevant identity card, issued by the Depository Participant, to attend the Annual General Meeting.
15. The Annual Report duly circulated to the Members of the Company, is available on the Company's Website at [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com).
16. **Members are requested to bring their copies of the Annual Report at the Meeting.**
17. **Voting through electronic means**

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited. It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it own discretion, subject to compliance with the instructions prescribed below:

Procedure / Instructions for e-voting are as under

- i) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'
- ii) Enter the login credentials (i.e., user-id & password) mentioned on the Postal Ballot Form. Your folio/DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- <u>Event no.</u> followed by Folio Number registered with the company
Password	Your Unique password is printed on the Attendance Slip which is sent separately to you through courier / via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii) Please contact our toll free No. **1-800-34-54-001** for any further clarifications.
- iv) Members can cast their vote online from 17<sup>th</sup> July, 2014 from 9.30 AM to 19<sup>th</sup> July, 2014 upto 5.30 PM

- v) After entering these details appropriately, click on "LOGIN".
  - vi) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through **Karvy Computershare Private Limited e-Voting platform**. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vii) You need to login again with the new credentials.
  - viii) On successful login, system will prompt to select the 'Event' i.e., '**Company Name**'.
  - ix) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
  - x) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting .Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
  - xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xii) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
  - xiii) Corporate/Institutional Members (corporate /FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com) with copy to [evoting@karvy.com](mailto:evoting@karvy.com). The file scanned image of the Board Resolution should be in the naming format "Corporate Name\_ Event no.".
- 18.** Pursuant to Section 101 of Companies Act, 2013 read with Rule 18 of Companies (Management & Administration) Rules, 2014, Electronic copy of the Annual Report for 2013-2014 is being sent to all the Members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
- 19. For Members who have not yet registered, are requested to register their email address and those who would want to update their email address, are requested to furnish their fresh email address, on email id: [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com). Alternatively, Members can also register/update their email addresses with their respective Depository Participants.**

**GANDHI SPECIAL TUBES LIMITED**

(CIN : L27104MH1985PLC036004)

**29th Annual Report 2013-14**

20. As required by Clause 49 of the Listing Agreement brief profile of the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given below:

<b>Name of Director</b>	<b>Shri Bhupatrai G Gandhi</b>
<b>Date of Birth</b>	16.11.1939
<b>Date of Appointment</b>	22.04.1985
<b>Experience in specific functional areas</b>	55 years of technical experience in Tube Industries
<b>Qualification</b>	Bachelors in Commerce
<b>Chairman/ Member of the Committees of the Board of Directors of the Company</b>	Member of Investor Grievance Committee Meeting
<b>Directorships in other Companies</b>	Gandhi Finance Co. Pvt. Ltd.
<b>Chairman/Member of the Committees of the Board of Directors of the other Companies in which he is a Director</b>	None
<b>Directorships held in other Public Companies (excluding Foreign and Private Companies)</b>	None
<b>No. of Shares held in the Company</b>	21,88,651 Equity Shares of Rs. 5/- each
<b>Director Identification No.</b>	00041273

**By Order of the Board of Directors**

**KINJAL D. PADRAKAR**  
**COMPANY SECRETARY**

**Mumbai**  
**22<sup>nd</sup> May, 2014**

**Regd. Office:**  
201-204 Plaza, 2<sup>nd</sup> Floor,  
55 Hughes Road,  
Next to Dharam Palace,  
Mumbai - 400007  
Tel.: 022-23634179  
Email: [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com)  
Website: [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com)

**EXPLANATORY STATEMENT**  
(Pursuant to Section 102 of The Companies Act, 2013)

**ITEM NO. 5**

As required by Clause 49 of the Listing Agreement brief profile of the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given below:

<b>Name of Director</b>	<b>Shri Dhirajlal S. Shah</b>
<b>Date of Birth</b>	04.08.1941
<b>Date of Appointment on the Board</b>	28.06.1985
<b>Qualification</b>	B.Com, F.C.A.
<b>Experience in specific field</b>	He is a practicing Chartered Accountant having rich experience in the field of Accounts, Audit, Finance and Taxation.
<b>Name of other Companies in which he holds Directorships</b>	--Nil--
<b>Chairman/Member of the Committee(s) of the Board of Directors of the Company</b>	Chairman of Audit Committee & Remuneration Committee, Member of Investors' Grievance Committee
<b>Chairman/Member of the Committee(s) of Directors of other Companies in which he is a Director</b>	None
<b>Directorships held in other Public Companies (excluding Foreign and Private Companies)</b>	None
<b>No. of Shares held in the Company</b>	4250 Equity Shares of Rs. 5/- each
<b>Director Identification No.</b>	00044163

Shri Dhirajlal S. Shah has been an Independent Director pursuant to Clause 49 of the Listing Agreement on the Board of the Company for 29 years. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Dhirajlal S. Shah fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to continue to hold office as an Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Dhirajlal S. Shah is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Dhirajlal S. Shah as an Independent Director. Accordingly, the Board recommends the resolution to the shareholders in relation to the approval of Shri Dhirajlal S. Shah to continue to hold office as an Independent Director for a period of five consecutive years from April 01, 2014 up to March 31, 2019 pursuant to provisions of section 149 read with schedule IV to the Act. In terms of provisions of Section 149(13) of the Act, Shri Dhirajlal S. Shah shall not be liable to retire by rotation. Except Shri Dhirajlal S. Shah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

**ITEM NO 6**

As required by Clause 49 of the Listing Agreement brief profile of the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given below:

<b>Name of Director</b>	<b>Shri Kavas N. Warden</b>
<b>Date of Birth</b>	22.08.1935
<b>Date of Appointment on the Board</b>	03.06.1988
<b>Qualification</b>	B.E. (Mechanical) from Pune University.
<b>Experience in specific field</b>	Shri. K. N. Warden started his career as an Engineer. He was associated with Steel Age Industries Ltd. for 35 years. He was overall in charge of the operations of the Company's Plants at Mumbai, Ahmedabad and Halol. He was also looking after Business Development. He retired as an Executive Director of Steel Age Industries Ltd.
<b>Name of other Companies in which he holds Directorships</b>	None
<b>Chairman/Member of the Committee(s) of the Board of Directors of the Company</b>	Member- Remuneration Committee and Audit Committee
<b>Chairman/Member of the Committee(s) of Directors of other Companies in which he is a Director</b>	None
<b>Directorships held in other Public Companies (excluding Foreign and Private Companies)</b>	None
<b>No. of Shares held in the Company</b>	28,700 Equity Shares of Rs. 5/- each
<b>Director Identification No.</b>	00045840

Shri Kavas N. Warden has been an Independent Director pursuant to Clause 49 of the Listing Agreement on the Board of the Company for 25 years. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Kavas N. Warden fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to continue to hold office as an Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Kavas N. Warden is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Kavas N. Warden as an Independent Director. Accordingly, the Board recommends the resolution to the shareholders in relation to the approval of Shri Kavas N. Warden to continue to hold office as an Independent Director for a period of five consecutive years from April 01, 2014 up to March 31, 2019 pursuant to provisions of section 149 read with schedule IV of the Act. In terms of provisions of section 149(13) of the Act, Shri Kavas N. Warden shall not be liable to retire by rotation. Except Shri Kavas N. Warden, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchanges.

**ITEM NO 7**

As required by Clause 49 of the Listing Agreement brief profile of the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given below:

<b>Name of Director</b>	<b>Shri Dharmen S. Shah</b>
<b>Date of Birth</b>	21.11.1960
<b>Date of Appointment on the Board</b>	11.10.2007
<b>Qualification</b>	B.Com, F.C.A.
<b>Experience in specific field</b>	He is a practicing Chartered Accountant. He has a rich experience in the field of Accounts, Audit, Finance, and Taxation.
<b>Name of other Companies in which he holds Directorships</b>	Sagron Properties Pvt. Ltd
<b>Chairman/Member of the Committee(s) of the Board of Directors of the Company</b>	Members of Audit Committee, Investors' Grievance Committee and Remuneration Committee
<b>Chairman/Member of the Committee(s) of Directors of other Companies in which he is a Director</b>	None
<b>Directorships held in other Public Companies (excluding Foreign and Private Companies)</b>	None
<b>No. of Shares held in the Company</b>	Nil
<b>Director Identification No.</b>	01834884

Shri Dharmen S. Shah has been an Independent Director pursuant to clause 49 of the listing agreement on the Board of the Company for 6 years. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Dharmen S. Shah fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to continue to hold office as an Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Dharmen S. Shah is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. Dharmen S. Shah as an Independent Director. Accordingly, the Board recommends the resolution to the shareholders in relation to the approval of Shri. Dharmen S. Shah to continue to hold office as an Independent Director for a period of five consecutive years from April 01, 2014 up to March 31, 2019 pursuant to provisions of section 149 read with schedule IV of the Act. In terms of provisions of section 149(13) of the Act, Shri Dharmen S. Shah shall not be liable to retire by rotation. Except Shri. Dharmen S. Shah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This statement may also be regarded as a disclosure Under Clause 49 of the Listing Agreement with the Stock Exchanges.

**ITEM NO.8**

In terms of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual or firm of cost accountant(s) in practice on the recommendations of the Audit Committee which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on 28<sup>th</sup> January 2014, the Board has considered and approved the appointment of Mr. D.H Zaveri, Cost Accountant for conduct of Cost Audit of the Company's Steel Products and Windmills at a remuneration of Rs. 40,000/- for the financial year ending on March 31, 2015.

Resolution at Item no.8 of the Notice is set out as an Ordinary Resolution for ratification by the members in terms of Section 148 of the Companies Act 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at Item no. 8

**By Order of the Board of Directors**

**KINJAL D. PADRAKAR  
COMPANY SECRETARY**

**Mumbai  
22<sup>nd</sup> May, 2014**

**Regd. Office:**  
201-204 Plaza, 2<sup>nd</sup> Floor,  
55 Hughes Road,  
Next to Dharam Palace,  
Mumbai - 400007  
Tel.: 022-23634179  
Email: [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com)  
Website: [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com)

**BOARDS' REPORT**

To  
The Members,

The Board of Directors hereby present their Twenty Ninth Annual Report on the business and operations of your Company along with the Statement of Accounts for the year ended on 31st March, 2014. Pursuant to the clarification issued by the Ministry of Corporate Affairs (MCA) vide its General Circular No. 08/2014 dated 4th April, 2014 Statement of Accounts, Auditors' Report, Board's Report and attachment thereto have been prepared in accordance with the provisions contained in the Companies Act, 1956 as the provisions of the Companies Act, 2013 made applicable for the financial year commencing on or after 1st April, 2014.

**1. FINANCIAL RESULTS**

	(Rs. in Lacs)	
	31.03.2014	31.03.2013
Revenue from operations	8352.55	9593.96
<b>Profit before Tax</b>	<b>2913.36</b>	<b>3076.15</b>
Less: Tax Expenses		
- Current Tax	580.00	875.00
- Current Tax for Prior Years	384.82	0.20
- Deferred Tax	217.71	(5.33)
<b>Profit for the year</b>	<b>1730.84</b>	<b>2206.29</b>
Interim Dividend	881.92	881.92
Corporate Dividend Tax	149.88	143.07
Transfer to General Reserve	300.00	300.00
<b>Earning Per Share of Rs. 5/-</b>	<b>Rs 11.78</b>	<b>Rs 15.01</b>

**PERFORMANCE OF THE COMPANY**

Sale of products (net of Excise duty) declined by 12.94% as compared with previous year as the global sales of the Automobile and General Engineering Industry and particularly commercial vehicles has shown a downward trend.

The Automobile and General Engineering business was badly affected due to reduction in its demand throughout the year. Depreciation of Indian Rupee against Dollar increased the cost of Imports which marked its adverse impact on the gross margin which declined by 5.29% compared to last year

The performance and outlook of the Company have been discussed in the Management Discussion and Analysis Report which is forming part of the Board's Report.

**2. DIVIDEND**

Despite reduction in the net profits, your Directors have continued its policy of suitably rewarding its shareholders and declared the Interim Dividend of 120 % i.e. Rs. 6/- (Previous year Rs. 6/-) on face value of Rs. 5/- each amounting to Rs. 8.82 crores for the year ended 31 March, 2014. The Interim Dividend was paid by the Company on 20th February, 2014. As there has been no significant change in the Final profits for the year ended on 31 March, 2014, your Directors recommend that the Interim Dividend be confirmed as Final Dividend.



**3. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Certificate regarding compliance of conditions of Corporate Governance form an integral part of this report and are set out as separate Annexure to this Report.

**4. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report as required under the Listing Agreements with the Stock Exchanges is enclosed with this report.

**5. LISTING OF SHARES AND DEPOSITORIES**

Your Company's shares are listed on The BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Your Directors wish to state that the Equity Shares of your Company are compulsorily traded in the dematerialized form w.e.f.26/06/2000. Presently 94.63% of shares are held in electronic/dematerialized form.

**6. INSURANCE**

All the Assets of the Company are covered under the various Insurance Policies. Risks of fire, earthquake, flood, marine, loss of profit, damage to third party etc. are covered.

**7. PUBLIC DEPOSITS**

Your Company does not accept deposits from the public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

**8. DIRECTORS**

In view of the implementation of the provisions of the Section 149(7) of the Companies Act, 2013 it has been decided by the Board of Directors for continuation of the duration of Independent Directors for a period of five years effective 1st April, 2014. Details of the proposal for extending the duration of the office of the Independent Directors namely Shri D. S. Shah, Shri K. N. Warden and Shri D. B. Shah are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 29<sup>th</sup> Annual General Meeting.

Pursuant to Section 152 (6) all the directors other than Independent Directors and Shri M. G. Gandhi, Chairman and Managing Director shall retire by rotation. Accordingly Shri B. G. Gandhi, Joint Managing Director will retire by rotation and being eligible and not being disqualified under section 164 of the Companies Act, 2013, offers himself for re-appointment.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and that there are no material departures from the same;
- ii) they have, in selection of the accounting policies, consulted the Statutory and Internal Auditors and have 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 profit of the Company for the year under report;

- iii) they have taken proper and sufficient care to the best of their knowledge and ability, for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts on "going concern basis"

**10. AUDITORS****(i) STATUTORY AUDITOR**

The Statutory Auditors of your Company namely, M/s. S. V. Doshi & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting, and have confirmed their eligibility and willingness to accept the office if re-appointed and are holding Peer Review Certificate issued by 'The Institute of Chartered Accountants of India'. The Company has received the Certificate from the Auditors as required under Section 141(3) of the Companies Act, 2013.

There is no qualification or observation made by the Statutory Auditors in their audit report.

**(ii) COST AUDITOR**

Mr. D. H. Zaveri, Cost Accountant has been appointed as Cost Auditor of the Company for the Financial Year 2013-14 to conduct Cost Audit of Company's Steel Products and Windmill. Activity of Wind Mills is still not covered under the cost audit.

**11. CORPORATE SOCIAL RESPONSIBILITY**

In compliance to the Section 135 of the Companies Act 2013, Company has formed a Corporate Social Responsibility Committee with the following members:-

Shri Manhar G. Gandhi  
Shri Jayesh M. Gandhi  
Shri Dhirajlal S. Shah

The Committee will frame the Policy for CSR and the same will be implemented in the current year.

**12. GREEN INITIATIVES**

The Company has been transmitting Annual Report through electronic mode—email to the shareholders who have preferred to receive Annual Report through electronic mode and initiated steps to reduce consumption of paper.

**13. HUMAN RESOURCES**

Humans are considered as one of the most critical resources in the business which can be continuously smoothened to maximize the effectiveness of the Organization. Human resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company.

**14. PARTICULARS OF EMPLOYEES**

There were no employees other than the Managing Director and the Joint Managing Director, covered under the purview of Section 217 (2A) of the Companies Act, 1956 and the Rules framed there under.

**15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given in Annexure and forms part of this Report.

Export efforts--The Company has made direct export of Rs.57.81 Lakhs (previous year Rs. 44.06 Lakhs). The Company is optimistic of improving its exports once the global market is improved. The foreign exchange earning was Rs. 57.81 Lakhs and foreign exchange outgo was Rs. 2420.23 Lakhs during the year under review. The Company's windmills are operating in Gujarat and Maharashtra and have generated units and thereby contributed to its mite to the energy requirement of the Country.

**16. ACKNOWLEDGEMENT**

Your Directors wish to place on record their gratitude for the valuable guidance and support rendered by our Bankers, Government authorities and various stakeholders, such as, shareholders, customers and suppliers, among others. Your Directors also wish to place on record their appreciation for the committed services of all the Employees of the Company which has been critical for the Company's success. The Directors look forward to their continued support in future.

**For and On behalf of the Board of Directors**

**Place: Mumbai**  
**Date : 22.05.2014**

**M.G.GANDHI**  
**Chairman & Managing Director**

**ANNEXURE TO DIRECTORS' REPORT**

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2014.

**I. Conservation of Energy**

**a. Energy conservation measures taken:**

Conservation of energy is an ongoing exercise being undertaken by the Company. Wherever possible, motors and pumps of higher capacity are replaced with motors and pumps of optimum capacity. All the workmen and the staff of the Company are trained to avoid wasteful use of energy by switching off idle machines and lights.

**b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

At present the Company is not considering any specific investment for reducing consumption of energy. However, normal investment, wherever required, will be made on need basis from time to time.

**c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:**

Saving in energy cost.

**FORM - A**

**A. POWER AND FUEL CONSUMPTION**

Sr. No.	Particulars		2013-14	2012-13
1.	Electricity Purchased			
	Units Purchased	Lacs KWH	<b>46.79</b>	51.37
	Total Amount	Rs. Lacs	<b>345.96</b>	362.98
	Average Rate / KWH	Rupees	<b>7.39</b>	7.07
2.	GSPC Gas Consumed			
	Quantity Consumed	SCM	<b>20,95,230.70</b>	21,18,526.60
	Total Amount	Rs. Lacs	<b>871.60</b>	705.96
	Average Rate / SCM	Rupees	<b>41.60</b>	33.32

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Sr. No.	Particulars		2013-14 Per Tonne	2012-13 Per Tonne
1.	Electricity*	KWH	<b>1119.80</b>	1005.10
2.	GSPC GAS*	Tonne	<b>0.410**</b>	0.337**

\* Indicates combined consumption of Welded / Seamless Tubes and Nuts.

\*\* Indicates only GSPC GAS consumption

**II. Research and Development and Technology Absorption****A. RESEARCH AND DEVELOPMENT****(1) SPECIFIC AREAS IN WHICH R & D WAS CARRIED OUT BY THE COMPANY**

The Company is undertaking regular developmental activities to strengthen its operations through innovation to improve productivity and quality.

**(2) BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D**

Company is achieving efficiency in production, and improvement in quality of product.

**(3) FURTHER PLAN OF ACTION**

At present, there are no specific areas in which the Company is undertaking Research & Development.

**(4) CAPITAL EXPENDITURE ON R & D**

The Company has not made separate allocation in the accounts, but the expenditure (other than capital expenditure) is shown under respective heads of expenditure in the Profit & Loss Account.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The Company taking steps on a continuous basis to improve product and process technology in an effort to provide quality products to the consumers.

**III. Foreign Exchange Earnings and Outgo**

- (i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;
- (ii) Total foreign exchange used and earned.

Foreign Exchange Earnings	Rs.57,80,548/-
Foreign Exchange Outgo	Rs. 24,20,22,880/-

**For and on behalf of the Board of Directors**

**M.G.GANDHI**  
Chairman & Managing Director

Place: Mumbai  
Date: 22.05.2014

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. Industry Structure and Development**

The Company is engaged in manufacturing and marketing of welded and seamless steel tubes of different sizes and specifications and Cold Formed Coupling Nuts. These products are mainly supplied to the Original Equipment Manufacturers (OEMs) of the Automotive, Refrigeration and other Engineering Industries. Though demand for Company's products has gone down in last year on account of economic slowdown, your Company believes that growth in Indian economy will be back on track soon.

The Company is also operating in Power Sector through Windmills installed in Maharashtra and Gujarat in a modest way.

### **2. Opportunities & Threats**

#### **Opportunities:**

Factors like supportive government policies, optimal business environment, and accessibility of inexpensive proficient workforce have transformed India into a global automobile hub. Once inflation is under control and interest rates are down, growth in Indian Economy is likely to lead to increased demand for Company's products.

#### **Threats:**

High inflation and high interest regime for a prolonged period and passive investment climate may slow down the economy with reduced demand for Company's products.

Government is considering on levying anti-dumping custom duty on imports from China and Italy. This will increase the cost of Raw Material thereby increasing the cost of production which the Company may not be able to fully pass on to its Customers and this may lead to reduction in net profit.

### **3. Product wise Performance**

Product wise classification and their contribution to total sales are as under:

<b>Sr. No.</b>	<b>Product</b>	<b>2013-14</b>	<b>2012-13</b>
1.	Welded Tubes	22.94%	27.47%
2.	Seamless Tubes	67.60%	63.04%
3.	Cold Formed Nuts	7.26%	7.26%
4.	Wind Power	2.20%	2.23%
	Total	100.00%	100.00%

### **4. Outlook**

Improvement in global economy and stable political environment in the country should improve investment climate in India which is likely to substantially improve demand for our product in near future.

### **5. Risk and Concerns**

The margins could come under pressure due to increase in input cost.

Competition from low cost manufacturing countries such as China.

The Company evaluates and monitors all risks associated with various areas of operations such as

production, sales, inventory management, debtors management, insurance, legal and other issues like safety and environment with a view to mitigate the adverse impact of the risk factors.

**6. Internal Control Systems**

The Company has an internal control system in place commensurate with the size and nature of its business. The internal control system ensures that all the assets of the Company are safeguarded from loss, damage or disposition. Checks and controls are in place to ensure that transactions are adequately authorized and recorded and that they are reported correctly. The internal control system is supplemented by an extensive programme of internal audit by a firm of independent Chartered Accountants and external statutory audit which is periodically reviewed by the management and Audit Committee.

The Audit Committee of the Board regularly reviews compliance with the Company's policies, procedures and statutory requirements in consultation with the Statutory Auditors and the Internal Auditors, who also attend the Audit Committee meetings.

**7. Financial Performance with respect to Operational Performance Sales and Profit:**

During the year Net Sales has declined by approximately 12.94% and a reduction of 21.55% was seen in the Net profit. Minor reduction of 6% is seen in other Operating Income (inclusive of captive consumption) compared to last year and other income has increased tremendously due to interest, dividend and sale of long term investments.

**Capital Investment:**

Capital Investment of Rs.1713.05 Lacs was made during the year. The entire capital investment has been made out of the Company's internal cash accruals.

**8. Human Resources and Industrial Relations**

Industrial relations were harmonious throughout the year. The Company also provides suitable environment for development of leadership skills which enables it to recruit and retain quality professionals in all the fields.

**Safety, Health and Environment (SHE) Management**

Safety: Your Company continues to adopt best safety practices giving rich dividends in terms of a reduced accident and severity rate. The initiation of new personnel in SHE practices before their deployment to the shop floor contributed to a significant reduction in unsafe practices. This is progressively taking the Company towards achieving the target of Zero Accidents. Regular safety inspection of plant and machinery is carried out to mitigate hazards by terminating the hazard at source by technology upgradation and treating the hazards against exposure to personnel by implementing engineering controls.

**Cautionary Statement**

*Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation are "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.*

**For GANDHI SPECIAL TUBES LTD.**

**M. G. GANDHI**  
Chairman and Managing Director

Place: Mumbai  
Date: 22.05.2014

## REPORT ON CORPORATE GOVERNANCE

### 1. Company Philosophy on Corporate Governance

In our view, modern Corporate Governance is about promoting fairness, transparency, accountability and integrity in role playing. It involves a number of elements, including a clear understanding by Directors of Company's strategic Objectives, Structure to ensure that the objectives are being met, system to ensure the effective Management of Risks and the mechanisms to ensure that your Company's obligations are identified and discharged. Your Company is fully compliant with the Regulatory Guidelines relating to the Corporate Governance of Clause 49 of the Listing Agreement with BSE Ltd and the National Stock Exchange of India Ltd. The Company's philosophy on Corporate Governance is to observe high standard of business ethics and corporate conduct to achieve sustained growth and maximum value for all its stake holders.

### 2. Board of Directors

**(A) Composition:-**The Company's Board of Directors is composed of 6 (Six) Directors headed by an Executive Chairman, One Executive Promoter Director, One Non- Executive Promoter Director and Three Non-Executive Independent Directors with rich experience in business, industry, finance and taxation.

#### **(B) Attendance and Other Directorships:**

The attendance of the Board of Directors and related information as on 31<sup>st</sup> March, 2014 is as follows:

Name of the Director & Designation	No. of Board Meetings attended	Attendance at the last AGM on 25 <sup>th</sup> July, 2013	Directorship in other companies incorporated in India	No. of other Board Committees of which Member / Chairman	Executive / Non Executive / Independent	Inter Se relationship
Shri Manhar G. Gandhi Chairman and Managing Director	4	Present	1	Nil	Executive (Promoter Group)	Brother of Jt. M.D. & Father of Mr. J. M. Gandhi, Director.
Shri Bhupatrai G. Gandhi Jt. Mg. Director	4	Present	1	Member of Investors' Grievance Committee	Executive (Promoter Group)	Brother of Chairman & Managing Director
Shri Dhirajlal S. Shah	4	Present	Nil	Chairman of Audit Committee, Remuneration Committee and Investors' Grievance Committee	Non Executive & Independent	None
Shri Kavas N. Warden	4	Present	Nil	Member of Remuneration Committee and Audit Committee	Non Executive & Independent	None
Shri Jayesh M. Gandhi	4	Present	2	Member of Audit Committee	Non Executive (Promoter Group)	Son of Chairman & Managing Director
Shri Dharmen B. Shah	3	Present	1	Member of Audit Committee, Investors' Grievance Committee & Remuneration Committee	Non Executive & Independent	None

None of the Directors on the Board holds the office of Director in more than 15 Companies or memberships of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees across all companies.

#### **(C) Board Meetings**

The Agenda along with the background notes are circulated to the Directors well in advance of the Board Meetings.

Four Board Meetings were held during the year on 28<sup>th</sup> May, 2013, 25<sup>th</sup> July, 2013, 28<sup>th</sup> October, 2013 and 28<sup>th</sup> January, 2014.

#### **(D) Code of Conduct**

The Company has adopted Code of Conduct for members of the Board, Senior Management Personnel and other Executives of the Company. The Company has received confirmations from the Managing



Director as well as Senior Management Personnel regarding compliance of the Code during the year under review in compliance with the provision of Clause 49 of the Listing Agreement. All the members of the Board have affirmed compliance to the Code of Conduct as on 31<sup>st</sup> March, 2014, and a declaration to that effect signed by the Managing Director is attached and forms a part of this Report.

**(E) Code for Prohibition of Insider Trading**

The Company has a comprehensive Code of Conduct for its Directors, Management, and designated employees for prevention of insider trading and procedure to deal in Securities.

For the year under review, all the Directors and senior Management Personnel of the Company have affirmed compliance to the Code of Conduct as on 31<sup>st</sup> March, 2014, and a Declaration to that effect signed by the Managing Director is attached and forms a part of this Report.

**COMMITTEES OF THE BOARD****3. Audit Committee****i) Brief description of terms of reference**

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- c. Approval of payment of statutory auditors for any other services rendered by the Statutory Auditors.
- d. Reviewing with the Management, the Annual Financial Statements before submission to the board for approval, with particular reference to:
  - (i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956;
  - (ii) Any Changes in accounting policies and practices; reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with accounting standards;
  - (vi) Compliance with stock exchanges and legal requirements concerning financial statements;
  - (vi) Any Related Party Transactions i.e transactions of the Company of material nature, with Promoters or the Management, their Subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- e. Reviewing with the management, statutory and internal auditors the adequacy of the internal control systems
- f. Reviewing the adequacy of internal audit function, including the structure of the Internal Audit Department, staffing and seniority of the official heading the Department, reporting structure coverage and frequency of internal audit.
- g. Reviewing the Internal Audit Report and discussion with internal auditors for any significant findings and follow up thereon.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- i. Discussion with Statutory Auditors before the audit commences, about the Nature and Scope of Audit as well as post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.

- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- l. Reviewing related party transactions.
- m. Noting of amendment in the Listing Agreement relating to role and responsibilities of Audit Committee and matters concerning financial results and financial disclosures.
- n. Reviewing with the management performance of the Statutory Auditors and Internal Auditors.
- o. Reviewing the Management Discussion and Analysis of financial condition and results of operations.
- p. Reviewing with the Management, the statement of uses / application of funds raised through an Issue; the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of the issue, and making appropriate recommendations to the Board to take steps in this matter.
- q. To discuss management letters / letters of internal control weakness issued by the Statutory Auditors.
- r. To approve appointment of Chief Financial Officer (CFO) after assessing the qualifications experience and background etc. of the Candidate

The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Management, Auditors and Board of Directors of the Company and has full access to financial information.

Recommendations of the Audit Committee, if any, are considered and implemented by the Board from time to time.

**(ii) Composition, Name of Members and Chairman**

Audit Committee consists of four Directors Viz: Shri D.S.Shah, (Chartered Accountant) Shri D. B. Shah (Chartered Accountant), Shri Jayesh M. Gandhi (B. Com and MBA) and Shri Kavas N Warden (B.E). Shri D. S. Shah is the Chairman of the Audit Committee. All the members of the Committee are Non-Executive Directors and two thirds of them are independent directors. The Chairman of the Audit Committee remained present at the Annual General Meeting. Managing Director is the permanent invitee to the Audit Committee.

**(iii) Meetings and Attendance during the year**

The Audit Committee met Four times during the year on 28<sup>th</sup> May, 2013, 25<sup>th</sup> July, 2013, 28<sup>th</sup> October, 2013 and 28<sup>th</sup> January, 2014. The attendance of each member of the committee is given below:

<b>Name of the Director</b>	<b>No. of meetings attended</b>
Shri Dhirajlal S. Shah	4
Shri Dharmen B. Shah	3
Shri Jayesh M. Gandhi	4
Shri Kavas N Warden	2

The Statutory Auditors, the Internal Auditors and the Cost Auditors are permanent invitees to the meetings of the Committee. The Company Secretary is the secretary of the committee.

**4. Remuneration Committee**

**(i) Brief description of Terms of Reference**

To determine the Company's Policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment and to fix the remuneration payable to executive directors.

**(ii) Composition, Name of Members, Chairperson & Attendance during the year**

Remuneration Committee consists of Shri. D. S. Shah, Shri. D. B. Shah and Shri K. N. Warden, all Independent Directors, as Members.

Shri D. S. Shah is the Chairman of the Committee.

The Remuneration Committee met once during the year on 28<sup>th</sup> January, 2014. All the Members of the Committee attended the said meeting.

**(iii) Remuneration Policy**

The Remuneration Policy for Working Directors is reviewed periodically to ensure that the same is in line with the peer companies. The payment of remuneration is duly approved by the Remuneration Committee, the Board of Directors and the Shareholders.

**(iv) Details of Remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2014.**

**i) Managing Director and Joint Managing Director**

The Agreements with the Managing Director and the Joint Managing Director are for a period of Five Years each commencing from 1<sup>st</sup> January, 2013.

The total remuneration paid to the Managing Director and the Joint Managing Director during the year 2013-14 was as under:

(Rupees in Lacs)

<b>Name</b>	<b>Salary</b>	<b>Commission</b>	<b>Total</b>
Shri Manhar G. Gandhi Mg. Director	120.00	-	120.00
Shri Bhupatrai G. Gandhi Jt. Mg. Director.	120.00	-	120.00

Notes:

- (a) Either party to the agreement is entitled to terminate by giving the other party a notice of 3 months.
  - (b) The Managing Director and the Jt. Managing Director are entitled to compensation for loss of office in accordance with and subject to restrictions laid down under section 318 of the Companies Act, 1956.
  - (c) Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or to the Jt. Managing Director.
  - (d) The Managing Director and Jt. Managing Director are entitled to commission within the overall limit prescribed under sections 198 & 309 of the Companies Act, 1956.
- ii) The Non-Executive Directors are not entitled to any remuneration except payment of sitting fees for attending the meetings of Board of Directors and Committees thereof. During the year 2013-14, the Company has paid total sitting fee of Rs.2,35,000/- to non-executive directors as under:

Shri D.S.Shah	Rs. 68,000/-
Shri K.N.Warden	Rs. 54,000/-
Shri J.M. Gandhi	Rs. 60,000/-
Shri D. B. Shah	Rs. 53,000/-

**5. Investors' Grievance Committee (Shareholders' Committee)**

**(i) Composition, Name of Members, Chairman & Attendance during the year:**

Investors' Grievance Committee is headed by Shri D. S. Shah, a Non Executive Independent Director. Shri B. G. Gandhi (Executive & Promoter Member) and Shri D. B. Shah (Non Executive Independent Member) are the other Members of the Committee.

The Investment Grievance Committee met once during the year on 28th January, 2014. All the members of the Committee attended the said meeting.

**(ii) Name & Designation of Compliance Officer:**

Company Secretary is designated as Compliance Officer of the Company

**(iii) to (v) A statement of various complaints received and cleared by the Company during the year ended on 31<sup>st</sup> March, 2014 is given below:**

Nature of Complaint	Received	Cleared	Pending
Non Receipt of Annual Report	3	3	Nil
Non Receipt of Dividend Warrants	23	23	Nil
Request for Duplicate Share Certificates	0	0	Nil
Non Receipt of Share Transferred	0	0	Nil
Non receipt of securities	6	6	Nil
Others	---	---	—
Letters from Stock Exchange/ SEBI/ Department of Company Affairs	3	3	Nil
Total	35	35	

The “SCORES” website of SEBI for redressing of Grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the Financial Year ended on 31<sup>st</sup> March, 2014.

As per revised Clause 47(F) of the listing agreement the E-mail ID of the Investor Grievance Department of the Company is [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com).

**6. General Body Meetings**

**(i) and (ii) The date, time and venue of the last 3 General Body Meetings of the Company is given below:**

Financial Year ended	Date of AGMs	Time	Venue	Details of Special Business Resolutions
31 <sup>st</sup> March, 2011	27.07.2011	11.00 a.m	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai 400007	No Special business was transacted.
31 <sup>st</sup> March, 2012	25.07.2012	11.00 a.m	Indian Merchant Chambers, IMC Building, IMC Marg, Mumbai - 400020	Amendment in Article no. 113 of the Articles of Association of the Company relating to sitting fees of the Directors.
31 <sup>st</sup> March, 2013	25.07.2013	11.00 a.m	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai 400007	Re-appointment of Shri M. G. Gandhi as Managing Director and Shri B. G. Gandhi as Jt. Managing Director for a further period of 5 years w.e.f. 01.01.2013  Amendment in Article no. 143 of the Articles of Association of the Company relating to holding of the office of the chairman of the Board by the Managing Director of the Company

(iii) to (vi) None of the items transacted at the said meetings were required to be passed by postal ballot. At the forthcoming Annual General Meeting there is no item on the agenda requiring to be passed by postal ballot. Hence, no need to specify the procedure for postal ballot.

## 7. Disclosures

- (i) During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, directors and management that had a potential conflict with the interest of the Company at large.

All the transactions with related parties are periodically placed before the Audit Committee. The Register of Contracts detailing transactions in which Directors are interested is placed before the Board at every meeting for its approval. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Note No. 34 to the Accounts in the Annual Report and they are not in conflict with the interest of the Company at large.

- (ii) There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital market during the last three years.

- (iii) The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing Agreement. The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

- a) **Maintenance of the Non-Executive Chairman's Office:** Presently not applicable as the Chairman of the Company is a Managing Director.
- b) **Tenure of Independent Directors:** No specific tenure has been specified for Independent Directors.
- c) **Remuneration Committee:** The Company has set up a remuneration committee consisting of three Non Executive Independent Directors.
- d) **Shareholders' rights:** Un-audited quarterly financial results are posted on the website of the Company. In view of new portal viz. Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the <http://www.corpfiling.co.in>
- e) **Audit Qualification:** There have been no qualifications by the Auditors in their report on the Accounts of the Company. The Company shall endeavor to continue to have unqualified financial statements.
- f) **Training of Board of Directors:** The Directors of the Company are persons from Business and Profession with experience in corporate sector. They are being kept posted with various statutory and regulatory changes as are applicable to the Company.
- g) **Mechanism for evaluating non-executive Board members:** Non Executive members of the Board are highly qualified and there is no need for any evaluation.
- h) **Whistle Blower Policy:** The Company has not adopted Whistle Blower Policy but employees are encouraged to report any contravention or suggestion for improved working of the Company.
- i) The Company has not issued any shares during the year.

- (iv) Shareholding of the Non-executive Directors and their relatives in the Company

Name of the Non-Executive Directors	No. of Shares held
1) Shri Dhirajlal S. Shah	4250
2) Shri Kavas N. Warden	28700
3) Shri Jayesh M. Gandhi	1167466
4) Shri Dharmen B Shah	1000 (through Wife)

**8. Means of Communication:****(i) Quarterly/Half-yearly and Financial Results**

The quarterly/half-yearly and annual results of the Company are published in the newspapers and posted on the website of the Company at [www.gandhispecialtubes.com](http://www.gandhispecialtubes.com). The quarterly and annual results along with the Segmental Report are generally published in The Free Press Journal and Navshakti. The Company's financial results are sent in time to Stock Exchanges so that they may be posted on the Stock Exchanges' website.

**(ii) Presentation to Institutional Investors or to analysts**

There is no official news release displayed on the website. The Company has not made any presentation to institutional investors or equity analyst.

**(iii) Annual Reports**

The Company also provides copies of its financial results to investors if so requisitioned for without any charge, at the same time they are available on the Company's Website also and can be downloaded from there.

**(iv) Management Discussion & Analysis Report (MD&A Report)**

The MD&A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

**(v) Company's Corporate Website**

The Company's website is a comprehensive reference on Gandhi Special Tubes' management, products, investor relations, Clients, etc. The section on "Investors' relations" serves to inform the shareholders, by giving complete financial details, corporate governance, Composition of Board, contact information relating to our registrar and transfer agents, etc.

Quarterly Report on Corporate Governance under Clause 49 of the Listing Agreement have been submitted to Stock Exchange(s) as follows

<b>Quarterly Report for the quarter ended</b>	<b>Submitted to BSE Ltd.</b>	<b>Submitted to National Stock Exchange of India Ltd through NEAPs</b>
30/06/2013	09/07/2013	08/07/2013
30/09/2013	04/10/2013	01/10/2013
31/12/2013	08/01/2014	08/01/2014
31/03/2014	09/04/2014	08/04/2014

In view of recent amendment in Clause 47(f) of Listing Agreement, the Company has designated an email account specifically for investor service and the same is disclosed on the website of the Company. Investors may e-mail their queries at [complianceofficer@gandhitubes.com](mailto:complianceofficer@gandhitubes.com).

**9. General Shareholders Information****(i) Annual General Meeting**

The 29<sup>th</sup> Annual General Meeting of the shareholders will be held on Thursday the 24<sup>th</sup> July, 2014 at 11.00 a.m.

Venue: Kanji Khetsey Sabhagriha,  
Bharatiya Vidya Bhavan,  
K.M. Munshi Marg,  
Mumbai – 400007.

**(ii) Financial Calendar**

For the year ending 31<sup>st</sup> March, 2015 the Financial Results will be announced on:

First Quarter	:	End of July, 2014
Half year	:	End of October, 2014
Third Quarter	:	End of January, 2015
Yearly	:	End of May, 2015

**(iii) Date of Book Closure:** - Wednesday the 23<sup>rd</sup> July, 2014 and Thursday the 24<sup>th</sup> July, 2014 (both days inclusive)

**(iv) Dividend Payment Date:** Interim Dividend for the Financial Year 2013-14 already paid on 20<sup>th</sup> February, 2014. Final dividend is not recommended by the Board

**(v) Listing:** The equity shares of the Company are listed on BSE Ltd and National Stock Exchange of India Ltd.

<b>(vi) ISIN NO.</b>	:	INE524B01027
<b>SCRIP CODE</b>	:	BSE - 513108
		NSE - GANDHITUBE

**(vii) Market Price Data: high, low during each month in the last financial year.**

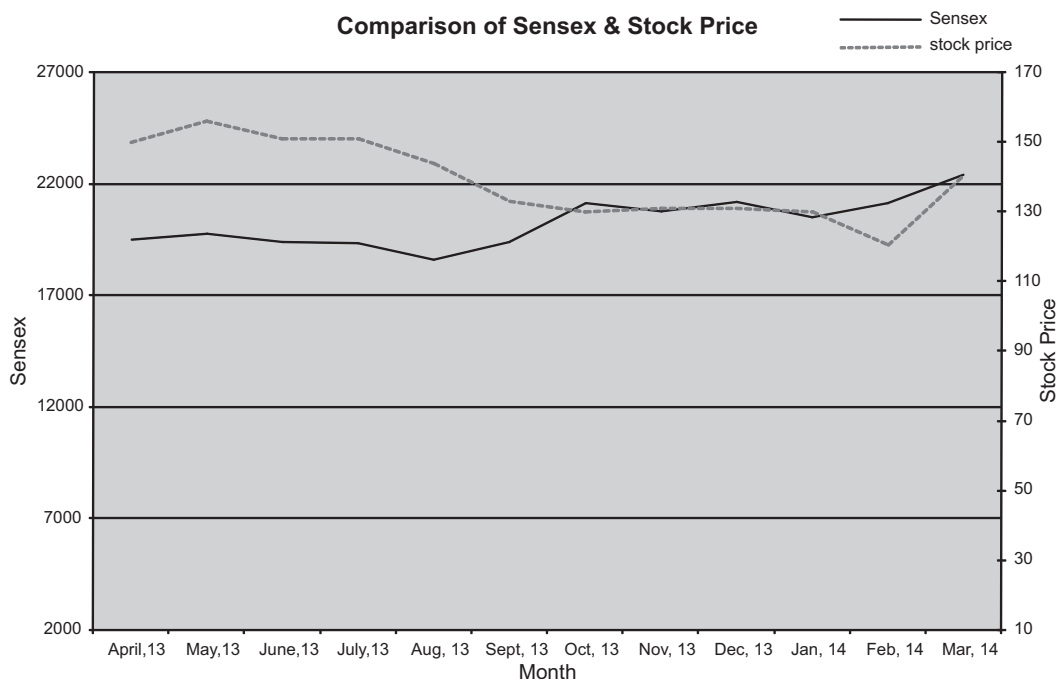
Monthly Share Price Data of the Company's shares on BSE for the year ended 31<sup>st</sup> March, 2014

Month	Highest Rate (Rs.)	Date	Lowest Rate (Rs.)	Date
April 2013	156.85	08.04.2013	149.25	04.04.2013
May 2013	163.25	27.05.2013	149.50	29.05.2013
June 2013	159.95	05.06.2013	150.00	25.06.2013
July 2013	163.00	11.07.2013	147.55	24.07.2013
August 2013	155.00	22.08.2013	122.00	07.08.2013
September 2013	148.00	02.09.2013	123.85	13.09.2013
October 2013	135.00	18.10.2013	125.40	03.10.2013
November 2013	136.00	06.11.2013	126.00	01.11.2013
December 2013	134.90	26.12.2013	129.05	30.12.2013
January 2014	137.95	09.01.2014	129.00	31.01.2014
February 2014	126.40	03.02.2014	118.55	03.02.2014
March 2014	147.90	31.03.2014	120.00	03.03.2014

Monthly Share Price Data of the Company's shares on NSE for the year ended 31<sup>st</sup> March, 2014

Month	Highest Rate (Rs.)	Date	Lowest Rate (Rs.)	Date
April 2013	156.00	01.04.2013	150.00	04.04.2013
May 2013	159.00	10.05.2013	149.15	14.05.2013
June 2013	181.00	24.06.2013	146.05	26.06.2013
July 2013	164.70	11.07.2013	147.00	08.07.2013
August 2013	151.00	02.08.2013	135.00	28.08.2013
September 2013	136.50	02.09.2013	125.10	16.09.2013
October 2013	133.95	31.10.2013	122.05	04.10.2013
November 2013	139.90	11.11.2013	128.95	06.11.2013
December 2013	134.00	17.12.2013	129.95	09.12.2013
January 2014	135.95	13.01.2014	123.50	13.01.2014
February 2014	127.90	03.02.2014	118.15	03.02.2014
March 2014	148.50	31.03.2014	120.00	03.03.2014

**(viii) Performance in comparison to BSE sensex**



**(ix) Name and Address of the Registrar and Share Transfer Agent**

**KARVY COMPUTERSHARE PVT LTD.**

**Regd. Office**

“Karvy House” No.46  
 Avenue 4, Street no.1  
 Banjara Hills,  
 HYDERABAD 500 034  
 Tel No: 91-40-44655179/ 44655181  
 Fax No: 91-40-23311968

**City Office**

“24” Maharashtra Chamber of Commerce Lane  
 Above Parkeen, Opp. MSC Bank,  
 Fort,  
 MUMBAI 400 023  
 Tel No: 91-22-22040170  
 Fax No: 91-22-56331135

**(x) Share Transfer System**

Karvy Computershare Pvt Ltd., processes transfer of shares held in physical form. The powers for approval of share transfers are delegated as under:

Upto 2500 Shares : Karvy Computershare Pvt Ltd.,  
 2500 to 5000 Shares : Company Secretary  
 above 5000 Shares : Managing Director.

If the relevant documents are complete and in order in all respects, the transfer of shares is effected within 12 days and certificates are dispatched to the transferees within 15 days from the date of receipt.

The requests for dematerialization of shares are processed by the Registrar and Share Transfer Agents and if all the documents are found to be in order, the same are approved by them within a period of 15 days.



**(xi) (1) Distribution of Share Holding as on 31<sup>st</sup> March, 2014****DISTRIBUTION SCHEDULE AS ON 31/03/2014**

Sr. No	Category	No. of shareholder	% of Cases	Amount	% Amount
1	upto 1 - 5000	4803	90.52	6383840.00	8.68
2	5001 - 10000	278	5.24	2246520.00	3.06
3	10001 - 20000	99	1.87	1422210.00	1.94
4	20001 - 30000	36	0.68	882005.00	1.20
5	30001 - 40000	15	0.28	526305.00	0.72
6	40001 - 50000	11	0.21	496540.00	0.67
7	50001 - 100000	23	0.43	1667390.00	2.27
8	100001 & ABOVE	41	0.77	59868270.00	81.46
<b>Total:</b>		<b>5306</b>	<b>100.00</b>	<b>73493080.00</b>	<b>100.00</b>

**(2) Distribution of shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2014****SHARE HOLDING PATTERN AS ON 31/03/2014**

Sr. No	Description	Cases	Shares	% Equity
1	BANKS	3	7200	0.05
2	CLEARING MEMBERS	19	2759	0.02
3	DIRECTORS AND THEIR RELATIVES	3	33950	0.23
4	FOREIGN INSTITUTIONAL INVESTOR	1	290000	1.97
5	H U F	89	216783	1.47
6	INDIAN PROMOTER COMPANIES	2	1069700	7.28
7	BODIES CORPORATES	92	272147	1.85
8	MUTUAL FUNDS	1	1000	0.01
9	NON RESIDENT INDIANS	335	248133	1.69
10	COMPANY PROMOTERS	23	9699867	65.99
11	RESIDENT INDIVIDUALS	4736	2855677	19.43
12	FOREIGN NATIONALS	2	1400	0.01
<b>Total:</b>		<b>5306</b>	<b>14698616</b>	<b>100.00</b>

For the purpose of SEBI (Substantial Acquisition of Shares & Takeover) Regulation 2011, the following Companies are to be considered as Group Companies belonging to Promoters Group.

Sr. No.	Name	Shareholding as on 31.03.2014
1.	B.M.Gandhi Investment Co. Pvt. Ltd.	559300
2.	Gandhi Finance Co. Pvt. Ltd.	510400
3.	Jaishri Engineering Co. Pvt. Ltd.	Nil

**Information pursuant to Clause 32 of the Listing Agreement.**

The Company has no subsidiary and hence provisions for furnishing specific information are not applicable.

**(xii) Details of Demat Shares as on 31<sup>st</sup> March, 2014**

<b>CONTROL REPORT AS ON 31/03/2014</b>				
<b>Sr. No</b>	<b>Name of Depository</b>	<b>No. of Holders</b>	<b>Shares</b>	<b>% To Equity</b>
1	NSDL	2718	12054742	82.01
2	CDSL	927	1854930	12.62
<b>Sub Total</b>		<b>3645</b>	<b>13909672</b>	<b>94.63</b>
3	PHYSICAL	1661	788944	5.37
<b>Total:</b>		<b>5306</b>	<b>14698616</b>	<b>100.00</b>

(xiii) The Company has not issued any GDR's/ ADR's, Warrants or any other convertible instruments.

(xiv) **Plant Location:** Halol (Gujarat), Windmills at Bhogat, Navadara & Kutch (Gujarat), Sangli (Maharashtra)

**(xv) Address for Correspondence:**

Shri K.S.Reddy/ Shri. B V Kishore

Ms Kinjal D Padrakar, Company Secretary

**Karvy Computershare Pvt. Limited**

Karvy House, No.46  
Avenue 4, Street No.1  
Banjara Hills  
HYDERABAD 500 034  
Tel : 91-40-44655179  
K.S. Reddy : 91-40-44655181  
Email: ksreddy@karvy.com/  
bvkishore@karvy.com

**Gandhi Special Tubes Ltd.**

201-204 Plaza, 2<sup>nd</sup> Floor  
55 Hughes Road,  
Next to Dharam Palace  
Mumbai 400 007  
Tel: 022-23634179  
Fax: 022-23634392  
Email: complianceofficer@gandhitubes.com  
gstl@mtnl.net.in/

**SEBI toll-free helpline service for investors: 1800 22 7575/1800 266 7575 (available on all days from 9.30 a.m. to 5.30 p.m.)**

**10. Declaration by the Managing Director to the Compliance of Code of Conduct in pursuance of Clause 49 (D) (ii) of the Listing Agreement**

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49 (D) (ii) of the Listing Agreement.

**For and on behalf of the Board of Directors**

**M.G.GANDHI**  
Chairman & Managing Director

**Place: Mumbai**  
**Date: 22.05.2014**

**11. Auditors' Certificate on Corporate Governance**

Certificate regarding compliance of conditions of Corporate Governance, as stipulated in the listing agreement with the stock exchange, received from M/s. S.V.Doshi & Co, Statutory Auditors of the Company, is annexed to this report. The said certificate will also be sent to the stock exchange along with the Annual Report to be filed by the Company.

On behalf of the Board of Directors  
**GANDHI SPECIAL TUBES LTD**

**M.G.GANDHI**  
Chairman & Managing Director

**Place: Mumbai**  
**Date: 22.05.2014**

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**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members,  
GANDHI SPECIAL TUBES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Gandhi Special Tubes Limited for the year ended 31 March 2014, as stipulated in Clause 49 of the Listing agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit, nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and based on representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S. V. Doshi & Co.**  
Chartered Accountants  
Firm Reg. No. 102752W

**Sunil Doshi**  
Partner  
Membership No.: 35037

Mumbai, 22 May, 2014

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**AUDITORS' REPORT**

**To the Members of  
Gandhi Special Tubes Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Gandhi Special Tubes Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **S. V. DOSHI & CO.**  
Chartered Accountants  
Firm Reg. No.: 102752W

**SUNIL DOSHI**  
*Partner*  
Membership No.: 35037

**Mumbai, 22 May, 2014**

## **Annexure to The Independent Auditor's Report**

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- (i) (1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(2) As explained to us, the fixed assets have been physically verified by the management in accordance with the phased programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (1) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(2) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(3) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of the inventories as compared to book records were not material.
- (iii) (1) According to the information and explanations given to us, the Company has, during the year, not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order are not applicable.  
(2) According to the information and explanations given to us, the Company has, during the year, not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (e), (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchases of inventories, fixed assets and for sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control system.
- (v) (1) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and  
(2) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹.500,000/- in respect of each party during the year, have been made at prices which are reasonable having regard to prevailing market prices, except for items of specialized nature, where a question of comparison does not arise.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records have been prescribed under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance,

Income Tax, Sales Tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

- (b) The disputed statutory dues aggregating ₹ 144.62 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

(₹ in lacs)

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Income Tax	₹ 117.17 ₹ 2.11	A.Y.2008-2009 A.Y.2011-2012	Before Commissioner of Income Tax (Appeals)
Sales Tax Laws	Sales Tax	₹ 25.23 ₹ 0.11	F.Y.2002-2003 F.Y.2009-2010	Before Joint Commissioner of Commercial Tax (Appeals)
Total		₹ 144.62		

- (x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of its dues to bank. The Company has not issued any debentures.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special Statute applicable to Chit Fund, Nidhi or Mutual Benefits Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence requirements of Para 4 (xiv) are not applicable to the Company.
- (xv) According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any term loan during the year.
- (xvii) The Company has not raised any funds during the year on short-term basis and hence question of use of such funds for long-term investment does not arise.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures and hence, question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **S. V. DOSHI & CO.**  
Chartered Accountants  
Firm Reg. No.: 102752W

**SUNIL DOSHI**  
Partner  
Membership No.: 35037

**Mumbai, 22 May, 2014**

**GANDHI SPECIAL TUBES LIMITED**

(CIN : L27104MH1985PLC036004)

**29th Annual Report 2013-14****BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	31/03/2014 ₹	31/03/2013 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	2	7,34,93,080	7,34,93,080
b) Reserves and Surplus	3	1,50,25,75,978	1,43,26,71,906
		<u>1,57,60,69,058</u>	<u>1,50,61,64,986</u>
<b>2 Non-Current Liabilities</b>			
a) Deferred Tax Liabilities (net)	4	6,51,19,525	4,33,48,711
b) Long Term Provisions	5	2,47,35,389	2,81,08,126
		<u>8,98,54,914</u>	<u>7,14,56,837</u>
<b>3 Current Liabilities</b>			
a) Trade Payables	6	1,95,11,373	1,59,38,499
b) Other Current Liabilities	7	2,33,70,517	4,57,50,479
c) Short Term Provisions	8	1,36,99,550	8,92,731
		<u>5,65,81,440</u>	<u>6,25,81,709</u>
	<b>TOTAL</b>	<b>1,72,25,05,412</b>	<b>1,64,02,03,532</b>
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
a) Fixed assets	9		
(i) Tangible Assets		64,14,23,319	51,93,96,352
(ii) Intangible Assets		87,309	1,74,618
(iii) Capital Work-in-Progress		-	3,83,70,112
		<u>64,15,10,628</u>	<u>55,79,41,082</u>
b) Non-Current Investments	10	41,37,06,720	38,64,80,198
c) Long Term Loans and Advances	11	1,45,60,728	6,35,12,143
		<u>1,06,97,78,076</u>	<u>1,00,79,33,423</u>
<b>2 Current Assets</b>			
a) Current Investments	12	22,16,77,215	22,50,15,759
b) Inventories	13	23,59,23,559	21,36,13,004
c) Trade Receivables	14	15,32,31,093	14,94,38,764
d) Cash and Cash Equivalents	15	1,78,83,879	2,81,93,492
e) Short-Term Loans and Advances	16	1,95,26,503	1,14,39,618
f) Other Current Assets	17	44,85,087	45,69,472
		<u>65,27,27,336</u>	<u>63,22,70,109</u>
	<b>TOTAL</b>	<b>1,72,25,05,412</b>	<b>1,64,02,03,532</b>

**Notes (including significant accounting policies)  
on Financial Statements****1 to 35**

As per our attached report of even date

For and on behalf of the Board of Directors

**For S. V. DOSHI & CO.**

Chartered Accountants

**M. G. GANDHI**

(Chairman &amp; Managing Director)

**B. G. GANDHI**

(Joint Managing Director)

**SUNIL V. DOSHI**

Partner

Membership No. 35037

**D. S. SHAH**

(Director)

**K. N. WARDEN**

(Director)

Mumbai, 22nd May, 2014

**Kinjal D. Padrakar**  
(Company Secretary)**J. M. GANDHI**

(Director)

**D. B. SHAH**

(Director)



**GANDHI SPECIAL TUBES LIMITED**

(CIN : L27104MH1985PLC036004)

**29th Annual Report 2013-14****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Note No.	31/03/2014 ₹	31/03/2013 ₹
<b>A INCOME</b>			
1 Revenue from Operations	18	83,52,55,050	95,93,96,016
2 Other Income	19	7,91,47,408	2,68,22,589
<b>Total Revenue</b>		<u>91,44,02,458</u>	<u>98,62,18,605</u>
<b>3 EXPENDITURE</b>			
a) Cost of Material Consumed	20	31,26,69,827	32,11,95,855
b) Changes in Inventories of Finished Goods and Work-in-Progress	21	(1,82,43,646)	1,27,47,661
c) Employee Benefits Expenses	22	4,83,47,983	7,12,54,744
d) Depreciation and Amortization Expenses	9	4,93,65,766	4,33,68,099
e) Other Expenses	23	23,09,26,038	23,00,36,776
<b>Total Expenses</b>		<u>62,30,65,968</u>	<u>67,86,03,135</u>
<b>4 Profit Before Tax</b>		<u>29,13,36,490</u>	<u>30,76,15,470</u>
<b>5 Tax Expense</b>			
a) Current Tax		5,80,00,000	8,75,00,000
b) Current Tax expense relating to prior years		3,84,81,729	20,000
c) Deferred Tax		2,17,70,814	(5,33,128)
		<u>11,82,52,543</u>	<u>8,69,86,872</u>
<b>6 Profit for the year</b>		<u>17,30,83,947</u>	<u>22,06,28,598</u>
<b>7 Earning per share (of ₹ 5/- each)</b>			
Basic and Diluted	33	11.78	15.01
<b>Notes (including significant accounting policies) on Financial Statements</b>	<b>1 to 35</b>		

As per our attached report of even date

**For S. V. DOSHI & CO.**

Chartered Accountants

**SUNIL V. DOSHI**

Partner

Membership No. 35037

Mumbai, 22nd May, 2014

**Kinjal D. Padrakar**  
(Company Secretary)

For and on behalf of the Board of Directors

**M. G. GANDHI**

(Chairman &amp; Managing Director)

**D. S. SHAH**

(Director)

**J. M. GANDHI**

(Director)

**B. G. GANDHI**

(Joint Managing Director)

**K. N. WARDEN**

(Director)

**D. B. SHAH**

(Director)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit as per statement of profit and loss	29,13,36,490	30,76,15,470
Adjusted for :		
Depreciation and amortisation	4,93,65,766	4,33,68,099
Net gain on sale of fixed assets / assets discarded written off	-	12,25,177
Interest income	(1,43,05,859)	(1,38,32,088)
Dividend income	(40,91,175)	(68,07,956)
Net gain on sale of long term investment	(6,00,73,458)	(59,45,063)
<b>Operating profit before working capital changes</b>	<b>26,22,31,764</b>	<b>32,56,23,639</b>
Adjusted for :		
Inventories	(2,23,10,555)	19,31,564
Trade and other receivables	(1,25,55,604)	2,45,37,950
Trade and other payables	(2,21,55,820)	1,16,95,826
	<b>(5,70,21,979)</b>	<b>3,81,65,340</b>
<b>Cash generated from Operations</b>	<b>20,52,09,785</b>	<b>36,37,88,979</b>
Taxes paid	(6,89,75,786)	(9,63,00,130)
<b>Net cash from operating activities (A)</b>	<b>13,62,33,999</b>	<b>26,74,88,849</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(9,79,46,252)	(27,37,53,874)
Proceeds from sale of fixed assets	-	10,70,051
Purchase of investments	(1,09,26,49,674)	(50,29,61,746)
Sale of investments	1,12,88,35,155	57,65,00,789
Interest received	1,43,05,859	1,38,32,088
Dividend received	40,91,175	68,07,956
<b>Net cash (used in) investing activities (B)</b>	<b>(4,33,63,737)</b>	<b>(17,85,04,736)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(8,81,91,696)	(8,81,91,696)
Tax on dividend	(1,49,88,179)	(1,43,06,898)
<b>Net cash (used in) financing activities (C)</b>	<b>(10,31,79,875)</b>	<b>(10,24,98,594)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(1,03,09,613)</b>	<b>(1,35,14,481)</b>
Cash and cash equivalents at the beginning of the year	2,81,93,492	4,17,07,973
<b>Cash and cash equivalents at the end of the year</b>	<b>1,78,83,879</b>	<b>2,81,93,492</b>

**Notes:**

- (1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements, notified under sub-section (3C) of section 211 of the Companies Act, 1956.
- (2) Cash & cash equivalents include balance with bank in unclaimed dividend a/c ₹ 1,01,84,309/- (Previous Year ₹ 87,20,568/-)

As per our attached report of even date

For and on behalf of the Board of Directors

**For S. V. DOSHI & CO.**

Chartered Accountants

**M. G. GANDHI**

(Chairman &amp; Managing Director)

**B. G. GANDHI**

(Joint Managing Director)

**SUNIL V. DOSHI**

Partner

Membership No. 35037

Mumbai, 22nd May, 2014

**Kinjal D. Padrakar**  
(Company Secretary)**D. S. SHAH**

(Director)

**J. M. GANDHI**

(Director)

**K. N. WARDEN**

(Director)

**D. B. SHAH**

(Director)

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**1 SIGNIFICANT ACCOUNTING POLICIES****1.1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards notified by the companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**1.2 FIXED ASSETS**

Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

**1.3 DEPRECIATION / AMORTISATION**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except for Wind Mills, which is provided on Written Down Value Method and for Intangible assets, which is written off during the period of three years. Leasehold land is amortized over the period of lease.

**1.4 INVESTMENTS**

Long-term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are valued at lower of cost and fair value.

**1.5 INVENTORIES**

Inventories are valued at lower of cost and net realisable value. The cost is determined on the basis of FIFO Method. For the purpose of finished goods and work-in-process, cost comprises of material cost plus appropriate share of production overheads and excise duty, wherever applicable.

**1.6 EMPLOYEE BENEFITS****Defined Contribution Plan :**

- a) In accordance with the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the company and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to provident fund is charged to statement of profit and loss.
- b) The Company has taken a Policy with Life Insurance Corporation of India for the payment of gratuity, a defined contribution plan and premium paid on the policy has been charged to statement of profit & loss in the year of payment.

**Defined Benefit Plan :**

- a) Gratuity to the Managing Director and Joint Managing Director, who are not covered under the policy with LIC has been provided for on the basis of Actuarial valuation, which is based on their contractual terms.
- b) As per Leave encashment policy, the employees other than Managing Director and Joint Managing Director are required to encash accumulated leave before the end of accounting year and accordingly form the part of expenses under the head Salaries and wages. However, liability towards leave encashment benefits to Managing Director and joint Managing Director in respect of unavailed leave at the end of their tenure is accounted on cash basis.

**1.7 FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. In case of liabilities incurred for the acquisition of fixed assets, the loss or gain on conversion (at the rate prevailing at the year end) is recognized as income or expenses in the statement of profit and loss. Current assets and liabilities (other than those relating to fixed assets) are restated at the rate prevailing at the year end. The difference between the year end rate and the exchange rate at the date of the transaction is recognized as income or expense in the statement of profit and loss.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1.8 REVENUE RECOGNITION

Sale of goods is recognized at the point of despatch to the customer. Income from Wind Power is recognized at the point of generation. Sales includes excise duty but excludes Sales Tax and discounts. Other Income are accounted on accrual basis.

### 1.9 TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods except for carried forward losses, which are recognized only if there is virtual certainty of their realization.

### 1.10 IMPAIRMENT

An asset is treated as Impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of profit & loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### 1.11 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when there is a present obligation as a result of past events for which it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates, contingent liabilities are disclosed after an evaluation of the facts and legal aspects of the matters involved.

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>2</b>	<b>SHARE CAPITAL</b>		
	<b>AUTHORISED</b>		
	24,000,000 Equity Shares of ₹ 5/- each	<u>12,00,00,000</u>	<u>12,00,00,000</u>
	<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
	14,698,616 Equity Shares of ₹ 5/- each fully paid up	<u>7,34,93,080</u>	<u>7,34,93,080</u>
	<b>Total</b>	<u><b>7,34,93,080</b></u>	<u><b>7,34,93,080</b></u>

#### a) Reconciliation of number of shares

There is no movement in the share capital during the current and previous year.

#### b) Rights, preferences and restrictions attached to equity shares :

The Company has one class of equity shares having a par value of ₹ 5/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 2.1 Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	%	Number of shares held	%
1) Manhar G. Gandhi	23,39,870	15.92	23,39,870	15.92
2) Bhupatrai G. Gandhi	21,88,651	14.89	21,88,651	14.89
3) Jayesh M. Gandhi	11,67,466	7.94	11,67,466	7.94
4) Manoj B. Gandhi	10,97,168	7.46	10,97,168	7.46
5) Bharti M. Gandhi	7,83,776	5.33	7,83,776	5.33

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>3</b>	<b>RESERVE &amp; SURPLUS</b>		
	<b>CAPITAL RESERVE</b>		
	(i) Capital subsidy		
	Balance as per last Balance Sheet	25,00,000	25,00,000
	(ii) Surplus on Reissue of Forfeited Shares		
	Balance as per last Balance Sheet	5,39,100	5,39,100
	<b>CAPITAL REDEMPTION RESERVE</b>		
	Balance as per last Balance Sheet	2,09,99,290	2,09,99,290
	<b>GENERAL RESERVE</b>		
	Opening balance	24,00,00,000	21,00,00,000
	Add: Transferred from surplus in Statement of Profit and Loss	3,00,00,000	3,00,00,000
	Closing balance	27,00,00,000	24,00,00,000
	<b>SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b>		
	Opening balance	1,16,86,33,516	1,08,05,03,512
	Add: Profit for the year	17,30,83,947	22,06,28,598
	Less : Interim dividend	8,81,91,696	8,81,91,696
	Tax on dividend	1,49,88,179	1,43,06,898
	Amounts transferred to General reserve	3,00,00,000	3,00,00,000
	Closing balance	1,20,85,37,588	1,16,86,33,516
	<b>Total</b>	<b>1,50,25,75,978</b>	<b>1,43,26,71,906</b>
<b>4</b>	<b>DEFERRED TAX (ASSETS)/LIABILITIES</b>		
	<b>DEFERRED TAX ASSETS</b>		
	Gratuity	(84,07,558)	(95,53,951)
	<b>DEFERRED TAX LIABILITIES</b>		
	Depreciation/Amortisation	7,35,27,083	5,29,02,662
	<b>Total</b>	<b>6,51,19,525</b>	<b>4,33,48,711</b>
<b>5</b>	<b>LONG-TERM PROVISIONS</b>		
	Provision for employee benefits	2,47,35,389	2,81,08,126
	<b>Total</b>	<b>2,47,35,389</b>	<b>2,81,08,126</b>
<b>6</b>	<b>TRADE PAYABLES</b>		
	Micro and Small Enterprises (refer note no. 25)	8,08,432	15,37,056
	Others	1,87,02,941	1,44,01,443
	<b>Total</b>	<b>1,95,11,373</b>	<b>1,59,38,499</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>7</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Unpaid dividends *	1,01,84,309	87,20,568
	Statutory remittances	29,07,202	46,39,919
	Payable on purchase of fixed assets	-	1,28,26,087
	Deposits from customers	3,66,812	3,66,812
	Advances from customers	15,53,972	17,09,278
	Due to Directors	-	1,20,00,000
	Other liabilities	83,58,222	54,87,815
	* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
	<b>Total</b>	<b>2,33,70,517</b>	<b>4,57,50,479</b>
<b>8</b>	<b>SHORT TERM PROVISIONS</b>		
	For employee benefits	8,59,286	8,24,991
	For wealth tax	57,450	67,740
	Current taxation (net of payments)	1,27,82,814	-
	<b>Total</b>	<b>1,36,99,550</b>	<b>8,92,731</b>
<b>9</b>	<b>FIXED ASSETS</b>		

Descriptions	Gross block				Depreciation / Amortisation				Net Block	
	As at 01-04-2013	Additions	Deductions/ Adjustments	As at 31-03-2014	As at 01-04-2013	For the year	Deductions/ Adjustments	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS</b>										
Freehold Land										
& Site Development	71,80,461	-	-	71,80,461	-	-	-	-	71,80,461	71,80,461
Building - Factory	13,14,20,428	91,350	-	13,15,11,778	2,72,01,602	43,96,253	-	3,15,97,855	9,99,13,923	10,42,18,826
Building - Others	12,81,32,291	37,680	-	12,81,69,971	20,30,686	21,23,572	-	41,54,258	12,40,15,713	12,61,01,605
Plant and Machinery	55,59,15,271	17,10,92,794	-	72,70,08,065	36,88,03,961	2,92,37,001	-	39,80,40,962	32,89,67,103	18,71,11,310
Furniture and Fixtures	97,13,072	-	-	97,13,072	34,85,461	4,61,716	-	39,47,177	57,65,895	62,27,611
Office Equipments	40,10,618	83,600	-	40,94,218	15,03,878	2,91,628	-	17,95,506	22,98,712	25,06,740
Vehicles	1,41,18,548	-	-	1,41,18,548	26,09,030	13,41,262	-	39,50,292	1,01,68,256	1,15,09,518
Wind Mills	24,50,24,865	-	-	24,50,24,865	17,04,84,584	1,14,27,025	-	18,19,11,609	6,31,13,256	7,45,40,281
<b>Total (a)</b>	<b>1,09,55,15,554</b>	<b>17,13,05,424</b>	<b>-</b>	<b>1,26,68,20,978</b>	<b>57,61,19,202</b>	<b>4,92,78,457</b>	<b>-</b>	<b>62,53,97,659</b>	<b>64,14,23,319</b>	<b>51,93,96,352</b>
Previous year	89,15,71,810	20,96,23,433	56,79,689	1,09,55,15,554	53,62,22,873	4,32,80,790	33,84,461	57,61,19,202	51,93,96,352	-
<b>INTANGIBLE ASSETS</b>										
Software Licences	2,61,927	-	-	2,61,927	87,309	87,309	-	1,74,618	87,309	1,74,618
<b>Total (b)</b>	<b>2,61,927</b>	<b>-</b>	<b>-</b>	<b>2,61,927</b>	<b>87,309</b>	<b>87,309</b>	<b>-</b>	<b>1,74,618</b>	<b>87,309</b>	<b>1,74,618</b>
Previous year	-	2,61,927	-	2,61,927	-	87,309	-	87,309	1,74,618	-
<b>Total (a + b)</b>	<b>1,09,57,77,481</b>	<b>17,13,05,424</b>	<b>-</b>	<b>1,26,70,82,905</b>	<b>57,62,06,511</b>	<b>4,93,65,766</b>	<b>-</b>	<b>62,55,72,277</b>	<b>64,15,10,628</b>	<b>51,95,70,970</b>
Previous year	89,15,71,810	20,98,85,360	56,79,689	1,09,57,77,481	53,62,22,873	4,33,68,099	33,84,461	57,62,06,511	51,95,70,970	-
Capital Work in Progress										3,83,70,112
									<b>64,15,10,628</b>	<b>55,79,41,082</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>10</b>	<b>NON-CURRENT INVESTMENTS (At cost unless otherwise stated)</b>		
	<b>OTHER INVESTMENTS</b>		
	<b>(a) In bonds (Quoted, fully paid up)</b>		
	<i>Number of units</i>		
	- (1,000) 6.85% India Infrastructure Finance Co. Ltd. tax free bonds	-	10,04,70,000
	<b>30,000</b> (-) 8.41% India Infrastructure Finance Co. Ltd. tax free bonds	<b>3,00,00,000</b>	-
	<b>1,236</b> (1,236) 8.20% National Highway Authority of India Ltd. tax free bonds	<b>12,36,000</b>	12,36,000
	<b>23,736</b> (23,736) 8.30% National Highway Authority of India Ltd. tax free bonds	<b>2,45,79,870</b>	2,45,79,871
	<b>27,500</b> (27,500) 8.30% Power Finance Corporation Ltd. tax free bonds	<b>2,83,72,250</b>	2,83,72,250
	<b>100</b> (-) 6.70% India Railway Finance Corporation Ltd. tax free bonds	<b>92,50,000</b>	-
	<b>9,499</b> (-) 8.41% NTPC Limited tax free bonds	<b>94,99,000</b>	-
	<b>10</b> (10) 11.40% Tata Power Ltd. taxable bonds	<b>1,01,25,000</b>	1,01,25,000
	<b>10</b> (10) 11.50% Tata Steel Ltd. taxable bonds	<b>1,02,65,000</b>	1,02,65,000
		<b>12,33,27,120</b>	17,50,48,121
	<b>(b) In mutual funds (Quoted, fully paid up)</b>		
	<i>Number of units</i>		
	<b>1,77,246</b> (-) Birla Sun Life Income plus - Growth-Regular Plan	<b>1,00,00,000</b>	-
	- (12,213) Franklin Templeton India Short Term Income Plan-Growth Plan	-	2,55,61,531
	<b>30,00,000</b> (-) HDFC Fixed Maturity Plan-1175D January 2014-1-Regular-Growth Plan	<b>3,00,00,000</b>	-
	- (27,62,788) HDFC Monthly Income Plan-Long Term-Growth Plan	-	6,40,64,088
	- (30,00,000) ICICI Prudential FMP - Series-61- 3 years-Plan-F-Cumulative	-	3,00,00,000
	<b>19,96,693</b> (-) ICICI Prudential Regular Saving Fund-Regular Plan-Growth	<b>2,50,00,000</b>	-
	<b>20,00,000</b> (-) ICICI Prudential FMP - Series-72-823 Days Plan-H-Regular Plan	<b>2,00,00,000</b>	-
	<b>20,00,000</b> (20,00,000) L & T Fixed Maturity Plan - VII - March 735D A - Growth	<b>2,00,00,000</b>	2,00,00,000
	<b>15,00,000</b> (-) L & T Fixed Maturity - Series 9 - Plan-E - Growth	<b>1,50,00,000</b>	-
	<b>14,15,274</b> (-) Reliance Regular Saving Fund - Debt Plan-Growth Plan	<b>2,28,79,600</b>	-
	<b>10,60,072</b> (-) Reliance Dynamic Bond Fund - Growth Plan	<b>1,75,00,000</b>	-
	<b>30,00,000</b> (-) Reliance Fixed Horizon Fund - XXVI - Series-1-Growth Plan	<b>3,00,00,000</b>	-
	- (23,46,461) Reliance Fixed Horizon Fund - XXIII Series-4-Growth Plan	-	2,34,64,607
	<b>37,62,213</b> (22,20,603) Reliance Monthly Income Plan-Growth Plan	<b>10,00,00,000</b>	4,83,41,851
		<b>29,03,79,600</b>	21,14,32,077
	<b>Total</b>	<b>41,37,06,720</b>	38,64,80,198
	Aggregate amount of quoted investments	<b>41,37,06,720</b>	38,64,80,198
	Aggregate market value of quoted investments	<b>42,25,39,483</b>	41,39,01,348
	There are no investments purchased and sold/redeemed during the year.		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>11</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
	<i>(Unsecured, considered good)</i>		
	Capital advances	5,35,000	3,55,24,060
	Security deposits	1,40,25,728	1,32,64,953
	Current taxation (net of provisions)	-	1,47,23,130
	<b>Total</b>	<b>1,45,60,728</b>	<b>6,35,12,143</b>
<b>12</b>	<b>CURRENT INVESTMENTS</b>		
	<b>(At cost or fair value, whichever is lower)</b>		
	<b>In mutual funds (Quoted, fully paid up)</b>		
	<b>Number of units</b>		
	38,27,668 (-) HDFC Cash Management Fund Saving Plan - Daily Dividend Reinvestment	4,07,12,608	-
	20,00,000 (-) HDFC Fixed Maturity Plan-370D October 2013-1 - Regular Growth Plan	2,00,00,000	-
	- (29,77,488) HDFC Floating Rate Income Fund-Short Term Plan - Daily Dividend	-	3,00,15,759
	- (55,00,000) HDFC Fixed Maturity Plan-24M September 2011-1	-	5,50,00,000
	- (50,00,000) HDFC Fixed Maturity Plan-24M November 2011-1	-	5,00,00,000
	- (20,00,000) HDFC Fixed Maturity Plan-399 D March 2012-1	-	2,00,00,000
	- (30,00,000) IDFC Fixed Maturity Plan-Series-1	-	3,00,00,000
	30,00,000 (-) ICICI Prudential FMP - Series-61- 3 years-Plan-F-Cumulative	3,00,00,000	-
	20,00,000 (-) ICICI Prudential FMP - Series-68-369 days-Plan-K-Regular Plan	2,00,00,000	-
	12,50,000 (-) ICICI Prudential FMP - Series-69-366 days-Plan-G-Regular Plan	1,25,00,000	-
	10,00,000 (-) ICICI Prudential FMP - Series-70-368 days-Plan-M-Regular Plan	1,00,00,000	-
	20,00,000 (-) ICICI Prudential FMP - Series-70-369 days-Plan-O-Regular Plan	2,00,00,000	-
	- (20,00,000) Kotak Fixed Maturity Plan - Series-77-Growth	-	2,00,00,000
	10,00,000 (-) Kotak Fixed Maturity Plan - Series-112-Growth	1,00,00,000	-
	- (20,00,000) Reliance Fixed Horzone Fund - XXI Series-25-Growth Plan	-	2,00,00,000
	23,46,461 (-) Reliance Fixed Horzone Fund - XXIII Series-4-Growth Plan	2,34,64,607	-
	20,00,000 (-) Reliance Fixed Horzone Fund - XXIV Series-3-Growth Plan	2,00,00,000	-
	15,00,000 (-) Reliance Fixed Horzone Fund - XXIV Series-9-Growth Plan	1,50,00,000	-
	<b>Total</b>	<b>22,16,77,215</b>	<b>22,50,15,759</b>
	Aggregate amount of quoted investments	22,16,77,215	22,50,15,759
	Aggregate market value of quoted investments	23,76,62,654	25,05,52,809
	There are no investments purchased and sold/redeemed during the year.		



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>13</b>	<b>INVENTORIES</b>		
	(As certified by the Management)		
	(At lower of cost and net realisable value unless otherwise stated)		
	Raw materials [Includes Goods in Transit ₹24,91,948/- (P.Y. ₹Nil/-)]	15,72,80,607	14,82,70,432
	Work-in-progress	4,97,80,701	2,80,48,700
	Finished goods	64,32,877	97,59,252
	Scrap - At net realisable value	-	1,61,980
	Stores and spares	2,24,29,374	2,73,72,640
	<b>Total</b>	<b>23,59,23,559</b>	<b>21,36,13,004</b>
<b>14</b>	<b>TRADE RECEIVABLES</b>		
	(Unsecured, considered good)		
	Over six months	9,03,307	-
	Others	15,23,27,786	14,94,38,764
	<b>Total</b>	<b>15,32,31,093</b>	<b>14,94,38,764</b>
<b>15</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Balances with banks #	1,78,14,257	2,80,31,129
	Cash on hand	69,622	1,62,363
	<b>Total</b>	<b>1,78,83,879</b>	<b>2,81,93,492</b>
	# Includes balance with bank in unclaimed dividend a/c ₹ 1,01,84,309/- (Previous Year ₹ 87,20,568/-)		
<b>16</b>	<b>SHORT TERM LOANS AND ADVANCES</b>		
	(Unsecured, considered good)		
	Prepaid expenses	58,23,570	49,28,136
	Balances with government authorities	1,09,51,452	53,13,876
	Advances to suppliers	17,47,116	1,98,010
	Insurance claims	6,27,746	6,27,746
	Others	3,76,619	3,71,850
	<b>Total</b>	<b>1,95,26,503</b>	<b>1,14,39,618</b>
<b>17</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest accrued on deposits	4,73,420	2,97,139
	Interest accrued on investments	40,11,667	42,72,333
	<b>Total</b>	<b>44,85,087</b>	<b>45,69,472</b>
<b>18</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of products	88,61,65,133	1,02,21,11,385
	Other operating revenues	4,62,21,251	4,91,97,712
		<b>93,23,86,384</b>	<b>1,07,13,09,097</b>
	Less: Excise duty	9,71,31,334	11,19,13,081
	<b>Total</b>	<b>83,52,55,050</b>	<b>95,93,96,016</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>18.1</b>	<b>PARTICULARS OF SALE OF PRODUCTS</b>		
	Seamless Tubes	59,90,81,230	64,62,82,497
	Welded Tubes & Condensers	20,32,35,376	28,11,28,064
	Steel Nuts	6,43,64,003	7,42,96,850
	Wind Power	1,94,84,524	2,04,03,974
	Total	<u>88,61,65,133</u>	<u>1,02,21,11,385</u>
<b>18.2</b>	<b>OTHER OPERATING REVENUE</b>		
	Wind Power, captively consumed	2,12,13,366	2,33,19,794
	Sale of scrap	2,22,10,913	2,37,18,067
	Export incentives	31,848	1,10,476
	Job work charges	27,65,124	20,49,375
	Total	<u>4,62,21,251</u>	<u>4,91,97,712</u>
<b>19</b>	<b>OTHER INCOME</b>		
	Interest :		
	From long term investments	1,32,27,767	1,34,92,293
	Others	10,78,092	3,39,795
		<u>1,43,05,859</u>	<u>1,38,32,088</u>
	Dividend Income :		
	From long term investments	-	2,00,443
	From current investments	40,91,175	66,07,513
		<u>40,91,175</u>	<u>68,07,956</u>
	Net gain / (loss) on foreign currency transactions	1,34,059	(3,18,580)
	Net gain on sale of long term investments	6,00,73,458	59,45,063
	Net gain / (loss) on sale of fixed assets	-	(10,50,379)
	Other non operating income	5,42,857	16,06,441
	Total	<u>7,91,47,408</u>	<u>2,68,22,589</u>
<b>20</b>	<b>COST OF MATERIALS CONSUMED</b>		
	Opening stock	14,82,70,432	13,56,03,845
	Add: Purchases and related expenses	31,91,88,054	33,38,62,442
		<u>46,74,58,486</u>	<u>46,94,66,287</u>
	Less: Closing stock	15,47,88,659	14,82,70,432
	Total	<u>31,26,69,827</u>	<u>32,11,95,855</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>20.1</b>	<b>PARTICULARS OF MATERIAL CONSUMED</b>		
	Seamless Hollows	21,18,03,281	19,54,64,654
	Steel Strips	8,23,75,306	10,59,94,709
	Others	1,84,91,240	1,97,36,492
	<b>Total</b>	<b>31,26,69,827</b>	<b>32,11,95,855</b>
<b>21</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
	<b>Inventories (at close)</b>		
	Finished goods	64,32,877	97,59,252
	Work-in-progress	4,97,80,701	2,80,48,700
	Scrap	-	1,61,980
		<u>5,62,13,578</u>	<u>3,79,69,932</u>
	<b>Inventories (at commencement)</b>		
	Finished goods	97,59,252	54,51,193
	Work-in-progress	2,80,48,700	4,51,77,086
	Scrap	1,61,980	89,314
		<u>3,79,69,932</u>	<u>5,07,17,593</u>
	<b>Total</b>	<b>(1,82,43,646)</b>	<b>1,27,47,661</b>
<b>22</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>		
	Salaries and wages	4,59,64,390	5,27,12,983
	Contributions to provident and other funds (Refer Note 31.1b)	43,27,681	37,01,760
	Gratuity	(28,55,760)	1,39,07,648
	Staff welfare expenses	9,11,672	9,32,353
	<b>Total</b>	<b>4,83,47,983</b>	<b>7,12,54,744</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>23</b>	<b>OTHER EXPENSES</b>		
	<b>MANUFACTURING EXPENSES</b>		
	Stores, Spares and Packing Materials consumed	5,11,40,920	6,28,38,635
	Power and Fuel	12,27,18,383	10,76,17,017
	Labour Charges	2,11,30,739	2,18,05,295
	Factory Expenses	8,30,926	6,64,209
	Repairs and Maintenance :		
	- Plant and Machinery	83,83,148	75,10,223
	- Building	20,52,590	46,86,457
	Insurance	18,68,405	18,00,155
	Wind Mill Operating Expenses	76,45,674	63,84,557
	Freight Charges	2,05,685	2,81,783
		<b>21,59,76,470</b>	<b>21,35,88,331</b>
	<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
	Rent/Compensation	9,000	9,000
	Rates & Taxes	1,82,883	2,60,561
	Insurance	40,128	9,350
	Electricity Charges	2,55,159	3,38,870
	Printing and Stationery	3,76,970	3,78,428
	Communication Expenses	4,10,868	3,79,838
	Travelling Expenses :		
	- Directors	2,97,385	5,16,516
	- Others	6,29,618	4,39,437
	Security Charges	19,70,025	14,00,610
	Professional Charges	26,49,855	27,16,455
	Repairs and Maintenance - Others	4,67,779	5,02,295
	Directors' Sitting Fees	2,35,000	2,40,000
	Outward Freight	13,27,547	20,02,125
	Advertising and sales Promotion Expenses	16,52,763	5,78,985
	Commission on Sales	10,81,124	11,53,940
	Bank charges and commission	7,79,649	5,44,366
	Increase / (decrease) of excise duty on inventory	(4,78,710)	5,76,885
	Donations	-	9,00,000
	Payments to auditors	5,50,000	5,50,000
	Assets Discarded / written off	-	1,74,798
	Other Expenses	25,12,525	27,75,986
		<b>1,49,49,568</b>	<b>1,64,48,445</b>
	<b>Total</b>	<b>23,09,26,038</b>	<b>23,00,36,776</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
<b>24</b>	<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
	(I) CONTINGENT LIABILITIES		
	(a) Claims against the Company not acknowledged as debt :		
	i) Excise / Service Tax matters under disputes	1,91,02,251	1,65,18,114
	ii) Sales Tax demand disputed by the Company	25,34,394	27,10,620
	(b) Counter Guarantees given by the Company to the bankers for Bank Guarantees	1,75,00,000	1,30,00,000
	(c) Letter of Credits issued by the Bank	-	4,50,50,474
	(II) COMMITMENTS		
	Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for on Tangible assets	17,20,584	6,85,37,509
	(III) The Income Tax assessments of the Company have been completed upto assessments year 2011-12. The total disputed demand is ₹ 4,38,77,391/- (P.Y. ₹ 2,31,49,820/-). The Company has deposited ₹ 3,19,49,820/- (P.Y. ₹ 1,77,19,440/-) against the same. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be deleted. However, as an abundant caution, the Company has made provision for the same during the year under review.		
<b>25</b>	<b>THE DETAILS OF AMOUNT DUE TO MICRO, SMALL AND MEDIUM ENTERPRISES BASED ON INFORMATION AVAILABLE WITH THE COMPANY AND RELIED UPON BY AUDITORS</b>		
	(i) Principal amount due and remaining unpaid	-	-
	(ii) Interest due on above and unpaid interest	-	-
	(iii) Interest paid	-	-
	(vi) Payment made beyond the appointed day during the year	-	-
	(v) Interest due and payable for the period of delay	-	-
	(vi) Interest accrued and remaining unpaid	-	-
	(vii) The amount of further interest due and payable in the succeeding year	-	-
<b>26</b>	<b>AUDITORS' REMUNERATION *</b>		
	As auditors		
	(i) Statutory audit fees	3,50,000	3,50,000
	(ii) Taxation audit fees	1,00,000	1,00,000
	(iii) Taxation matters	1,00,000	1,00,000
	Total	<u>5,50,000</u>	<u>5,50,000</u>
	* Excluding Service Tax		
<b>27</b>	<b>CIF VALUE OF IMPORTS (INCLUDING ADVANCE PAYMENT)</b>		
	(a) Raw materials	17,82,39,951	16,55,66,717
	(b) Consumable & Spare parts	41,05,919	43,80,651
	(c) Capital goods	5,90,38,504	3,76,18,417

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
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**28 EXPENDITURE IN FOREIGN CURRENCY**

(a)	Travelling expenses	-	1,40,198
(b)	Export commission	<b>81,738</b>	47,520
(c)	Sales Exhibitions (advance)	<b>5,56,768</b>	-

**29 EARNINGS IN FOREIGN EXCHANGE**

	FOB Value of Exports	<b>57,80,548</b>	44,05,615
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**30 DETAILS OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS**

Particulars	31/3/2014		31/3/2013	
	₹	%	₹	%
<b>(a) Raw materials</b>				
Indigenous	<b>10,53,81,398</b>	<b>33.70</b>	12,75,90,070	39.72
Imported	<b>20,72,88,429</b>	<b>66.30</b>	19,36,05,785	60.28
	<b>31,26,69,827</b>	<b>100.00</b>	32,11,95,855	100.00
<b>(b) Stores, Spares &amp; Packing Materials</b>				
Indigenous	<b>4,70,71,990</b>	<b>92.04</b>	5,73,58,409	91.28
Imported	<b>40,68,930</b>	<b>7.96</b>	54,80,226	8.72
<b>Total</b>	<b>5,11,40,920</b>	<b>100.00</b>	6,28,38,635	100.00

**31 THE COMPANY HAS CLASSIFIED THE VARIOUS BENEFITS PROVIDED TO EMPLOYEES AS UNDER**

**31.1 Charge to Statement of Profit and Loss based on contributions**

a)	Gratuity	<b>5,16,977</b>	8,28,328
b)	Contribution to :		
	Employees' Pension scheme	<b>3,83,378</b>	3,82,776
	Provident Fund	<b>35,58,009</b>	29,85,236
	Other charges	<b>3,86,294</b>	3,33,748
		<b>43,27,681</b>	37,01,760
	<b>Total</b>	<b>48,44,658</b>	45,30,088

**31.2 Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2014**

Particulars	31/03/2014 Gratuity	31/03/2013 Gratuity
l) Change in Defined Benefit Obligation		
Opening defined benefit obligation	<b>2,81,08,126</b>	1,50,28,806
Current Service Cost	<b>11,24,325</b>	6,26,200
Interest Cost	<b>22,53,546</b>	13,15,021
Actuarial (Gain)/Loss	<b>(67,50,608)</b>	1,11,38,099
Closing defined benefit obligation	<b>2,47,35,389</b>	2,81,08,126

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
(ii)	Expenses recognised in the Statement of Profit and Loss		
	Current Service Cost	11,24,325	6,26,200
	Interest Cost	22,53,546	13,15,021
	Acturial (Gain)/Loss	(67,50,608)	1,11,38,099
	<b>Total</b>	<b>(33,72,737)</b>	<b>1,30,79,320</b>

**32 SEGMENT REPORTING**

Particulars	31/3/2014				31/3/2013			
	Steel Tubes	Wind Power	Others	Total	Steel Tubes	Wind Power	Others	Total
	₹	₹	₹	₹	₹	₹	₹	₹
Segment revenue (less excise duty)								
External Sales	73,64,81,451	1,94,84,524	5,80,75,709	81,40,41,684	84,89,44,129	2,04,03,974	6,67,28,118	93,60,76,221
Wind power, captively consumed		2,12,13,366		2,12,13,366		2,33,19,794		2,33,19,794
<b>Total Segment Revenue</b>	<b>73,64,81,451</b>	<b>4,06,97,890</b>	<b>5,80,75,709</b>	<b>83,52,55,050</b>	<b>84,89,44,129</b>	<b>4,37,23,768</b>	<b>6,67,28,118</b>	<b>95,93,96,015</b>
<b>Segment result (profit/(loss)) before tax and interest</b>	<b>18,62,81,832</b>	<b>2,10,97,354</b>	<b>2,07,03,824</b>	<b>22,80,83,010</b>	<b>24,72,73,945</b>	<b>2,32,64,477</b>	<b>2,49,92,797</b>	<b>29,55,31,219</b>
Unallocable Expenditure				1,47,86,642				1,38,54,876
<b>Operating Profit</b>				<b>21,32,96,368</b>				<b>28,16,76,343</b>
Unallocable Income				7,80,40,122				2,59,39,127
<b>Profit before tax</b>				<b>29,13,36,490</b>				<b>30,76,15,470</b>
Current tax				5,80,00,000				8,75,00,000
Current tax expense relating to prior years				3,84,81,729				20,000
Deferred tax				2,17,70,814				(5,33,128)
<b>Profit for the year</b>				<b>17,30,83,947</b>				<b>22,06,28,598</b>
<b>Other information</b>								
<b>Segment assets</b>	<b>83,03,22,876</b>	<b>7,80,45,111</b>	<b>4,98,00,469</b>	<b>95,81,68,456</b>	<b>73,95,04,147</b>	<b>8,92,84,043</b>	<b>4,21,38,373</b>	<b>87,09,26,563</b>
Unallocable assets				76,43,36,956				76,92,76,969
<b>Total assets (a)</b>				<b>1,72,25,05,412</b>				<b>1,64,02,03,532</b>
<b>Segment liabilities</b>	<b>10,03,06,745</b>	<b>1,45,80,183</b>	<b>80,02,185</b>	<b>12,28,89,113</b>	<b>10,52,20,473</b>	<b>1,40,17,876</b>	<b>50,24,212</b>	<b>12,42,62,561</b>
Unallocable liabilities				2,35,47,241				97,75,985
<b>Total liabilities (b)</b>				<b>14,64,36,354</b>				<b>13,40,38,546</b>
<b>Total Capital Employed (a-b)</b>				<b>1,57,60,69,058</b>				<b>1,50,61,64,986</b>

**Notes:**

The Company has disclosed Business Segments as the primary segment. There are no secondary segments. Segments have been identified taking into account the nature of the product, the differing risk and returns, the organisational structure and internal reporting system. The Company's operations predominantly relate to manufacture of Steel Tubes. Other segments comprise of manufacture of Nuts.

Segment Revenue, Segment Result, Segment Assets and Segment Liabilities include respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses which are not directly relatable to the business segments, are shown as unallocated expenses. Assets and liabilities that can not be allocated between the segments are shown as unallocated assets and liabilities respectively.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note No.	Particulars	31/03/2014 ₹	31/03/2013 ₹
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**33 EARNING PER SHARE**

Particulars	31/03/2014	31/03/2013
Profit for the year	<b>17,30,83,947</b>	22,06,28,598
Weighted average number of shares	<b>1,46,98,616</b>	1,46,98,616
Earning per share (Basic and Diluted)	<b>11.78</b>	15.01
Face Value per share	<b>5.00</b>	5.00

**34 RELATED PARTY DISCLOSURES**

**(A) NAME OF RELATED PARTIES AND RELATIONSHIP**

Name	Relationship
1) Mr. M.G. Gandhi	Key Management Personnel (KMP)
2) Mr. B.G. Gandhi	Key Management Personnel (KMP)
3) Mr. J.M. Gandhi	Relative of KMP
4) Jaishri Engineering Co. Pvt. Ltd.	Significant influence by KMP
5) Gandhi Finance Co. Pvt. Ltd.	Significant influence by relatives of KMP
6) B.M. Gandhi Investment Co. Pvt. Ltd.	Significant influence by relatives of KMP
7) Randeep Exports	Significant influence by KMP / relatives of KMP

**(B) TRANSACTIONS (IN AGGREGATE ) WITH RELATED PARTIES**

Particulars	Transactions during		Outstanding during	
	Current year	Previous year	Current year	Previous year
1) Remuneration *				
(i) M. G. Gandhi	<b>1,20,00,000</b>	1,59,00,000	-	60,00,000
(ii) B. G. Gandhi	<b>1,20,00,000</b>	1,59,00,000	-	60,00,000
* Excluding Provision for Gratuity and Contribution to Provident Fund.				
(2) Dividend paid				
(i) M. G. Gandhi	<b>1,26,94,020</b>	1,26,94,020	-	-
(ii) B. G. Gandhi	<b>1,16,43,426</b>	1,16,43,426	-	-
(iii) J. M. Gandhi	<b>70,04,796</b>	57,38,196	-	-
(iv) Others	<b>64,18,200</b>	64,18,200	-	-
(3) Sitting fees				
(i) J. M. Gandhi	<b>60,000</b>	60,000	-	-
(4) Purchase of goods				
(i) Jaishri Engineering Co. Pvt. Ltd.	<b>56,279</b>	49,264	-	-



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	Transactions during		Outstanding during	
	Current year	Previous year	Current year	Previous year
(5) Sales of Goods				
(i) Jaishri Engineering Co. Pvt. Ltd.	<b>1,98,56,864</b>	1,68,71,387	-	-
(ii) Randeep Exports	<b>51,04,607</b>	85,03,901	-	-
(6) Job Work Charges received				
(i) Jaishri Engineering Co. Pvt. Ltd.	<b>27,65,124</b>	20,49,375	-	-
(7) Compensation for Godown				
(i) Jaishri Engineering Co. Pvt. Ltd.	<b>9,000</b>	9,000	-	-

**Notes :**

Related parties relationship is as identified by the Company on the basis of information available with them and accepted by the Auditors.

**35 PREVIOUS YEAR FIGURES**

Previous year figures have been regrouped, rearranged and reclassified, wherever necessary to correspond with the current year's classification / disclosure.

As per our attached report of even date

**For S. V. DOSHI & CO.**

*Chartered Accountants*

**SUNIL V. DOSHI**

*Partner*

*Membership No. 35037*

Mumbai, 22nd May, 2014

**Kinjal D. Padrakar**  
(Company Secretary)

For and on behalf of the Board of Directors

**M. G. GANDHI**

(Chairman & Managing Director)

**D. S. SHAH**

(Director)

**J. M. GANDHI**

(Director)

**B. G. GANDHI**

(Joint Managing Director)

**K. N. WARDEN**

(Director)

**D. B. SHAH**

(Director)

**FORM MGT -11**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

**CIN:** L27104MH1985PLC036004

**Name of the company:** Gandhi Special Tubes Limited

**Registered Office:** 201 -204, Plaza , 2nd Floor, 55 Hughes Road, Next to Dharam Palace, Mumbai – 400 007

Tel: +91 22 23634179 Fax: +91 22 23634392 Website: www.gandhispecialtubes.com

Name of the Member:

Registered Address:

E- mail Id:

Folio no./Client Id

DP ID:

I/We, being the member (s) of..... Shares of the Company, hereby appoint

1. Name:  
Address:  
E-mail id:  
Signature \_\_\_\_\_ or failing him/her
2. Name:  
Address:  
E-mail Id:  
Signature \_\_\_\_\_ or failing him/her
3. Name:  
Address:  
E-mail Id:  
Signature \_\_\_\_\_ or failing him/her

As my/our proxy to attend and vote (on a poll) for me/us and on my /our behalf at Twenty ninth Annual general Meeting of the Company, to be held on the 24<sup>th</sup> day of July at 11.00 a.m at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K.M Munshi Marg, Mumbai – 400 007 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No. 1 to 8**

1. To receive, consider and adopt the Financial Statements and the reports of the Board of Directors and Auditors thereon for the financial year ended on 31<sup>st</sup> March, 2014.
2. To confirm the Interim Dividend paid on Equity shares as Final Dividend.
3. To appoint Director in place of Shri Bhupatrai G. Gandhi (DIN 00041273) who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and ratify the remuneration of retiring Auditors M/s. S.V Doshi & Co. Chartered Accountants.
5. To consider and ratify the continual of Shri Dhirajlal S. Shah (DIN 00044163) as an Independent Director of the Company upto March 31, 2019.
6. To consider and ratify the continual of Shri Kavas N. Warden (DIN 00045840) as an Independent Director of the Company upto March 31, 2019.
7. To consider and ratify the continual of Shri Dharmen B. Shah (DIN 01834884) as an Independent Director of the Company upto March 31, 2019.
8. To consider and ratify the remuneration paid to Mr. Dakshesh H. Zaveri , Cost Accountant (ICWAI Registration No. 8971) for conducting Cost Audit of the Company's Steel Products and Windmills

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of the shareholder : \_\_\_\_\_

Signature of Proxy Holder(s) : \_\_\_\_\_

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

**GANDHI SPECIAL TUBES LTD.**

CIN: L27104MH1985PLC036004

**Registered Office:** 201 -204, Plaza , 2nd Floor, 55 Hughes Road, Next to Dharam Palace, Mumbai – 400 007

Tel: +91 22 23634179 Fax: +91 22 23634392 Website: www.gandhispecialtubes.com

**ATTENDANCE SLIP**

**TWENTY NINTH ANNUAL GENERAL MEETING  
24<sup>th</sup> July, 2014**

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Regd. Folio No. / Client ID:.....

---

Mr. /Mrs. /Ms .....  
.....

---

I certify that I am a registered share holder / Proxy for the Registered Share holder of the Company.

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING of the Company at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai – 400007 at 11.00 a.m. on **Thursday, the 24<sup>th</sup> July, 2014.**

.....  
Proxy's Name in Block Letters

.....  
Member's / Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL

---

**BOOK-POST**

If undelivered please return to :

**GANDHI SPECIAL TUBES LTD.**

**CIN:** L27104MH1985PLC036004

**Registered Office:**

201 -204, Plaza , 2nd Floor, 55 Hughes Road,  
Next to Dharam Palace, Mumbai – 400 007

Tel: +91 22 23634179

Fax: +91 22 23634392

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



# Gandhi Special Tubes Ltd.

Regd. Off.: 201-204, Plaza, 2nd Floor, 55 Hughes Road, Next to Dharam Palace, Mumbai - 400 007.





Tel.: 2363 4179 / 2363 4183 / 2363 5042 • Fax : 91-22-2363 4392

E-mail : gstl@mtnl.net.in • Website : www.gandhitubes.com

CIN NO.: L27104MH1985PLC036004



## FORM A

1	Name Of Company	GANDHI SPECIAL TUBES LIMITED
2	Annual Financial Statement for the Year Ended	31 <sup>st</sup> March, 2014
3	Type of Audit Observation	Un-qualified
4	Frequency of Observation	NA
5	Yours faithfully,  <b>SHRI M.G.GANDHI</b> (Chairman and Managing Director)  <b>SMT. SHOBHANA VARTAK</b> (Chief Financial Officer)  <b>SUNIL DOSHI</b> (Partner in S.V.DOSHI & Co. Chartered Accountants Company's Auditor)  <b>SHRI D. S. SHAH</b> (Audit Committee Chairman)	   

For GANDHI SPECIAL TUBES LTD.  
K.D. Padmakar  
Company Secretary