

NOTICE is hereby given that the Twenty-seventh Annual General Meeting of the Members of RATNAMANI METALS & TUBES LTD. will be held on Thursday, 18<sup>th</sup> August 2011 at 10:00 a.m. at the Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad – 380 009 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011 and the Audited Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri Shanti M. Sanghvi who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad having Firm Registration No. 106250W as Statutory Auditors and to appoint M/s. S. R. Batliboi & Associates, Chartered Accountants (Member Ernst & Young) having Firm Registration No. 301003E as Joint Auditors of the Company to hold office from 1<sup>st</sup> April 2011 until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS

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

"RESOLVED THAT in partial modification of the Special Resolution passed on 6<sup>th</sup> May 2006 by the shareholders of the Company and in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (The Act) and the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employees Stock Option Plan) Guidelines, 1999 (The Guidelines) or any other statutory modification or re-enactment of the Act or the Guidelines, provisions of any other applicable laws and regulations, Articles of Association of the Company and Listing Agreement entered into by the Company with Stock Exchanges where the securities are listed and subject to any condition and modification as may be prescribed or imposed by such authorities while granting such approval and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "The Board") which terms shall include ESOS Compensation Committee of the Board, the Employees Stock Option Scheme 2006 be amended in such a manner that maximum exercise period shall be extended by a further period of three years i.e. for a period of 8 years instead of 5 years as mentioned in the original ESOS scheme."

"RESOLVED FURTHER THAT the options shall be valid and exercisable for such period which would not exceed period of 8 years from the date of grant of options to the eligible employees."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to any Committee of the Directors or the Chairman of the Company with power to further delegate to any Executive / Officers of the Company to do all such acts, deeds, matters and things and also to execute documents, writings, etc. as may be necessary to give effect to this resolution."
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
 

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under from time to time, consent of the Company be and is hereby accorded for payment of remuneration to Shri Manoj P. Sanghvi, son of Shri Prakash M. Sanghvi, Chairman & Managing Director of the Company as Business Head (CS Pipes) to hold office or place of profit in the Company for a period of three years with effect from 1<sup>st</sup> June 2011 on a salary and perquisites not exceeding Rs.5,00,000/- per month as may be decided by the Board within the overall limits of Rs.5,00,000/- per month."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to this resolution."
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
 

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under from time to time, consent of the Company be and is hereby accorded for the payment of remuneration to Shri Prashant J. Sanghvi, son of Shri Jayanti M. Sanghvi, Whole-time Director of the Company as Head Marketing (SS Pipes) to hold office or place of profit in the Company for a period of three years with effect from 1<sup>st</sup> June 2011 on a salary and perquisites not exceeding Rs.5,00,000/- per month as may be decided by the Board within the overall limits of Rs.5,00,000/- per month."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to this resolution."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
- “RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under from time to time, consent of the Company be and is hereby accorded for the payment of remuneration to Shri Nilesh P. Sanghvi, son of Shri Prakash M. Sanghvi, Chairman & Managing Director of the Company as Chief Executive Strategic Business Development to hold office or place of profit in the Company for a period of three years with effect from 1<sup>st</sup> June 2011 on a salary and perquisites not exceeding Rs.5,00,000/- per month as may be decided by the Board within the overall limits of Rs.5,00,000/- per month.”
- “RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to this resolution.”

**Registered Office:**

17, Rajmugat Society,  
Naranpura Char Rasta,  
Ahmedabad - 380 013  
24<sup>th</sup> May 2011

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

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER**
2. Proxies, in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 6<sup>th</sup> August 2011 to Thursday, 18<sup>th</sup> August 2011 (Both days inclusive).
4. The Dividend, if declared will be payable from 24<sup>th</sup> August 2011.
  - (a) to those members whose names appear in the Register of Members of the Company after giving effect to all valid transfers in physical form lodged with the Registrar and Share Transfer Agent of the Company before Saturday, 6<sup>th</sup> August 2011 and
  - (b) in respect of shares held in electronic form to those members whose names appear on the statements of beneficial owners furnished by NSDL and CDSL as at the end of the business hours on Friday, 5<sup>th</sup> August 2011.
5. Queries on “Accounts and Operations” of the Company, if any, may please be sent to the Company ten days in advance of the Meeting so that the answers are readily available at the meeting.
6. Kindly quote your Ledger Folio Number / Client ID Number in all your future correspondence.
7. Members are requested to bring their copies of the Annual Reports to the Annual General Meeting of the Company.
8. Members are requested to note that the dividends not encashed for a period of 7 years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investors Education and Protection Fund.

The details of the unpaid Dividend that are due for transfer to the Investors Education and Protection Fund set up by the Central Government are as follows:

Date of Declaration	For the Financial Year	Due for Transfer on	Unpaid Amt. (Rs. in lac)
30/09/2004	2003-2004	29/10/2011	0.95
28/09/2005	2004-2005	27/10/2012	1.71
09/09/2006	2005-2006	08/10/2013	2.21
07/09/2007	2006-2007	06/10/2014	2.62
23/09/2008	2007-2008	22/10/2015	4.80
15/09/2009	2008-2009	14/10/2016	6.44
27/08/2010	2009-2010	26/09/2017	8.08

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

9. The Company has appointed M/s. Sharepro Services (India) Pvt. Ltd. as its Registrar and Share Transfer Agent. All the shareholders of the Company are therefore requested to correspond directly with them at the following address in the matters related both for the transfer of shares as well as for dematerialization of the shares.

Shri G. R. Rao, Managing Director, Sharepro Services (India) Pvt. Ltd., Unit: Ratnamani Metals & Tubes Ltd., 13AB Samhita Warehousing Complex, 2<sup>nd</sup> floor, Sakinaka Telephone Exchange Road, Sakinaka, Andheri East, Mumbai – 400072. Phone No. (022) 67720300, 67720400, Fax No. (022) 28591568, Email:sharepro@shareproservices.com Ahmedabad Branch Office : 416-420, 4<sup>th</sup> Floor, Devnandan Mall, Opp. Sanyas Ashram, Nr. M. J. Library, Ellisbridge, Ahmedabad - 380 006. Phone No. : (079) 26582381 to 84

10. Members are requested to notify immediately any change in their address / Bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical shares Folios to the Registrar and Share Transfer Agent of the Company.
11. With a view to providing protection against fraudulent encashment of Dividend Warrants, members are requested to provide their Bank Account Numbers, names of the Banks and addresses of the branches to enable the Company to incorporate the said details in the Dividend Warrants.
12. Securities and Exchange Board of India (SEBI) has made it mandatory for every participant in the securities / capital market to furnish Income Tax Permanent Account Number (PAN). Accordingly all the shareholders are requested to submit their Permanent Account Number along with photocopy of both the sides of the PAN Card duly attested.

Shareholders holding shares in electronic form are requested to furnish their PAN to their Depository Participant with whom they maintain their account along with documents as required by them.

Shareholders holding shares in physical form are requested to submit photocopy of the PAN Card of all the holders including joint holders duly attested by Notary Public/Gazette Officer/Bank Manager under their official seal and with full name and address either to the Company's Registered Office or at the office of its Registrar at the address mentioned above.

13. Pursuant to Clause 49(IV)(G) under Corporate Governance of the Listing Agreement with Stock Exchanges, the particulars of Director who is proposed to be appointed are given below:

Name	:	Shri Shanti M. Sanghvi
Age	:	48 Years
Qualification	:	Undergraduate
Experience & Expertise	:	Shri Shanti M. Sanghvi was a Director on the Board of erstwhile Ratnamani Engineering Ltd. with effect from 27 <sup>th</sup> September 1988. He also worked as a Whole-time Director on the Board of erstwhile Ratnamani Fine Tubes Pvt. Ltd.
Business Strategies	:	Liason with customers
Other Directorship	:	Nil
Chairman / Member of the Committee of the Board	:	1. Compensation Committee 2. Sub Committee for sub-division of equity shares
Shareholding in the Company	:	2049160 shares
Relationship with other Directors of the Company	:	Shri Shanti M. Sanghvi is the brother of Shri Prakash M. Sanghvi and Shri Jayanti M. Sanghvi, Directors of the Company. None other Director is related to him.

**Registered Office:**  
17, Rajmugat Society,  
Naranpura Char Rasta,  
Ahmedabad - 380 013  
24<sup>th</sup> May 2011

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

### Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956

#### Item No.: 4

Looking to the size of the Company, Audit Committee and the Board of Directors have decided to appoint another firm of Chartered Accountants as Joint Statutory Auditors. Accordingly the Board of Directors has recommended to appoint M/s. Batliboi & Associates (Member of Ernst & Young) as Joint Statutory Auditors of the Company with effect from the Financial Year beginning from 1<sup>st</sup> April 2011 until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### Item No. : 5

The Company established Employees Stock Option Scheme 2006 which was approved by the Board of Directors of the Company and the shareholders in the Extra Ordinary General Meeting of the Company held on 6<sup>th</sup> May 2006 for granting option of 4,50,000 equity shares of face value Rs.10/- (22,50,000 equity shares of face value Rs.2/-) on the terms and conditions mentioned therein.

Till now 13,74,959 equity shares of face value Rs.2/- have been allotted to the employees of the Company under this scheme and there still remains 8,75,041 equity shares to be allotted to the eligible employees on exercise of their options. The said scheme is now being amended to provide benefit to the employees of the Company to exercise the options granted to them. As per the amendment now proposed, eligible employees can exercise their option for a maximum period of eight years from the date of grant of options and therefore this is beneficial to the employees of the Company. This variation to the scheme is not prejudicial to the interest of the option holders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution except to the extent of options that have been granted to the three Independent Directors of the Company under the said scheme.

#### Item No. : 6

Shri Manoj P. Sanghvi, son of Shri Prakash M. Sanghvi, Managing Director was appointed as Executive (Commercial) with effect from 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2010 for a period of three years at salary and perquisites as may be decided by the Board within the overall limits of Rs.2,00,000/- per month.

Government of India, Ministry of Corporate Affairs had already approved his appointment vide its letter dated 29<sup>th</sup> February 2008 for the payment of remuneration not exceeding Rs.2,00,000/- per month valid upto 31<sup>st</sup> December 2010. During the last three years Shri Manoj P. Sanghvi was paid remuneration including perquisites as follows:

Year	2008	2009	2010
Remuneration	Rs.47,950/-	Rs.1,02,904/-	Rs.1,50,000/-

Thus he was paid far below than the approved limit of Rs.2,00,000/- per month.

Shri Manoj P. Sanghvi after graduation in commerce and completing Part I of Master of Commerce has obtained degree of Master of Business Administration from University of Illinois at Chicago, USA. He is working with the Company since 1<sup>st</sup> March 2004. During this period, he has gained experience as Business Head (Marketing).

The Board of Directors in its meeting held on 24<sup>th</sup> May 2011 has approved, subject to the approval of the members of the Company, payment of remuneration as Business Head, (CS Pipes) in the Company with effect from 1<sup>st</sup> June 2011 for a period of three years on a salary and perquisites as set out in the said resolution and is in line with what is provided to other Executives holding similar positions in the Company. He will be reporting to Chairman & Managing Director.

Central Government of India has amended Holding of Office / Place of Profit Rules vide notification no. 17/75/2011-C.L.V. dated 6<sup>th</sup> April 2011 and accordingly the Company may pay upto Rs.2,50,000/- to the relatives of Directors under Section 314(1B) of the Companies Act, 1956 without approval of the Central Government.

In view of the above, Directors recommended this resolution for approval of the members.

Except Shri Prakash M. Sanghvi, no other Director is concerned or interested in the resolution.

#### Item No. : 7

Shri Prashant J. Sanghvi, son of Shri Jayanti M. Sanghvi, Whole-time Director was appointed as Executive (Marketing) with effect from 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2010 for a period of three years at salary and perquisites as may be decided by the Board within the overall limits of Rs.2,00,000/- per month.

Government of India, Ministry of Corporate Affairs had already approved his appointment vide its letter dated 29<sup>th</sup> February 2008 for the payment of remuneration not exceeding Rs.2,00,000/- per month valid upto 31<sup>st</sup> December 2010. During the last three years Shri Prashant J. Sanghvi was paid remuneration including perquisites as follows:

Year	2008	2009	2010
Remuneration	Rs.47,950	Rs.96,525/-	Rs.1,25,000/-

Thus he was paid far below than the approved limit of Rs.2,00,000/- per month.

Shri Prashant J. Sanghvi has obtained degree of Master of Science in Mechanical and Manufacturing Engineering at University of Greenwich, United Kingdom. He has also attended certain courses and programmes as mentioned below:

1. Project Management from I. I. M., Ahmedabad (Indian Institute of Management) in August 2005.
2. Participated in Export Marketing to Europe of Castings, Forgings and Pipe Process Equipment. The workshop was organized by the Centre for the promotion of imports from Developing Countries (CDI), an agency of Netherland Ministry of Foreign Affairs.
3. Programme on CE Marking Vivace Management Services, Canada in July 2004.

The Board of Directors in its meeting held on 24<sup>th</sup> May 2011 has approved, subject to the approval of the members of the Company, payment of remuneration as Head Marketing (SS Pipes) in the Company with effect from 1<sup>st</sup> June 2011 for a period of three years on a salary and perquisites as set out in the said resolution and is in line with what is provided to other Executives holding similar positions in the Company. He will be reporting to Chairman & Managing Director.

Central Government of India has amended Holding of Office / Place of Profit Rules vide notification no. 17/75/2011-C.L.V. dated 6th April 2011 and accordingly the Company may pay upto Rs.2,50,000/- to the relatives of Directors under Section 314(1B) of the Companies Act, 1956 without approval of the Central Government.

In view of the above, Directors recommended this resolution for approval of the members.

Except Shri Jayanti M. Sanghvi, no other Director is concerned or interested in the resolution.

**Item No. : 8**

Shri Nilesh P. Sanghvi, son of Shri Prakash M. Sanghvi, Managing Director was appointed as Executive (Operations) with effect from 1st January 2008 to 31st December 2010 for a period of three years at salary and perquisites as may be decided by the Board within the overall limits of Rs.2,00,000/- per month.

Government of India, Ministry of Corporate Affairs had already approved his appointment vide its letter dated 29th February 2008 for the payment of remuneration not exceeding Rs.2,00,000/- per month valid upto 31st December 2010. During the last three years Shri Nilesh P. Sanghvi was paid remuneration including perquisites as follows:

Year	2008	2009	2010
Remuneration	Rs.38,363/-	Rs.63,698/-	Rs.1,00,000/-

Thus he was paid far below than the approved limit of Rs.2,00,000/- per month.

Shri Nilesh P. Sanghvi after passing GCSEs examination in Grade A obtained degree in B. E. (honors) in Manufacturing Engineering and Management from University of Nottingham. He has also passed Engineering examination from Bellerby's College, Cambridge. His main subjects were Advanced Metal Forming, Integrated Design, Engineering Mathematics, Logistics and Supply Chain Management, Manufacturing Strategy, etc. He worked in different capacities during last years under pressure in fast moving and often stressful environment. Shri Nilesh P. Sanghvi is working in the Company since 21st November 2005. During this period he has gained much experience on the shop floor and worked on many projects.

The Board of Directors in its meeting held on 24<sup>th</sup> May 2011 has approved, subject to the approval of the members of the Company, payment of remuneration as Chief Executive Strategic Business Development in the Company with effect from 1st June 2011 for a period of three years on a salary and perquisites as set out in the said resolution and is in line with what is provided to other Executives holding similar positions in the Company. He will be reporting to Chairman & Managing Director.

Central Government of India has amended Holding of Office / Place of Profit Rules vide notification no. 17/75/2011-C.L.V. dated 6th April 2011 and accordingly the Company may pay upto Rs.2,50,000/- to the relatives of Directors under Section 314(1B) of the Companies Act, 1956 without approval of the Central Government.

In view of the above, Directors recommended this resolution for approval of the members.

Except Shri Prakash M. Sanghvi, no other Director is concerned or interested in the resolution.

**Registered Office:**  
17, Rajmugat Society,  
Naranpura Char Rasta,  
Ahmedabad - 380 013  
24th May 2011

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

**THIS PAGE HAS BEEN  
INTENTIONALLY LEFT BLANK**



Regd. Office : 17, Rajmugat Society, Naranpura Char Rasta, Naranpura, Ahmedabad - 380 013. Gujarat (India)

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Hall.

Full Name of the Shareholder (BLOCK LETTERS) \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Client ID / Folio No.

Empty box for Client ID / Folio No.

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company held at the Conference Hall of The Ahmedabad Textile Mill's Association, Near "Gurjari", Ashram Road Ahmedabad - 380 009 on Thursday, the 18th August, 2011 at 10.00 a.m.

Signature of the Shareholder

Note : Only Shareholders of the Company or their Proxies will be allowed to attend the Meeting.



Regd. Office : 17, Rajmugat Society, Naranpura Char Rasta, Naranpura, Ahmedabad - 380 013. Gujarat (India)

PROXY SLIP

Client ID / Folio No. :

No. of Share held :

I/We \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being a Member/Members of the above named Company, hereby appoint Shri \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing him Shri \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him Shri \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our

behalf at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company held at the Conference Hall of The Ahmedabad Textile Mill's Association, Near "Gurjari", Ashram Road Ahmedabad - 380 009 on Thursday, the 18th August, 2011 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature

Affix Re. 1 Revenue Stamp here

Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

27<sup>th</sup>  
Annual Report  
2010-2011



**RATNAMANI**<sup>®</sup>  
**METALS & TUBES LTD.**

*Prosperity through Performance*



## Board of Directors



**Shri P. M. Sanghvi** Chairman & Managing Director  
**Shri J. M. Sanghvi** Whole Time Director  
**Shri S. M. Sanghvi** Whole Time Director  
**Shri D. C. Anjaria** Director  
**Dr. V. M. Agrawal** Director  
**Shri P. M. Mehta** Director



My dear Shareholders,

Seven years ago during 2004-05, we at Ratnamani saw the opportunities then changing economic scenario globally as well as within the country presented. And so we started working on ramping up our capacities and product range by setting up a green field project near Gandhidham in Kutch, Gujarat. We had a dream, the dream of making Ratnamani a Company whose products will help transform the lives of common people by helping setting-up of industries which ultimately, directly or indirectly, help to create infrastructure – be it a refinery, a petro-chemical complex, oil & gas pipeline, a power project, a fertilizer plant or the rocket launch pads which help in placing the satellites in orbit.

In a scenario where there was hardly a choice to choose "Made in India" tubular products, our vision was to offer the "best in the world" solutions in piping and tubing for all the critical and high end applications; products, which would meet and exceed expectations of our distinguished customers. We can now proudly say that we have reached the level which can be comparable to some of the best amongst the critical application tube & pipe manufacturing companies in the world - be it our international presence or our manufacturing capabilities.

We have been continuously leveraging our core manufacturing and product innovation strength in high-end and critical application tubes and pipes in stainless steel and carbon steel LSAW pipes, and also the HSAW and ERW pipes which help in economical and efficient transportation and distribution of oil and gas. The current year is expected to be the year in which our company will be returning back on the much deserved growth path and I am sure that we should see a healthy growth in top line as well as in the range of product solutions we offer. The Management philosophy of investing continuously in capacity built-up and newer value-added product with state of the art technology and testing facilities will continue in the current year and in future also.

We will also reap the fruits of the investment being made currently from later part of this year onwards. The success story, i.e. Ratnamani, is a saga of team work and dedication of the members of Ratnamani family. I would like to acknowledge the active role played by all these family members and also all our business associates, shareholders, bankers and various government agencies and authorities.

Our commitment to innovation, to change, to achieving success in breakthrough products and to continuously move forward in our endeavor to remain one of the most trustworthy name in critical application pipes and tube segment, while retaining the values unique to us, will always remain dearest to us and will help in this our eternal journey for excellence.

I take this opportunity to wish all of you a very promising and fruitful year ahead.

**Prakash M. Sanghvi**  
Chairman & Managing Director



Corporate Information .....	2
Directors' Report .....	3
Auditors' Report .....	20
Balance Sheet .....	24
Profit & Loss Account .....	25
Cash Flow Statement .....	26
Schedules to the Accounts .....	27
Balance Sheet Abstract .....	39

### **27th Annual General Meeting**

Notice for the 27th Annual General Meeting of the members of the Company to be held on Thursday, 18<sup>th</sup> August 2011 at 10:00 a.m. at the Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad is sent herewith separately.

<b>BANKERS</b>	State Bank of India Dena Bank Punjab National Bank IDBI Bank ICICI Bank
<b>AUDITORS</b>	M/s Mehta Lodha & Co., Chartered Accountants
<b>REGISTERED OFFICE</b>	17, Rajmugat Society, Naranpura Cross Roads, Naranpura, Ahmedabad-380 013, Gujarat.
<b>HEAD OFFICE</b>	Survey No. 769, Ahmedabad - Mehsana Highway, Village Indrad, Nr. Chhatral GIDC, Taluka : Kadi, Dist. : Mehsana, Gujarat
<b>WORKS</b>	<b>Stainless Steel Tubes and Pipes Division</b> Survey No. 769, Ahmedabad - Mehsana Highway, Village Indrad, Nr. Chhatral GIDC, Taluka : Kadi, Dist : Mehsana, Gujarat  <b>SAW Pipe Division</b> Plot No. 3306-3309, GIDC : Chhatral, Taluka : Kalol, Dist : Gandhinagar, Gujarat  <b>Kutch Division</b> Survey No. 474, Village : Bhimasar, Taluka : Anjar, Dist. : Kutch, Gujarat
<b>SALES OFFICES</b>	404-B, Sukh Sagar Building, N.S. Patkar Marg, Chowpatty, Mumbai - 400 007 (MH) 516, Ansal Chamber, II Bhikaji Cama Place, New Delhi - 110 066. No. 310 (Old 813), 2D, Gleneden Place, Near Ega Theatre, Poonamalle High Road, Kilpauk, Chennai - 600 010

Dear Shareholders,

The Board of Directors is pleased to present the 27<sup>th</sup> Annual Report with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

## 1. FINANCIAL RESULTS:

(Rs. in lacs)

	2010-2011	2009-2010
Net Sales and Income from Operations	81,224.71	85,195.09
Profit Before Depreciation and Tax	15,273.97	16,725.69
Less : Depreciation	3,999.46	3,688.23
Profit Before Tax	11,274.51	13,037.46
Less: Provision for Taxation (including Deferred Tax Liability)	3,063.16	4,894.75
Profit After Tax	8,317.35	8,142.71
Add:Balance brought forward from previous year	5,217.46	3,257.29
Amount available for appropriations	13,534.81	11,400.00
Appropriations:		
General Reserve	5,000.00	5,000.00
Proposed Dividend with Dividend Tax	1,347.46	1,182.54
Balance carried to Balance Sheet	7,187.35	5,217.46
<b>Total:</b>	<b>13,534.81</b>	<b>11,400.00</b>

## 2. DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.2.50 per Equity Share (125%).

## 3. REVIEW OF OPERATIONS:

### A. GENERAL

The year 2010 witnessed revival in the economies, both domestic as well as global. Our country witnessed a strong GDP growth with a positive outlook. However, as your Company caters to the oil & gas and the power sectors primarily, where demand pick up during the first half of the year under reviews was not very good, the performance of the Company in terms of numbers has not been very positive. The major decisions regarding investment in infrastructure namely oil & gas and power were taken in second quarter onwards resulting into the finalization of orders in the beginning of the third quarter onwards. As a result, inspite of having the highest order booking in the history of the Company, the same could not get converted into dispatches due to the time required from order booking to dispatch.

### B. FINANCIAL PERFORMANCE:

Despite a lower than expected performance in the first half due to slower finalization of project application pipes and tubes orders from majority of the key customers, the Company could achieve net income from operations of Rs. 812.25 crores with a PBT of Rs. 112.75 crores and PAT of Rs. 83.17 crores during the year under review compared to net income of Rs. 851.95 crores with a PBT of Rs. 130.37 crores and PAT of Rs. 81.43 crores during the previous financial year.

### C. OPERATIONS:

During the year under review, there has been good

domestic demand for project application pipes & tubes, both for Stainless Steel as well as Carbon Steel mainly from refineries and power projects and as a result, majority of the capacities have been utilized optimally. Looking to a good demand potential from power sector, the Company has undertaken project to increase the capacity of SS Condenser Tubes which will be commissioned during 2011-12. However, due to severe competition in the domestic market in HSAW Pipes segment and very thin margins as a result thereof, the Company could not utilize the capacities at optimum levels in the line pipe segment. Similarly, utilization of capacities in respect of some of the product segments of SS catering mainly to refinery sector overseas remained low as the demand is still to pick up in the global markets.

## 4. MANAGEMENT DISCUSSION AND ANALYSIS:

Management discussion and analysis report for the year under review is set out as separate Annexure "A" forming part of this Report.

## 5. DIRECTORS:

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

Shri Shanti M. Sanghvi is related to Shri Prakash M. Sanghvi and Shri Jayanti M. Sanghvi, Directors of the Company.

## 6. CREDIT RATING:

CRISIL has reaffirmed AA- (AA minus) rating for Company's long-term borrowings and P1+ (P1 plus) for short-term borrowings.

## 7. DEPOSITS:

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

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

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

## 9. PARTICULARS OF EMPLOYEES:

The particulars of employees under the Companies (Particulars of Employees) Amendment Rules, 2011 as amended up to date, which is required to be included in the Directors' Report pursuant to Section 217 (2A) of the Companies Act, 1956 is attached herewith as Annexure "C" forming part of this Report.

## 10. AUDITORS:

M/s. Mehta Lodha & Company, Chartered Accountants, retire and are eligible for re-appointment. Your Directors recommend their re-appointment as Statutory Auditors of the Company until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be fixed by the Members.

Looking to the size of the Company, Audit Committee and the Board of Directors have decided to appoint another firm of Chartered Accountants as Joint Statutory Auditors. Accordingly the Board of Directors recommend to appoint M/s. Batliboi & Associates (Member of Ernst & Young) as Joint Statutory Auditors of the Company with effect from the Financial Year beginning from 1<sup>st</sup> April 2011 at such remuneration as may be fixed by the Members.

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

The Board of Directors hereby state and confirm:

- that in the preparation of the annual accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the Annual Accounts on a 'going concern' basis.

## 12. CORPORATE GOVERNANCE REPORT:

Your Company has been practising principles of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

The Board has formulated Code of Conduct for all Board members and Senior Management of the Company and they have affirmed compliance during the year under review.

The Board has received CEO / CFO Certification under Clause V of the Clause 49 of the Listing Agreement.

The Company has formulated Code of Conduct for prevention of Insider Trading as required by SEBI

(Prohibition of Insider Trading) Regulations 1992. The code ensures prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

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

## 13 EMPLOYEES STOCK OPTION SCHEME (ESOS-2006)

As required by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, detailed disclosure is enclosed as per Annexure "E" and forms part of this report.

During the year under review, the Company has allotted 4,31,575 Equity Shares to the employees of the Company under the Employees Stock Option Scheme 2006.

## 14. LISTING:

Shares of your Company continue to be listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., Mumbai and Listing Fees for the year 2011-12 have been paid to them.

Pursuant to Clause VI of the Securities & Exchange Board of India (Delisting of Equity Shares) Regulations 2009, the Board of Directors had submitted an application for voluntary delisting of its equity shares of face value Rs.2/- from Ahmedabad Stock Exchange Ltd. Accordingly Ahmedabad Stock Exchange Ltd. vide its letter dated 13<sup>th</sup> October 2010 has delisted our equity shares with effect from 13<sup>th</sup> October 2010.

## 15. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

Place : Chhatral, Dist. : Mehsana  
Date : 24<sup>th</sup> May 2011

**Prakash M. Sanghvi**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. CLARIFICATION REGARDING INSTALLED CAPACITY AND UTILIZATION

Conventionally, the capacities in respect of the products your Company manufactures are stated in MT and the utilisation is viewed against the capacities, but for tubes & pipes manufacturers, this may not give the correct picture. The tubes and pipes that we manufacture have different sizes and wall thickness. The capacities can vary significantly depending on size (diameter and wall thickness) and also nature of the product. Smaller / lower the size of the tubes and pipe more of the capacity will be consumed but output will be lesser in MT. Such sizes bring down the conventionally construed capacity utilization. But these sizes result into very high value addition leading to higher bottom line. Bigger diameter and/or high wall thickness sizes show a higher capacity utilization in MT but may not provide a healthy value addition. Therefore, a lower capacity utilization should not be viewed as negative performance, but need to be seen vis-à-vis the value addition.

### II. INDUSTRIAL SCENARIO

The year 2009-10 was one of the toughest periods for manufacturing industries. This impacted the order booking position during that year, impacting the performance of the Company mainly during first half of the year under review. However, the global and Indian economy in general have shown strong signs of revival, with Indian economy being amongst a few which has grown at a rate close to 8% during the last financial year and it is expected it will continue to grow at about 8% - 9% p.a in the current financial year also. Moreover, despite rising inflation and interest rates within India and growing concern about economic stability in Europe, adverse impact of tsunami on Japanese economy, the concerns about the real soundness of the Chinese economy and the risk of double dip recession/deflation in USA and fluctuating commodity prices, the continuous focus on investment in infrastructure mainly related to power and oil & gas pipe line network will help the Company in maintaining its scale of operations. The investment in infrastructure has helped the Company to build up a respectable order book position, the highest in the history of the Company so far. We expect investment in infrastructure projects to continue thus providing opportunities to the Indian pipe industry. For your Company, particularly the investment in oil & gas, power projects, refinery and petrochemicals, fertilisers, irrigation and water supply pipe lines offer good opportunities.

#### MARKETING SCENARIO

##### STAINLESS STEEL DIVISION

As in the past, the major revenue generated by Stainless Steel Division is coming from oil & gas, petrochemicals and refineries and power, with water desalination, chemicals, fertilizers, pharmaceutical and sugar sector also contributing significantly.

##### Oil & Gas / Petrochemical & Refineries Sector

This sector continues to suffer from lower capacity built up

and high crude prices. The global demand is yet to pick up as the investment decisions for setting up of new refineries or expanding the existing ones and setting up of down stream petrochemical projects has not yet started. The slack economic conditions prevailing globally particularly in developed countries/nations like USA, Japan, Europe etc. has adversely affected flow of fresh investments in capacity built up or expansion. Your Company is trying to look at market beyond the traditional one, i.e. Middle East and expand reach of its products. However the Investment in cross country pipe lines and distribution pipe lines in the country offer good opportunities. In Middle East also, new investment in refineries & petrochemical is showing signs of pickup which will offer good opportunities to the Company.

##### Power Sector

This sector continues to remain buoyant within the country, for which the Company continues to remain one of the preferred suppliers of high-end application Tubes and Pipes for majority of the projects coming up in the country.

##### Water Desalination

Though this sector looks very profitable as far as demand for your Company's products is concerned, but this is a sector of very high capital cost. We have not seen any significant investment being announced either within the country or in Middle East. However, looking to the potential, the Company is gearing up internally so that as and when an opportunity arises, the Company is in a position to exploit the same fully.

##### Fertilizer

This sector also continues to be one with fundamentally very strong potential. However, this is an industry which depends on government policies and investment decisions. In spite of very promising announcements, we still have to witness real investment flowing-in in capacity built up/modernization of this sector. Your Company has the capability to cater to major demand likely to be generated by the sector once investment starts happening.

##### Nuclear Power Plants

Though long term prospects from this sector are very promising, but because of the after effects of tsunami in Japan, we don't foresee in near future any major investment decisions being taken. We are watching the situation and will take appropriate decisions when the right time approaches.

##### CARBON STEEL & COATING

The market for CS line pipe for oil and gas, transport and distribution continues to suffer from excessive capacity in the domestic market, fierce competition by the major players and very low margins. The line pipe business is a location based business as transport cost of large diameter pipes becomes the disadvantage to the manufacturers like your Company whose manufacturing set up is only in Western India, i.e. Gujarat.



The Company has been looking at global opportunities also in CS pipe sector and has been successful in getting initial orders from Europe and South America. Other markets are also being explored in order to ensure that capacities are optimally booked.

### III. FUTURE OUTLOOK AND OPPORTUNITIES

The Company continues to enjoy the leadership position amongst all the SS tubes/pipes manufacturing companies and also in very high-end application of CS pipes. It has also been recognized as one of the quality manufacturers of spiral/coating pipes for oil and gas sector and has executed orders from some of the very prestigious names in the industry. The need for continuous built up in power generation and need to ensure an equitable distribution in natural resources will ensure our Company as in a position to continue to utilize its capacities in respect of products which are used in very high-end applications.

### IV. QUALITY CONTROL

Your Company is involved in several national as well as international projects. It has earned customer satisfaction and provided solutions for critical applications. It is preferred for its quality products and client satisfaction.

The Company continues to invest in Quality Assurance practices and facilities. It has been the Company's vision to constantly improve upon processes and practices so as to ensure high quality levels.

### V. ENVIRONMENT AND SAFETY

The Company is environment conscious corporate citizen and is actively pursuing safety policy under the OHSAS guidelines. Best safety policies and procedures are in place at all production centres which are periodically reviewed, audited and upgraded.

The Company strives for reducing and optimizing the use of water, energy and chemicals. The Company has also installed R. O. Plants to bring the industrial water discharge to almost zero level.

The Company is building concern for the environment protection and training amongst the employees to bring the effectiveness in Environmental Management.

### VI. INTERNAL CONTROL SYSTEMS

The Company has adequate Internal Control Systems to ensure that all assets are safeguarded and transactions are authorized, recorded and reported properly. The Internal Controls are periodically reviewed and retuned to enhance efficiency and ensure adequate statutory compliance. The Internal Audit plan is designed in consultation with the Statutory Auditors and Audit Committee.

Regular operational and transactional audits are conducted by professionally qualified and technical persons to review effective control and suggest improvements.

### VII. INDUSTRIAL RELATIONS AND HUMAN RESOURCES

During the year, the focus has been on enhancing the morale and capabilities of the employees across the organisation. An exercise has been initiated to take a re-look at the organisation structure for making it more rational and functional. We continue to provide orientation and training for development of soft and hard skill.

The relations have remained cordial at all organisational levels and all work places.

### VIII. RISK FACTORS

The Company has established itself as a supplier of the quality products. However, the Company operates in highly competitive environment both domestically and internationally with big players having advantage of economy of scale. The competition has intensified due to continuing recessionary conditions. There is a challenge from the unorganised sector supplying cheaper but low quality products. The input materials are subject to high volatility in International as well as domestic markets. Since the Company uses imported materials as well as is exporting its products, there is an exposure to currency exchange risk. The currency exchange risk is being controlled and mitigated by sound and conservative financial instruments.

### IX. CAUTIONARY STATEMENT

The statement given in this report, describing the Company's objectives, estimates, and expectations and future plans may be construed forward looking statement within the meaning of applicable laws and/or regulations. Actual performance may differ materially from those either expressed or implied. Important factors that could affect the working of the Company include economic conditions, domestic as well as international, affecting demand and price conditions, raw material prices, interest costs, changes in the Government policies affecting investments, changes in the Government regulations tax laws, and other statutes, high prices of petro products affecting energy and transportation cost etc.

The information and opinion expressed are forward looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. The management will not be liable for any loss, which may arise, as a result of any action taken on the basis of the information contained herein. The information contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other persons without the express prior written permission of the Company.

Additional Information as required Under Section 217(1)(e) of The Companies Act, 1956.

**(A) CONSERVATION OF ENERGY:**

To have high degree of optimization, conservation of energy and absorption of technology, the Senior Executives of the Company constantly discussed with the consultants in each phase of the operations. Some of the initiatives taken by the Company during the financial year under review are as follows:

- (a) Energy Conservation
  - 1) Extra water cooled capacitors were installed to bring the power factor to @0.9 at Tube Mill – 09 which had very low power factor.
  - 2) Similarly capacitor bank was installed at Hot Extrusion Press which was also giving very low power factor.
  - 3) Replacement of Mercury Vapour Lamp by energy efficient Metal Halide Lamp in Plant saving 25.2 KWH / day.
  - 4) Installation of A. C. VF Drives for smooth operation of Chamfering Machine-01 saving 2.96 KWH / day.
  - 5) Replacement of old low efficient L.T. Motor by energy efficient Induction Motor at EXT-02 saving 0.17 KWH / hr.
  - 6) Installation of power monitoring system to monitor all the electrical data for all the plant machines.
  - 7) We have maintained unity power factor during the whole year and received substantial amount of rebate.
- (b) Additional investment  
No separate Account is maintained
- (c) Impact of Measures (a) and (b) above  
Substantial energy saving as compared to the previous power supply system.
- (d) Total Energy Consumption as per Form A:  
Not Applicable

**(B) TECHNOLOGY ABSORPTION**

- (e) Efforts made in Technology Absorption as per Form B:  
Form B enclosed.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (f) Activities relating to exports:  
The Company has exported Pipes and Tubes to Australia, Baharain, Egypt, France, Germany, Iran, Italy, Korea, Kuwait, Malaysia, Peru, Saudi Arabia, Spain, U.K., U. A. E., and U. S. A.

- (g) Total Foreign Exchange Earnings used and earned.  
Foreign Exchange Earnings (FOB) Rs.5,000.79 lacs  
(P. Y. Rs.6,660.38 lacs)  
Foreign Exchange Outgo Rs. 845.40 lacs  
(P.Y. Rs.685.63 lacs)

**FORM B**

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

- (1) Specific areas in which R & D is carried out:
    - (a) Conversion from LDO to LNG Gas which reduces the cost by 80 paise per kg for heat treatment of pipes. Due to this
      - a. Surrounding oil area is clean.
      - b. No LDO firing smoke in Atmosphere.
    - (b) Installation & commissioning of new RTR Machine resulting into
      - (i) Saves Radiography Films by all pipes being tested in this equipment.
      - (ii) Saves time of films required for cutting, cassetting, taking, developing and drying.
      - (iii) Better control of weld process as testing results are very fast and accurate.
    - (c) Installation of new Hydraulic Piping System by which oil leakage on Forming Press is stopped.
  - (2) Benefits derived as a result of the above :
    - (a) Saving of time
    - (b) Cost reduction
    - (c) Better control of weld process as testing results are very fast and accurate.
  - (3) Future plan of action:  
The Company would continue Research and Development work in manufacturing of smaller diameter & higher thickness pipes.
  - (4) Estimated expenditure on R & D  
No separate record of expenditure is maintained.
- (D) INFORMATION ON POLLUTION CONTROL MEASURES FORMING PART OF DIRECTORS' REPORT**

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

Information as per provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011.

Sr. No.	Name	Age Yrs	Qualification	Date of Employment	Designation/ Nature of Duties	Remuneration (Rs. in Lacs)	Experience in Years	Last Employment held
1	Shri Prakash M. Sanghvi	55	Matriculation	12/06/89	Chairman & Managing Director	545.04	34	Director, Ratnamani Tube Ind. Ltd.
2	Shri Jayanti M. Sanghvi	53	B.Com (FY)	12/06/89	Whole-time Director	334.27	31	Director, Ratnamani Tube Ind. Ltd.
3	Shri Shanti M. Sanghvi	48	Under Graduate	01/11/98	Whole-time Director	227.52	29	Director, Ratnamani Engineering Ltd. and Ratnamani Fine Tubes Pvt. Ltd.

**NOTES:**

1. Remuneration includes Salary, Company's contribution to Provident and Superannuation Funds, Taxable value of Perquisites and Commission.
2. Shri Prakash M. Sanghvi, Shri Jayanti M. Sanghvi and Shri Shanti M. Sanghvi are related to each other. They are not related to any other Director of the Company.
3. The services of all the above employees are contractual and are for a term of 5 years.

## CORPORATE GOVERNANCE REPORT

### 1. BRIEF STATEMENT OF COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is crucial to the very existence of a Company as it builds confidence and trust, which eventually leads to a more stable, sustained and long-term partnership with its investors and other stakeholders. In the current, dynamic and volatile environment, it becomes imperative that highest levels of transparency, accountability and integrity are achieved and maintained. The Company strongly feels the need for Code of Conduct to regulate the scenario.

The Company ensures taking steps all throughout the year to maintain transparency and to satisfy all its stakeholders namely customers, shareholders, lenders and employees. The objective is to create and put in practice procedures and systems which are in accordance with the best Corporate Governance. Mandatory requirements of the Corporate Governance as stipulated under Clause 49 of Listing Agreement with Stock Exchanges are complied with. This Annexure D sets out compliance status by the Company for the financial year 2010-11 with the requirements of the Listing Agreement.

### 2. Board of Directors

The business of the Company is conducted by the Management under the directions of the Board. The Board formulates strategy, regularly reviews the performance of the Company and ensures that the projected targets and agreed objectives are met on a consistent basis.

#### Composition of the Board

The Board is headed by the Executive Chairman. The Board of Directors of your Company represents optimum combination of professionalism, knowledge and experience. The composition of the Board of Directors with reference to the number of Executive and Non-Executive Directors meets the requirement of the Code of Corporate Governance. The total strength of the Board of Directors of the Company is six Directors as on 31<sup>st</sup> March 2011 comprising three Executive Directors and three Non-Executive Directors. Your Company immensely benefits from the professional expertise of the Independent Directors in their individual capacity as Professionals / Business Executives and through their valuable experience.

#### Details of the Directors in other Boards and in Board Committees as on 31<sup>st</sup> March 2011

The detailed composition of the Board and other related information is given in the table below:

Name of the Director	Designation	Category	No. of Director -ship held	No. of other Committees		No. of Board meetings attended	Attendance at the last AGM
				Membership	Chairmanship		
Shri P. M. Sanghvi *	Chairman & Managing Director	Promoter Executive	-	8	6	4	Yes
Shri J. M. Sanghvi *	Whole-time Director	Promoter Executive	1	9	-	5	Yes
Shri S. M. Sanghvi *	Whole-time Director	Promoter Executive	-	2	-	3	Yes
Shri D. C. Anjaria	Director	Independent Non-Executive	6	7	5	5	Yes
Shri V. M. Agrawal	Director	Independent Non-Executive	-	4	-	5	Yes
Shri P. M. Mehta	Director	Independent Non-Executive	1	4	2	5	Yes

\* Being brothers, they are related to each other.

#### Board Procedure

During the year, **Five** Board meetings were held, details of which are given in the table below:

Date of Meeting	20/04/2010	28/05/2010	12/08/2010	29/10/2010	10/02/2011
No. of Directors present	4	6	6	6	5

The Board Meetings are normally held at Head Office, Indrad, Ahmedabad-Mehsana Highway, Village Indrad, Taluka Kadi. The Board meets at least once in a quarter with a gap between two meetings not exceeding four months.

The information as required under Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board. The Agenda and the papers for consideration at the Board Meeting are circulated to the Directors in advance. Adequate information

is circulated as part of the Board papers and is also made available at the Board Meeting to enable the Members of the Board to take vital decisions. Senior Executives are invited to attend the Board Meetings as and when required.

Other provisions as to Board and Committees were complied during the year under review.

#### Code of Conduct

The Board has formulated Code of Conduct for all Board members and Senior Management of the Company and the same is posted on the website of the Company. All the Board members and Senior Management personnel have affirmed compliance with the said code of conduct during the year 2010-11.

#### Declaration of Compliance with the Code of Conduct / Ethics

In this connection, a declaration signed by the Compliance Officer in terms of the Listing Agreement addressed to the Board of Directors is given below:

“It is hereby declared that the Company has obtained from all Members of the Board and Senior Management affirmation that they have complied with the Code of Conduct for Directors and Senior Management of the Company for the year 2010-11.”

### 3. Audit Committee

The Audit Committee was constituted by the Board of Directors in its meeting held on 30<sup>th</sup> January 2001. The Audit Committee comprises of two Non-Executive Independent Directors – Shri D. C. Anjaria and Dr. V. M. Agrawal who are eminent professionals and Shri Jayanti M. Sanghvi, Whole-time Director.

The Composition of the Audit Committee is as under.

Name of the Director	Category	Remarks
Shri D. C. Anjaria	Independent Non-Executive	Chairman
Dr. V. M. Agrawal	Independent Non-Executive	Member
Shri J. M. Sanghvi	Executive Director	Member

Minutes of each Audit Committee Meeting are placed and discussed in the meeting of the Board of Directors.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's Internal Control and Financial Reporting Process. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 of the Listing Agreement and inter-alia performs the following functions.

- To investigate into any matter in relation to the items specified in Section 292(A) of the Companies Act 1956, and as contained under Clause 49 of the Listing Agreement.
- Reviewing 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.
- Recommending the appointment of Statutory Auditors and fixation of their Audit Fee.
- Reviewing with Management the Annual Financial Statements and half yearly and quarterly financial results before submission to the Board.
- Reviewing periodically the adequacy of the internal control systems.
- Discussions with Internal Auditors on any significant findings and follow up there on.

#### The Audit Committee has the following Powers:

- To investigate any activity within its terms of reference.
- To seek any information from any employee.
- To obtain outside legal and professional advise.
- To secure attendance of outsiders with relevant expertise, if it considers it necessary.

Seven Audit Committee meetings were held during the year, the details of which are as under.

Name of the Directors	Meetings held on and presence						
	20/04/10	12/05/10	27/05/10	11/08/10	12/10/10	28/10/10	10/02/11
Shri D. C. Anjaria	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Dr. V. M. Agrawal	Yes	-	Yes	Yes	Yes	Yes	Yes
Shri J. M. Sanghvi	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Overall Attendance : 95%

The meetings of the Audit Committee during the year were held as per Clause 49 of the Listing Agreement.

The Audit Committee meetings were also attended by the representatives of the Statutory Auditors, Internal Auditors and the Chief Financial Officer of the Company. The Company Secretary acts as a Secretary to the Committee and attends the meeting.

#### 4. Remuneration Committee

Pursuant to the provisions contained in Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges, Remuneration Committee of the Board was constituted on 23<sup>rd</sup> March 2002 to determine the Company's policy on specific remuneration packages for Executive Directors including their pension rights and compensation payment, after taking into consideration the financial position of the Company, trends in the industry, experience, past performance, remuneration paid to the Executive Directors and the interest of the Company and its shareholders.

The key components of the Company's Remuneration Policy are

- Compensation will be a major driver of performance.
- Compensation will be transparent, fair and simple to administer.
- Compensation will be fully legal and tax compliant.
- Compensation will be competitive and benchmarked with group of companies in the Industry.

The composition of the Remuneration Committee is as under:

Name of Director	Category	Remarks
Shri D. C. Anjaria	Independent Non-Executive Director	Chairman
Dr. V. M. Agrawal	Independent Non-Executive Director	Member
Shri P. M. Mehta	Independent Non-Executive Director	Member

During the year under review, Remuneration Committee Meetings were held on 28<sup>th</sup> May 2010 and 10<sup>th</sup> February 2011. All the members attended the said meetings.

Details of Remunerations

##### a. Executive Directors

(Rs. in lacs)

Name of the Director	Salary	Commission	Perquisites	Retirement Benefits	Total
Shri P. M. Sanghvi	72.00	450.00	-	23.04	545.04
Shri J. M. Sanghvi	48.00	270.00	0.91	15.36	334.27
Shri S. M. Sanghvi	36.00	180.00	-	11.52	227.52

Service Contract

- Shri P. M. Sanghvi, Managing Director has been appointed for a term of five years w.e.f 1<sup>st</sup> November 2008 by the Shareholders of the Company at its Annual General Meeting held on 15<sup>th</sup> September 2009.
- Shri J. M. Sanghvi, Whole-time Director has been appointed for a term of five years w.e.f 1<sup>st</sup> November 2008 by the Shareholders of the Company at its Annual General Meeting held on 15<sup>th</sup> September 2009.
- Shri S. M. Sanghvi, Whole-time Director has been appointed for a term of five years w.e.f 1<sup>st</sup> November 2008 by the Shareholders of the Company at its Annual General Meeting held on 15<sup>th</sup> September 2009.

The services of all the three Executive Directors are contractual and for a term of five years. For any termination of Service Contract, the Company or the Executive Director is required to give a notice of three months or pay three months salary in lieu thereof to the other party.

##### b. Non-Executive Directors

Non-Executive Directors were paid Sitting Fees of Rs.20,000/- for each Board Meeting and for its certain Committee Meetings attended during the year 2010-11.

Name of the Director	Sitting Fees (Rs.)
Shri D. C. Anjaria	4,00,000
Dr. V. M. Agrawal	2,60,000
Shri P. M. Mehta	1,80,000

## c. Stock Options granted to the Non-Executive Directors

Name of Director	No. of Options granted and due	Outstanding as on 1/4/2010	Options exercised during the year	Outstanding as on 31/03/2011 (Face value Rs.2/- per Equity Share)
Shri D. C. Anjaria	25000	12500	NIL	12500
Dr. V. M. Agrawal	25000	25000	NIL	25000
Shri P. M. Mehta	25000	NIL	NIL	NIL

## 5. Shareholders'/ Investors' Grievance Committee

The Shareholders Grievance Committee was formed by the Board of Directors on 31<sup>st</sup> March 2001 to ensure the effective redressal of the complaints of the investors. The Committee also recommends steps to be taken for further implementation in the quality and services to the investors.

The composition of the Shareholders' Grievance Committee is as under:

Name of the Director	Category	Remarks
Shri D. C. Anjaria	Independent Non-Executive	Chairman
Dr. V. M. Agrawal	Independent Non-Executive	Member
Shri P. M. Mehta	Independent Non-Executive	Member

Shri V. C. Bhagat, Company Secretary acts as a Secretary of the Committee and has been designated as Compliance Officer.

The particulars of Investors' Grievance received and redressed during the financial year are furnished below:

Nature of Complaints	Opening Balance as on 01/04/2010	Received during the Year	Redressed/ Attended during the year	Pending as on 31/03/2011
1 Non-receipt of share certificates after transfer, etc.	Nil	Nil	Nil	Nil
2 Non-receipt of Dividend	Nil	6	6	Nil
3 Query regarding Demat Credit	Nil	1	1	Nil
4 Non-receipt of duplicate share certificate after issue	Nil	Nil	Nil	Nil
5 Others : Non-Exchange of New shares	Nil	1	1	Nil
Total	Nil	8	8	Nil

## 6. Share Transfer Committee

The Board of Directors has also constituted Share Transfer Committee to deal with matters relating to transfers / transmissions / transposition / consolidation / split / issue of share certificates in exchange for sub-divided / consolidated / defaced share certificates / issue of duplicate share certificates, etc. The composition of Share Transfer Committee has been changed as and when required. For the present, Shri P. M. Sanghvi, Managing Director, Shri J. M. Sanghvi, Whole-time Director and Dr. V. M. Agrawal, Independent Director are the members of Share Transfer Committee. Mostly in every month there are two meetings of the Share Transfer Committee and the shares are transferred to the Transferees within a period of one month as stipulated in the Listing Agreement with Stock Exchanges. In the year under review, there were 23 meetings and all the members were present in every meeting.

The Board of Directors of the Company ratifies and takes on record the Minutes of the Share Transfer Committee at subsequent Board Meetings.

At present entire activities related to share transfers, transmission, exchange of shares, etc. are handled by Share Registrar & Transfer Agent namely M/s. Sharepro Services (India) Pvt. Ltd., Mumbai and Ahmedabad (Branch), a SEBI authorized Registrar which also provides electronic connectivity with NSDL and CDSL to carry out such assigned work.

## 7. Committee for Share Allotment under ESOS:

The Committee for considering share allotments under ESOS was formed by the Board of Directors on 18<sup>th</sup> May 2009 to consider the applications received from the eligible employees and allotting the shares to them. The composition of the Committee is as under:

Name of the Director	Category	Remarks
1. Shri P. M. Sanghvi	Managing Director	Chairman
2. Shri J. M. Sanghvi	Director	Member
3. Shri D. C. Anjaria	Director	Member

During the year the committee meetings were held on 5<sup>th</sup> June 2010 and 15<sup>th</sup> October 2010.

#### 8. Kutch Project Review Committee

With a view to take certain decisions on the spot for the Kutch Project, the Board of Directors in its meeting held on 28<sup>th</sup> September 2005 formulated Kutch Project Review Committee and the following Directors are members of the Committee.

- (i) Shri P. M. Mehta (Independent Director as Chairman)
- (ii) Shri P. M. Sanghvi (Managing Director as Member)
- (iii) Shri J. M. Sanghvi (Whole-time Director as Member)

During the year under review a Committee meeting was held on 28<sup>th</sup> October 2010 and all the Directors were present.

#### 9. Cost Reduction and Performance Improvement Committee

The Board formulated a Committee for cost reduction and performance improvement on 28<sup>th</sup> July 2009 and the following Directors are the members of the Committee.

- (i) Shri P. M. Mehta (Independent Director as Chairman)
- (ii) Shri P. M. Sanghvi (Managing Director as Member)
- (iii) Shri J. M. Sanghvi (Whole-time Director as Member)

During the year meeting was held on 18<sup>th</sup> June 2010 and all the three Directors were present in the said meeting.

#### 10. General Body Meetings

AGM	Date	Time	Venue	No. of special resolutions approved *
24 <sup>th</sup>	23.09.2008	10:00 a.m.	The Ahmedabad Textile Mills Association	2
25 <sup>th</sup>	15.09.2009	10:00 a. m.	The Ahmedabad Textile Mills Association	Nil
26 <sup>th</sup>	27.08.2010	10:00 a. m.	The Ahmedabad Textile Mills Association	Nil

\* Special resolutions indicated above were passed by show of hands.

#### 11. Disclosures

- (i) There was no materially significant related party transaction during the year with the management or with the Directors of the Company, which may have potential conflict with the interests of the Company.
- (ii) There was no instance of Non-compliance of any matter related to the capital markets during the last three years. In other words the Company has complied with all the regulations as per the Listing Agreement with Stock Exchanges and SEBI.
- (iii) The Company ensures compliance of various statutory requirements by all its divisions and obtains quarterly reports in the form of certificates from the heads of the divisions. These certificates are placed before the Board on quarterly basis.
- (iv) All the statutory registers that are required to be maintained, particularly Registers of contracts in which Directors have interests, Registers of Director Shareholding, Register of Investments etc. are maintained and continuously updated.
- (v) Financial Statements for the year under review were prepared in accordance with the Accounting Standards and there is no deviation, nor any alternative treatment given.
- (vi) The Board has approved Corporate Financial Risk Management Policy and the same is being evaluated on quarterly basis.
- (vii) The Board has received CEO/CFO Certification under Clause V of the Revised Clause 49 of the Listing Agreement. They have reviewed all Financial and Cash Flow Statements and have certified that no transaction has been entered by the Company during the year which is illegal or violating laws of the Company's Code of Conduct.

#### 12. Postal Ballot

During the year no special resolution was passed by Postal Ballot.



### 13. Certification from CEO & CFO

Requisite certificate from CEO and CFO as required to be given under Clause 49(v) has been received and placed before the Board of Directors of the Company.

### 14. Means of Communication

During the year under review quarterly and half yearly (Unaudited) and Annual Financial Results (Audited) of the Company were submitted to the Stock Exchanges immediately after the Board approved the same. They were also published in time either in any of The Economic Times / Business Standard / Indian Express in English and Jansatta / Financial Express / Economic Times in Gujarati.

The results were also hosted on the Company's website i.e. [www.ratnamani.com](http://www.ratnamani.com)

### 15. Compliance with Non Mandatory requirements

- (i) Chairman's Office: Your Company has Executive Chairman and hence need for implementing this non-mandatory requirement has not arisen.
- (ii) Remuneration Committee : The Board has already set up Remuneration Committee in the year 2002, the details of which are available under Item No. 4 above.
- (iii) Shareholders' Right : Quarterly Financial Results including Press Release of relevant period of three months are being published in the newspaper and hosted on the website of Stock Exchanges as well as Company's website.
- (iv) Audit Qualifications : There are no qualifications in the Auditors' Report on the Financial Statements to the shareholders of the Company.
- (v) Training of Board Members : There is no formal policy at present for training the Board Members of the Company as the members on our Board are Professionals/Business Executives/eminent/experienced professional persons. However, for orientation and to get familiar with the Company's business operation and practices, Directors visit all the three divisions periodically at the project sites of the Company. Besides, detailed representations are periodically made to the Board Members on the business model of the Company. The Directors endeavour to keep themselves updated with changes in economy and legislation.
- (vi) Whistle Blower Policy : The Company has not established any formal Whistle Blower Policy.

### 16. Financial Calendar for the Financial Year 2010-11

<b>A.</b>	Financial Year	:	1 <sup>st</sup> April 2010 to 31 <sup>st</sup> March 2011
	First Quarter ended on	:	30 <sup>th</sup> June 2010
	Half year ended on	:	30 <sup>th</sup> September 2010
	Third Quarter ended on	:	31 <sup>st</sup> December 2010
	Fourth Quarter ended on	:	31 <sup>st</sup> March 2011
	AGM for the year 2010-11	:	18 <sup>th</sup> August 2011

#### B. Market Price Data

##### Bombay Stock Exchange Ltd.

Month	High (Rs.)	Low (Rs.)	Wtd. Avg.(Rs.)	No. of Shares Traded	Trade Volume * (Rs. In lacs)
April 2010	132.75	101.55	120.14	2460614	2956.06
May 2010	135.35	114.00	125.92	1163879	1465.52
June 2010	129.00	115.00	122.67	741725	909.90
July 2010	130.50	123.00	126.44	501200	633.73
August 2010	137.20	125.05	130.94	1049368	1374.02
September 2010	148.55	130.50	138.83	536091	744.24
October 2010	145.70	135.00	140.86	742186	1045.47
November 2010	149.90	110.55	127.97	227609	291.28
December 2010	126.00	117.05	122.33	294903	360.76
January 2011	131.00	119.25	125.18	225213	281.92
February 2011	131.00	111.05	125.01	323347	404.23
March 2011	131.95	124.50	129.03	250474	323.18

\* Volume is the total monthly volume of trades

## National Stock Exchange of India Ltd.

Month	High (Rs.)	Low (Rs.)	Wtd. Avg.(Rs.)	No. of Shares Traded	Trade Volume * (Rs. In lacs)
April 2010	133.00	101.30	120.10	3182946	3822.71
May 2010	135.40	111.60	126.18	1432991	1808.13
June 2010	128.00	115.00	123.13	793461	976.95
July 2010	132.60	123.00	126.37	700981	885.82
August 2010	137.50	125.25	131.14	1276429	1673.92
September 2010	148.80	130.05	138.49	931918	1290.59
October 2010	144.90	135.00	140.34	545286	765.27
November 2010	142.95	110.30	128.28	458481	588.13
December 2010	126.90	115.00	122.24	301689	368.78
January 2011	130.80	118.00	124.92	323018	403.51
February 2011	134.00	111.15	124.62	717626	894.28
March 2011	131.95	123.10	129.29	902496	1166.85

\* Volume is the total monthly volume of trades

**C. Registrar & Transfer Agent****Regd. Office Address**

M/s. Sharepro Services (India) Pvt. Ltd.  
Unit : Ratnamani Metals & Tubes Ltd.  
13AB, Samhita Warehousing Complex,  
Sakinaka Telephone Exchange Lane,  
Off. Andheri Kurla Road, Sakinaka,  
Andheri (East), Mumbai – 400 072  
Phone No.: (022) 67720300/ 67720400  
Fax No.: (022) 28591568  
Contact Person : Mr. G. R. Rao

**Ahmedabad Branch Address**

M/s. Sharepro Services (India) Pvt. Ltd.  
Unit : Ratnamani Metals & Tubes Ltd.  
416-420, 4<sup>th</sup> Floor, Devnandan Mall  
Opp. Sanyas Ashram, Ashram Road  
Ahmedabad - 380006  
Phone No. : (079) 26582381 to 84  
Fax No. (079) 26582385  
Contact Person : Mr. Nitin Joshi  
E-mail:sharepro@shareproservices.com

**D. Share Transfer System**

Due to mandatory provisions of SEBI and upon the instructions of Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. the Company has appointed a common agency as a single point for physical and demat registry work. The Company has appointed M/s. Sharepro Services (India) Pvt. Ltd., as its Registrar and Transfer Agent w.e.f. 26<sup>th</sup> March 2010. All the shareholders of the Company are therefore requested to correspond directly with them at the above address on the matters related to both transfer of shares as well as for demat of the shares of the Company.

In view of the above, the work for transfer of shares in physical form is also being carried out at the above address.

**E. Distribution of Shareholdings as on 31<sup>st</sup> March 2010 and 31<sup>st</sup> March 2011**

No. of Equity Shares	No. of Shareholders		% of Shareholders		No. of Shares held		% of Shareholding	
	As on 31/03/10	As on 31/03/11	As on 31/03/10	As on 31/03/11	As on 31/03/10	As on 31/03/11	As on 31/03/10	As on 31/03/11
1 to 2500	14172	8847	95.86	95.87	4252253	2756094	9.26	5.94
2501 to 5000	285	138	1.93	1.50	1071512	525272	2.33	1.13
5001 to 10000	117	70	0.79	0.76	917880	538202	2.00	1.16
10001 to 15000	32	22	0.22	0.24	407323	277114	0.89	0.60
15001 to 20000	16	11	0.11	0.12	284180	192901	0.62	0.42
20001 to 25000	18	16	0.12	0.17	417385	376660	0.91	0.81
25001 to 50000	38	22	0.26	0.24	1493352	889412	3.25	1.92
50001 & Above	106	102	0.71	1.10	37099499	40819304	80.74	88.02
<b>Total</b>	<b>14784</b>	<b>9228</b>	<b>100.00</b>	<b>100.00</b>	<b>45943384</b>	<b>46374959</b>	<b>100.00</b>	<b>100.00</b>

Shareholders decreased from 14784 to 9228

**F. Categories of Shareholders as on 31<sup>st</sup> March 2010 and 31<sup>st</sup> March 2011**

Particulars	No. of Shares		% of Shareholding	
	As on 31/03/2010	As on 31/03/2011	As on 31/03/2010	As on 31/03/2011
Indian Promoters and Group	26478448	27155166	57.63	58.55
Mutual Fund	1387600	871365	3.02	1.88
Banks, Financial Institutions	330	330	0.00	0.00
Corporate Bodies	2263667	1409352	4.93	3.04
FIS	624205	5120038	1.36	11.04
NRI	578911	381833	1.26	0.83
Indian Public	14610223	11436875	31.80	24.66
<b>Total</b>	<b>45943384</b>	<b>46374959</b>	<b>100.00</b>	<b>100.00</b>

**G. Shareholdings of the Directors in the Company as on 31<sup>st</sup> March 2011**

S. No.	Name of Director	No. of Shares	% of total holding
1.	Shri Prakash M. Sanghvi	3348101	7.22
2.	Shri Jayanti M. Sanghvi	2923270	6.30
3.	Shri Shanti M. Sanghvi	2049160	4.42
4.	Shri Divyabhash. C. Anjaria	13165	0.03
5.	Dr. Vinodkumar. M. Agrawal	2500	-
6.	Shri Pravinchandra M. Mehta	18000	0.04

**H. Dematerialization of Shares**

The Equity Shares of the Company are traded compulsorily in the dematerialized form by all the investors w.e.f 26<sup>th</sup> March, 2001. The Company has entered into an agreement with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) whereby the shareholders have an option to dematerialize their shares with either of the depository.

The Demat ISIN No. for both NSDL and CDSL for the Company's Equity shares is INE703B01027.

Status of Dematerialization as on 31<sup>st</sup> March 2010 and 31<sup>st</sup> March 2011

Particulars	No. of shares as on 31/03/2010	No. of shares as on 31/03/2011	% of Total Capital as on 31/03/2010	% of Total Capital as on 31/03/2011	No. of Shareholders as on 31/03/2010	No. of Shareholders as on 31/03/2011
National Securities Depository Ltd.	24733294	26039364	53.83	56.15	8445	5112
Central Depository Services (India) Ltd.	2813524	1992904	6.12	4.30	4254	2124
Total Dematerialized	27546818	28032268	59.95	60.45	12699	7236
Physical	18396566	18342691	40.05	39.55	2085	1992
<b>Grand Total</b>	<b>45943384</b>	<b>46374959</b>	<b>100.00</b>	<b>100.00</b>	<b>14784</b>	<b>9228</b>

**I. Listing**

The Company's shares are listed and traded on Bombay Stock Exchange Ltd. as well as National Stock Exchange of India Ltd. and Listing Fees for the year 2011-12 have been paid to them.

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange	520111
National Stock Exchange	RATNAMANI

During the year under review, the Company has voluntarily delisted its securities (equity shares) from Ahmedabad Stock Exchange Ltd. w.e.f. 13<sup>th</sup> October 2010.

**J. Secretarial Audit for reconciliation of capital**

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the listed Stock Exchanges. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

**K. Transfer of Unclaimed amounts to Investor's Education and Protection Fund**

During the year under review, the Company has credited an amount of Rs.1,24,525/- for the year 2002-03 to the Investors Education & Protection Fund pursuant to Section 205C of the Companies Act, 1956.

**L. Electronic Clearing Service (ECS) facility**

The Company, with respect of payment of dividend to the shareholders provides facility of Electronic Clearing Service. Presently, the Company can offer ECS facility at RBI locations/centres only. Shareholders holding shares in physical form, who wish to avail ECS facility may send their ECS Mandate in the prescribed format to our Share Registrar & Transfer Agent, M/s. Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Mumbai – 400 072

**M. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.**

-NIL –

**N. Plant Location**

1. SS Division : Survey No. 769, Ahmedabad-Mehsana Highway, Village-Indrad, Nr. Chhatral GIDC, Taluka – Kadi, Dist. Mehsana, Pincode – 382 729, Gujarat
2. CS Division : Plot No. 3306 to 3309, GIDC Estate, Phase IV, Ahmedabad–Mehsana Highway, P. O. Chhatral, Pincode–382 729, Taluka – Kalol, Dist.–Gandhinagar, Gujarat.
3. Kutch Division : Survey No. 474, Village Bhimasar, Tal. Anjar, Dist. Kutch, Gujarat.

**O. Address for Correspondence**

17, Rajmugat Society, Naranpura Cross Roads, Ankur Road, Naranpura, Ahmedabad – 380013.

### DISCLOSURES REGARDING STOCK OPTIONS

During the year 2006-07, the Company had introduced Employee Stock Option Scheme (ESOS 2006) for the benefit of employees of the Company.

Pursuant to the applicable requirements of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI Guidelines"), following disclosures are made in connection with Employees Stock Option Scheme (ESOS 2006).

The details of options granted under Employee Stock Option Scheme 2006 are given in the table.

Particulars	ESOS 2006	
a. Total Options authorized by the Plan	22,50,000	
b. The Pricing Formula	Rs.59.40 (plus applicable taxes) which is 75% of the average of daily closing price of equity shares of the Company during 30 days preceding the date of grant of options as quoted on the Stock Exchange, Mumbai	
c. Options Vested	22,50,000	
d. Options Exercised	13,74,959	
e. Total number of shares arising as a result of exercise of Options	13,74,959	
f. Options lapsed	NIL	
g. Variation of terms of options	NIL	
h. Money realized by exercise of Options	Rs.27,49,918/- share capital Rs.7,89,22,646/- share premium	
i. Total No. of Options in force	8,75,041	
j. Employee wise details of Options granted to		
(a) Senior Management Personnel:	Name	Options granted
	Shri D. C. Anjaria	25000
	Dr. V. M. Agrawal	25000
	Shri P. M. Mehta	25000
	Shri A. J. Vora	25000
	Shri D. N. Patel	25000
	Shri R. S. Patel	25000
	Shri P. H. Bhat	25000
	Shri Vimal Katta	25000
	Shri B. Ranganath	17500
	Shri M. S. Randhawa	25000
	Shri T. Venugopal	25000
	Shri V. C. Bhagat	20000
(b) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that year.	No employee has received grant of options amounting to 5% or more.	
(c) Identified employees who were granted Options, during one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	There is no employee who has been granted during 1 year equal to or exceeding 1% of the issued capital	
k. Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	Rs. 17.89	

The Company has used 'intrinsic value' method as defined in SEBI Guidelines. The disclosure under clause (l), (m) and (n) are not required to be made as the fair value of the options is less than intrinsic value.

Note : The number of options granted and vested, and the price per option are adjusted on account of sub-division of Equity Share of Rs.10/- into five Equity Shares of face value Rs.2/- each.

**To**

**The Members of the Ratnamani Metals & Tubes Limited**

We have examined the compliance of conditions of Corporate Governance by RATNAMANI METALS & TUBES LIMITED for the year ended on 31<sup>st</sup> March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that the Company through Share Registrar and Transfer Agent has maintained records to show Investors' Grievances against the Company and certify that as on 31<sup>st</sup> March, 2011 there were no investor grievances remaining unattended / pending for a period exceeding one month.

We further 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 Mehta Lodha & Co.**  
Chartered Accountants  
Firm's Registration No.: 106250W

Place : Ahmedabad  
Date : 24<sup>th</sup> May 2011

**(Prakash D. Shah)**  
Partner  
M.No. 34363

**To**  
**The Members**  
**Ratnamani Metals & Tubes Limited**

1. We have audited the attached Balance Sheet of **Ratnamani Metal & Tubes Limited** as at **March 31, 2011**, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amended order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order for the year under consideration.
4. Further to our comments in the Annexure referred to above, we report that: -
  - a) We have obtained all the information and explanation, 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 appears from our examination of those books;
  - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report, read with the notes to accounts, comply with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the said account read together with the significant accounting policies and notes on account give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:-
  - (i) In case of the Balance Sheet, of the state of Company's affairs as at 31st March, 2011,
  - (ii) In case of the Profit & Loss Account, of the **PROFIT** for the year ended on that date and
  - (iii) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Mehta Lodha & Co.**  
Chartered Accountants  
Firm's Registration No.: 106250W

Place : Ahmedabad  
Date : 24<sup>th</sup> May 2011

**(Prakash D. Shah)**  
Partner  
M.No.34363

## The Annexure referred to in paragraph (3) of our report to the members of Ratnamani Metals and Tubes Limited for the year ended March 31, 2011.

### We report that:

1. (a) The Company has prepared fixed assets records showing particulars including quantitative details and situation of fixed assets.
- (b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy between the books records and the physical inventory were noticed by the management.
- (c) There was no substantial disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) As informed to us, the Company has taken unsecured loans from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The aggregate of loan outstanding of one such person as on the last day of the year is Rs Nil. The rate of Interest and the terms and conditions are not prima facie prejudicial to the interest of the Company. The Company is regular in repayment of the Principal and Interest amount, wherever applicable.
- (b) As informed to us, the Company has not granted loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. According to the information and explanations given to us and to the best of our knowledge and belief there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clause 5(b) of paragraph 4 of the order is not applicable.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As informed to us, the Company has prima facie maintained accounts and records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 which have not been examined by us.
9. (a) According to the records of the Company, the Company is regular, in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty and excise duty were outstanding at the year end for a period of more than six months from the date they became payable.
- (c) The particulars of dues as at the year end, with regard to said items, which have not been paid on account of disputes, are as follows:-

Name of the statute	Nature of the dues	Amount (Rs. In Lacs)	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	1.73 323.60	Central Excise and Service Tax Appellate Tribunal Commissioner of Central Excise (Appeal)
Central Excise Act, 1944	Excise duty	1478.90	Commissioner of Central Excise
Income Tax Act, 1961	Income Tax	81.55	Commissioner of Income-Tax (Appeal)
Central Excise Act, 1956	Sales Tax	32.18	Appeal filing is pending
Employees State Insurance Scheme	ESI	175.25	Hon'ble High Court of Gujarat

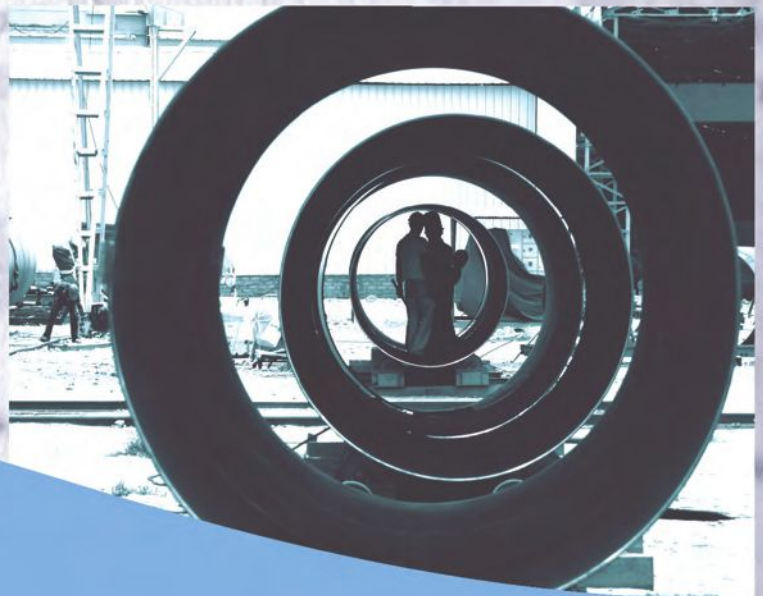


10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company does not have any borrowings by way of debentures.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/societies.
14. The Company has not undertaken any trading in shares and debentures.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us and on the basis of overall fund flow position, we report that the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the cash flow statement of the Company, we report that, no funds raised on short-term basis have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Mehta Lodha & Co.**  
Chartered Accountants  
Firm's Registration No.: 106250W

Place : Ahmedabad  
Date : 24<sup>th</sup> May 2011

**(Prakash D. Shah)**  
Partner  
M.No.34363



# BALANCE SHEET As At 31<sup>ST</sup> MARCH, 2011



(Rs. In Lacs)

	Schedule	As at 31-Mar-11	As at 31-Mar-10
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	927.50	918.87
<b>Employee Stock Options Outstanding</b>		305.75	526.50
Less : Transfer To Share Premium Account		100.99	220.75
		<b>42,566.31</b>	35,247.71
<b>Reserves and Surplus</b>			
<b>Loan Funds</b>			
Secured Loans	3	19,728.14	27,049.94
Unsecured Loans	4	5,837.85	4,964.71
		<b>5,368.19</b>	5,809.40
		<b>74,632.75</b>	<b>74,296.38</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	52,928.49	50,096.15
Less : Depreciation		18,066.41	14,102.19
Net Block		34,862.08	35,993.96
Capital Work-in-Progress		1,217.89	297.12
		<b>36,079.97</b>	36,291.08
<b>Investments</b>			
	6	<b>700.89</b>	5,004.93
<b>Current Assets, Loans and Advances</b>			
Inventories	7	35,180.56	16,756.77
Sundry Debtors	8	16,404.08	16,630.88
Cash & Bank Balances	9	4,741.23	2,430.16
Loans & Advances	10	5,180.54	8,142.53
		<b>61,506.41</b>	43,960.34
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	11	22,115.49	8,749.67
Provisions		1,539.03	2,210.30
		<b>23,654.52</b>	10,959.97
<b>Net Current Assets</b>		<b>37,851.89</b>	33,000.37
		<b>74,632.75</b>	<b>74,296.38</b>
Notes to the Accounts	17		

As per our even date report attached

**For Mehta Lodha & Co.**  
Chartered Accountants

**PRAKASH D. SHAH**  
Partner

Place : Chhatral, Dist-Mehsana  
Date : 24th May, 2011

**P. M. SANGHVI**  
**J. M. SANGHVI**  
**S. M. SANGHVI**  
**D. C. ANJARIA**  
**DR. V. M. AGRAWAL**  
**P. M. MEHTA**  
**V. C. BHAGAT**  
**VIMAL KATTA**

Managing Director  
Wholetime Director  
Wholetime Director  
Director  
Director  
Director  
Company Secretary  
Vice President (Finance)

# PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2011



(Rs. In Lacs)

	Schedule	Year Ended on 31.03.2011		Year Ended on 31.03.2010
<b>INCOME</b>				
Gross Sales and Income from Operations		<b>86,436.15</b>		88,857.69
Less : Excise Duty		<b>6,410.93</b>	<b>80,025.22</b>	5,171.46
Wind Mill Income			<b>1,199.49</b>	1,508.86
Other Income	12		<b>242.21</b>	148.29
<b>Total Income</b>			<b>81,466.92</b>	85,343.38
<b>EXPENDITURE</b>				
Material Cost and variation in stock	13	<b>52,819.38</b>		56,626.85
Employees' Remuneration and Benefits	14	<b>4,925.83</b>		4,741.03
Financial Expenses	15	<b>466.66</b>		174.98
Other Expenses	16	<b>7,981.08</b>		7,074.83
Depreciation		<b>3,999.46</b>	<b>70,192.41</b>	3,688.23
				72,305.92
<b>Profit Before Tax</b>			<b>11,274.51</b>	13,037.46
Less : Provision for current year's Income Tax and Wealth Tax			<b>3,665.11</b>	4,495.56
Less : (Excess)/provision of earlier years			<b>(160.74)</b>	(54.75)
Less : Deferred Tax Liability(Asset)			<b>(441.21)</b>	453.94
<b>Profit After Tax and before Prior Period Items</b>			<b>8,211.35</b>	8,142.71
Add: Prior period items			<b>106.00</b>	-
Net profit			<b>8,317.35</b>	8,142.71
Balance Brought Forward			<b>5,217.46</b>	3,257.29
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>			<b>13,534.81</b>	11,400.00
<b>APPROPRIATIONS</b>				
Proposed Dividend		<b>1,159.38</b>		1,010.76
Dividend Tax		<b>188.08</b>	<b>1,347.46</b>	171.78
Transfer to General Reserve			<b>5,000.00</b>	5,000.00
Balance Carried Forward			<b>7,187.35</b>	5,217.46
			<b>13,534.81</b>	11,400.00
Earning Per Share (in Rs.)				
Basic			<b>17.98</b>	18.00
Diluted			<b>17.89</b>	17.95
Notes to the Accounts	17			

As per our even date report attached

**For Mehta Lodha & Co.**  
Chartered Accountants

**PRAKASH D. SHAH**  
Partner

Place : Chhatral, Dist-Mehsana  
Date : 24th May, 2011

**P. M. SANGHVI**  
**J. M. SANGHVI**  
**S. M. SANGHVI**  
**D. C. ANJARIA**  
**DR. V. M. AGRAWAL**  
**P. M. MEHTA**  
**V. C. BHAGAT**  
**VIMAL KATTA**

Managing Director  
Wholetime Director  
Wholetime Director  
Director  
Director  
Director  
Company Secretary  
Vice President (Finance)

# CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011



(Rs. In Lacs)

Sr. No.	Particulars	Current Year	Previous Year
(A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax and extraordinary items	11,274.51	13,037.46
	Adjustment for :		
	Depreciation	3,999.46	3,688.23
	Loss(Profit) on Sale of Fixed Assets(Net)	(3.63)	13.56
	Amortisation of Employees Stock Option - compensation debited to Profit and Loss Account	-	131.63
	Interest Income	(889.17)	(875.83)
	Interest Expenses	1,355.83	1,050.81
	Operating Profit before Working Capital changes	15,737.00	17,045.86
	<b>Adjustment for :</b>		
	Trade and Other receivables	3,342.22	(7,236.19)
	Inventories	(18,423.79)	(6,656.69)
	Trade Payables & Provisions	13,474.70	(1,606.87)
	<b>Cash Generated from Operation</b>	<b>14,130.13</b>	<b>(4,787.98)</b>
	Interest Paid (net)	(418.33)	(107.83)
	Direct Taxes Paid	(4,536.12)	(4,034.46)
	Cash Flow before Extraordinary items	9,175.68	(8,930.27)
	<b>Net Cash Flow from Operating activities</b>	<b>9,175.68</b>	<b>(8,930.27)</b>
(B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure	(3,881.65)	(2,878.81)
	Sale of Fixed Assets	21.37	34.06
	Sale/(Purchase) of Investments	4,304.04	(5,004.23)
	<b>Net Cash used in Investing Activities</b>	<b>443.76</b>	<b>(7,848.98)</b>
(C)	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from/(Repayments of) Term Borrowings	(6,373.10)	14,385.28
	Proceeds from ESOPs	256.35	560.37
	Dividend and Dividend Tax Paid	(1,191.62)	(947.66)
	Net Cash used in financing activities	(7,308.37)	13,997.99
	Net increase in Cash and Cash Equivalents	2,311.07	(2,781.26)
	Cash and Cash Equivalents as at 01.04.2010	2,430.16	5,211.42
	Cash and Cash Equivalents as at 31.03.2011	4,741.23	2,430.16

As per our even date report attached

**For Mehta Lodha & Co.**

Chartered Accountants

**PRAKASH D. SHAH**

Partner

Place : Chhatral, Dist-Mehsana

Date : 24th May, 2011

**P. M. SANGHVI**

**J. M. SANGHVI**

**S. M. SANGHVI**

**D. C. ANJARIA**

**DR. V. M. AGRAWAL**

**P. M. MEHTA**

**V. C. BHAGAT**

**VIMAL KATTA**

Managing Director

Wholetime Director

Wholetime Director

Director

Director

Director

Company Secretary

Vice President (Finance)

# SCHEDULE TO THE ACCOUNTS



(Rs. in Lacs)

	As at 31-Mar-11	As at 31-Mar-10
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
7,50,00,000 (7,50,00,000) Equity Shares of Rs. 2/- each (P.Y. Rs. 2/- each)	<u>1,500.00</u>	<u>1,500.00</u>
<b>Issued, Subscribed and Paid-up</b>		
4,63,74,959 (4,59,43,384) Equity Shares of Rs. 2 each (P.Y. Rs. 2/- each)	<u>927.50</u>	<u>918.87</u>
	<u>927.50</u>	<u>918.87</u>

- Out of the above shares, 1,53,51,000 Equity Shares of Rs. 2/- each (P.Y. 1,53,51,000 shares of Rs. 2/- each) were allotted as fully paid up by the way of Bonus Shares by capitalising General Reserve.
- Out of the above shares, 1,23,00,665 Equity Shares of Rs. 2/- each (P.Y. 1,23,00,665 shares of Rs. 2/- each) were allotted as fully paid up for consideration other than cash, on amalgamation.
- During the year, the Company has allotted 4,31,575 (P.Y. 9,43,384) equity shares of Rs.2/- each under Employees Stock Option Scheme, 2006.

## SCHEDULE 2 : RESERVES AND SURPLUS

A) Capital Reserve as per last year	<b>490.04</b>	490.04
B) Share Premium Account as per last year	<b>1,645.09</b>	882.84
Add: On Issue of Shares	<u>348.71</u>	<u>762.25</u>
	<b>1,993.80</b>	1,645.09
C) General Reserve as per last year	<b>27,503.01</b>	22,503.01
Add: Transferred from Profit & Loss Account	<u>5,000.00</u>	<u>5,000.00</u>
	<b>32,503.01</b>	27,503.01
D) Amalgamation Reserve as per last year	<b>392.11</b>	392.11
E) Profit and Loss Account	<u>7,187.35</u>	<u>5,217.46</u>
	<u>42,566.31</u>	<u>35,247.71</u>

## SCHEDULE 3 : SECURED LOANS

Term Loans : Banks (Refer Note No.1)		
Rupee Term Loans	-	583.29
External (Foreign) Commercial Borrowing	<b>7,699.19</b>	8,833.97
Working Capital Facilities from Banks (Refer Note No. 2 and 3)		
In Rupee	<b>2,994.42</b>	2,567.06
In Foreign Currency	<u>9,034.53</u>	<u>15,065.62</u>
	<u>19,728.14</u>	<u>27,049.94</u>

### NOTE- 01

- (a) Rupee term loan of Rs. Nil (P.Y. Rs. 377.73 Lacs) from Bank of Maharashtra, of Rs. Nil (P.Y. Rs. 205.56 Lacs) from Syndicate Bank and External (Foreign) Commercial Borrowing of Rs. 236.99 (P.Y. Rs. 558.36) from ICICI Bank (UK) Ltd, are secured by first charge on the Company's entire immovable and movable properties situated at Survey Nos. 769, 780 and 787, Village Indrad, Chhatral, Tal, Kadi, Dist. Mehsana and Survey No. 474, Village Bhimasar, Tal. Anjar, Dist. Kutch. The said loans are further secured by second charge on inventories and book debts and personal guarantees of some of the Directors of the Company.
- (b) External (Foreign) Commercial Borrowing of Rs. 3851.00 Lacs (P.Y. Rs. 4,629.21 Lacs) from ICICI Bank Ltd, Hong Kong branch is secured by an exclusive charge over all the 8 windmills along with related equipments/ machinery situated at Moti Sindholi, Kutch, Gujarat and personal guarantee of one of the directors of the Company.
- (c) External (Foreign) Commercial Borrowing of Rs. 3,611.20 Lacs (P.Y. Rs. 3,646.40 Lacs) from ICICI Bank Ltd, Hong Kong branch is secured by an exclusive charge over movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No. 474, Village Bhimasar, Tal. Anjar, Dist. Kutch.

### NOTE -02

Working Capital Facilities from State Bank of India, Punjab National Bank, Dena Bank, ICICI Bank Limited and Industrial Development Bank of India Limited are secured by :

- i) Hypothecation of Inventories, Books debts, all other movables
- ii) Second charge on Fixed Assets of the Company except a) 8 wind mills along with related equipments/ machinery situated at Moti Sindholi, Kutch, Gujarat and b) movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No.474, Village Bhimasar, Tal. Anjar, Dist. Kutch
- iii) Personal guarantees of some of the Directors of the Company

- iv) Joint equitable mortgage of all immovable properties held as free-hold and leasehold lands of the Company, except leasehold land related to 8 wind mills situated at Moti Sindholi, Kutch and 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No.474, Village Bhimasar, Tal. Anjar, Dist. Kutch.

### NOTE -03

Additional Working Capital Facilities of Rs. 8,449.48 Lacs from ICICI Bank Limited are secured by

- Hypothecation of Inventories, Books debts, all other movables by way of subservient charge
- Personal guarantee of one of the Directors of the Company

### SCHEDULE 4 : UNSECURED LOANS

Short term loans from:

- Bodies Corporate	<b>64.20</b>	207.64
- Directors	-	7.60
- Banks	<b>5,773.65</b>	<u>4,749.47</u>
	<b>5,837.85</b>	<u>4,964.71</u>

### SCHEDULE - 5 FIXED ASSETS

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1-Apr-10	Additions	Deductions	As At 31-Mar-11	As At 1-Apr-10	Additions	Deductions	As At 31-Mar-11	As At 31-Mar-11	As At 31-Mar-10
LEASE HOLD LAND	35.03	-	-	35.03	-	-	-	-	35.03	35.03
FREEHOLD LAND	196.92	10.50	-	207.42	-	-	-	-	207.42	196.92
BUILDING	7,153.13	68.42	-	7,221.55	1,012.59	221.93	-	1,234.52	5,987.03	6,140.54
PLANT & MACHINERY	40,443.93	2,677.57	89.69	43,031.81	12,428.74	3,565.59	14.13	15,980.20	27,051.61	28,015.19
FURNITURE & FIXTURES	615.43	9.30	-	624.73	203.52	33.81	-	237.33	387.40	411.91
EQUIPMENTS	973.27	116.79	3.46	1,086.60	255.28	107.44	1.08	361.64	724.96	717.99
VEHICLES	678.44	78.30	35.39	721.35	202.06	70.69	20.03	252.72	468.63	476.38
<b>TOTAL</b>	<b>50,096.15</b>	<b>2,960.88</b>	<b>128.54</b>	<b>52,928.49</b>	<b>14,102.19</b>	<b>3,999.46</b>	<b>35.24</b>	<b>18,066.41</b>	<b>34,862.08</b>	<b>35,993.96</b>
TOTAL PREVIOUS YEAR	47,039.61	4,579.31	1,522.77	50,096.15	10,452.09	3,688.23	38.13	14,102.19	35,993.96	

### SCHEDULE 6 : INVESTMENTS (AT COST)

#### UNQUOTED

Shares of Rajmugat Co-op Society (Rs.350)	-	-
Shares of Progressive Mercantile Co-op Society (Rs.105)	-	-
10 Shares of Mukatjivan Co. Housing Society Ltd.	<b>0.01</b>	0.01
National Savings Certificates	<b>0.06</b>	0.06
10 Shares of Nijanand Association's of Rs.50/-each (Rs.500) }	<b>0.01</b>	0.01
10 Shares of Shyamraj Association's of Rs.50/-each (Rs.500) }	<b>0.67</b>	0.63
Silver	<b>0.75</b>	<u>0.71</u>

#### QUOTED-CURRENT INVESTMENT

Nil (P.Y. 5,00,12,227) Units of SBI Ultra Short Term Fund-Institutional Plan-Dividend	-	5,004.22
41,79,893 (P.Y. Nil) Units of SBI-Magnum Insta Cash Fund Daily Dividend Option (Market value of quoted Investment Rs. 700.14 Lacs (P. Y. Rs 5004.22 Lacs))	<b>700.14</b>	-
	<b>700.89</b>	<u>5,004.93</u>

Details of Investments Purchased and Sold during the year:

Name of Security (Face value Rs. 10 each)	PURCHASE		SOLD	
	Nos. (in lacs)	Cost (Rs. in crore)	Nos. (in lacs)	Cost (Rs. in crore)
Mutual Fund Units				
SBI - Magnum Insta Cash Fund - Cash Option	1,274.85	201.50	1,233.05	194.50
SBI Premier Liquid Fund - Institutional - Growth	59.83	6.00	59.83	6.00
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	127.05	12.71	627.17	62.75

# SCHEDULE TO THE ACCOUNTS



(Rs. in Lacs)

	As at 31-Mar-11	As at 31-Mar-10
<b>SCHEDULE 7 : INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw Materials	21,745.02	9,299.05
Work in Process	8,000.19	3,933.24
Finished Goods	1,924.80	1,499.63
Stores and Spares	1,246.26	973.21
Goods in Transit	2,188.12	1,034.40
Scrap	76.17	17.24
	<u>35,180.56</u>	<u>16,756.77</u>
<b>SCHEDULE 8 : SUNDRY DEBTORS</b>		
Unsecured : Considered Good		
Over Six Months	1,777.53	467.21
Others	14,626.55	16,163.67
	<u>16,404.08</u>	<u>16,630.88</u>
<b>SCHEDULE 9 : CASH AND BANK BALANCES</b>		
Cash on Hand	11.39	9.47
Balances with Scheduled Banks in		
Current Accounts	3,088.45	1,533.73
Fixed Deposit Accounts	1,614.58	866.59
Unpaid Dividend Accounts	26.81	20.37
	<u>4,741.23</u>	<u>2,430.16</u>
<b>SCHEDULE 10 : LOANS AND ADVANCES</b>		
<b>Unsecured : Considered good</b>		
Advances recoverable in cash or in kind or for value to be received	1,948.04	7,494.57
Advances to Staff	35.93	30.10
Balance with Income Tax Department (Net of Provision for Tax Rs. 3,665.11 (P.Y. Nil))	281.30	120.46
Interest Accrued on Deposit	3.23	10.64
Balance with Central Excise Authorities	2,716.94	226.58
Deposits - Others	195.10	260.18
	<u>5,180.54</u>	<u>8,142.53</u>
<b>SCHEDULE 11 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Liabilities :</b>		
Sundry Creditors	19,632.64	7,399.47
Advances from Customers	1,971.14	742.96
Interest Accrued but not due on Loans	77.69	36.77
Statutory Liabilities	407.21	550.10
Unclaimed Dividend	26.81	20.37
	<u>22,115.49</u>	<u>8,749.67</u>
<b>Provisions :</b>		
For Leave Encashment	191.57	147.77
For Taxation (Net of Advance Tax of Rs. Nil (P.Y. 3,615.57 Lacs))	-	879.99
For Proposed Dividend	1,159.38	1,010.76
For Dividend Tax	188.08	171.78
	<u>1,539.03</u>	<u>2,210.30</u>
	<u>23,654.52</u>	<u>10,959.97</u>



# SCHEDULE TO THE ACCOUNTS



(Rs. in Lacs)

	Year Ended on 31-Mar-11		Year Ended on 31-Mar-10	
<b>SCHEDULE 12 : OTHER INCOME</b>				
Miscellaneous Income		162.90		134.05
Profit on sales of Assets		3.63		-
Dividend Income (TDS Rs. Nil, P.Y. Rs. Nil)		75.68		14.24
		<u>242.21</u>		<u>148.29</u>
<b>SCHEDULE 13 : MATERIAL COST AND VARIATION IN STOCK</b>				
Opening Stock - Raw Materials		9,299.05		3,625.31
Add : Purchases & other costs		69,816.40		62,308.38
		<u>79,115.45</u>		<u>65,933.69</u>
Less : Closing Stock - Raw Materials		21,745.02	57,370.43	9,299.05
				<u>56,634.64</u>
<b>Opening Stock</b>				
Work in Process		3,933.24		3,218.02
Finished Goods		1,499.63		2,155.18
Scrap		17.24		69.12
		<u>5,450.11</u>		<u>5,442.32</u>
<b>Closing Stock</b>				
Work in Process		8,000.19		3,933.24
Finished Goods		1,924.80		1,499.63
Scrap		76.17		17.24
		<u>10,001.16</u>	<u>(4,551.05)</u>	<u>5,450.11</u>
				<u>(7.79)</u>
		<u>52,819.38</u>		<u>56,626.85</u>
<b>SCHEDULE 14 : EMPLOYEES' REMUNERATION &amp; BENEFITS</b>				
Salaries, Wages and Bonus		4,255.38		4,210.07
Contribution to Provident and Other Funds		348.80		281.20
Staff Welfare Expenses		321.65		249.76
		<u>4,925.83</u>		<u>4,741.03</u>
<b>SCHEDULE 15 : FINANCIAL EXPENSES</b>				
<b>Interest</b>				
On Term Loans		414.43		412.10
Others		608.27		320.89
Bank Charges & Commission		333.13	1,355.83	317.82
				1,050.81
Less: Interest Income (Gross)			889.17	875.83
(TDS Rs. 87.24 Lacs, P.Y. Rs. 95.32 Lacs)				
				<u>174.98</u>
<b>SCHEDULE 16 : OTHER EXPENSES</b>				
Consumption of Stores & Spares		2,464.33		3,131.52
Freight & Transport		1,626.71		867.79
Power & Fuel		2,094.12		1,764.33
Labour & Processing Charges		701.13		891.04
Repairs				
Plant & Machinery		360.75		513.56
Building		48.42		46.92
Others		13.99	423.16	5.84
				566.32
Quality Control		140.47		94.05
Printing & Stationary		49.83		35.07
Postage, Telegram & Telephone		62.64		58.46
Legal & Consultancy Charges		148.39		108.61
Vehicle Expenses		89.90		97.15
Travelling & Conveyance Expenses		199.57		222.21
Insurance		100.22		137.10
Rent, Rates & Taxes		41.46		53.45
Auditors' Remuneration		8.33		7.90
General Expenses		377.38		298.29
Advertisement & Other Expenses		154.61		121.82
Foreign Exchange Fluctuation (Net)		(808.25)		(1,535.39)
Sales Commission		107.08		141.55
Loss on Sale of Fixed Assets		-		13.56
		<u>7,981.08</u>		<u>7,074.83</u>

## SCHEDULE 17 : NOTES TO THE ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

- A. BASIS OF ACCOUNTING:** Financial statements are prepared under historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- B. USE OF ESTIMATES:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.
- C. FIXED ASSETS:** The Fixed Assets are shown at cost, net of tax/duty /credits availed, if any, and include expenses capitalised during construction period less accumulated depreciation and impairment losses, if any.
- D. DEPRECIATION:** The Company has provided depreciation on straight line method at the rates and the manner specified in Schedule XIV to the Companies Act, 1956. The amount of Long Term Lease hold land is amortised in equal installments during the last fifteen years of the residual lease period.
- E. INVENTORIES:** Inventories are valued at lower of cost or net realisable value except for Scrap. Scrap is valued at net realisable value. Cost is determined on FIFO (First-In-First Out) method.
- F. REVENUE:**
- Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales & Income from operations represent the amounts receivable for goods sold including excise duty thereon, VAT/CST and Excise incentives in respect of Kutch Unit but excludes VAT/CST, trade discount & other taxes, adjustments for late delivery charges and material returned/rejected. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
  - The Company accounts for pro forma credits, refunds of duty of customs or excise, or refunds of sales tax in the year of admission of such claims by the concerned authorities. Benefits in respect of Export Licenses are recognised on utilisation/ sale of the licenses.
  - Dividend income is recognised when the right to receive is established.
- G. EXCISE / CUSTOMS DUTIES:** Excise Duty on manufactured goods remaining in the inventory is included as a part of valuation of finished goods. The customs duty on raw materials, stores, spares & components is accounted on clearance thereof.
- H. EMPLOYEE BENEFITS:**
- RETIREMENT BENEFITS:** The Company contributes to group gratuity policy with Life Insurance Corporation of India as per actuarial valuation as on the Balance Sheet date for future payment of Gratuity to employees. Accrued liability towards leave encashment is provided on the balance of unutilized leaves on the Balance Sheet date.
- In respect of eligible employees, the Company contributes to approved superannuation fund under a definite contribution plan, under the policy of Life Insurance Corporation of India.
- ESOS -** In respect of Employees Stock Options, the excess of fair price on the date of grant over the exercise price is recognized as deferred compensation cost amortised over the vesting period.
- I. FINANCIAL DERIVATIVES AND FOREIGN CURRENCY TRANSACTIONS:**
- Foreign currency transactions are accounted at exchange rates prevailing on the date the transactions take place. All exchange differences arising in respect of foreign currency transactions are dealt with in Profit & Loss Account except in respect of long term liabilities incurred for acquiring Fixed Assets, in which case such differences are adjusted in the carrying amount of the respective Fixed Assets.
  - All foreign currency assets and liabilities, if any, as at the Balance Sheet date are restated at the applicable exchange rates prevailing on the date of financial statements.
  - The Company is exposed to currency fluctuations on foreign currency transactions. With a view to minimize the volatility arising from fluctuations in the currency rates, the Company follows the formulated risk management policies including forwards contract and other derivative instruments. Profit/loss on such transactions including unsettled transactions at year end is recognised in the Profit and Loss account.
  - In respect of forward contracts assigned to the foreign currency assets as at Balance Sheet date, the proportionate premium/discount for the period up to the date of Balance sheet is recognized in the Profit and Loss account. The exchange difference measured by the exchange rate between the inception of the forward contract and date of balance sheet is applied on foreign currency amount of the forward contract.

**J. INCOME TAXES :** The expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**K. INVESTMENTS:** Investments are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided.

**L. BORROWING COSTS:** Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to Profit and Loss Account

**M. IMPAIRMENT OF ASSETS:** The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**N. PROVISION AND CONTINGENT LIABILITIES :**

- Provisions are recognized when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement, and the amount of obligation can be reliably estimated.
- Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
- Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

2. Contingent Liabilities as on 31st March, 2011 in respect of :-

(Rs. In Lacs)

Sr.	Particulars	Current Year	Previous Year
a)	Guarantees / Counter guarantees issued (including Letters of Credit)	<b>31,016.72</b>	15,083.63
b)	Bills discounted and not matured	<b>1,460.70</b>	848.65
c)	ESI Liability	<b>175.25</b>	154.58
d)	Consolidated Tax payable to GIDC, Chhatral	<b>24.93</b>	20.39
e)	Disputed Statutory Claims/levies for which the Company has preferred appeal in respect of (excluding interest leviable if any) :		
	- Income tax	<b>81.55</b>	21.21
	- Excise Duty	<b>1,804.23</b>	2,935.02
	- Central Sales Tax	<b>32.18</b>	-

3. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 3,916.44 Lacs (P.Y. Rs. 1,577.87 Lacs).

4. Loans and advances include amount due from an officer of the Company Rs. Nil (P.Y. Rs. Nil). The maximum amount outstanding at any time during the year Rs. Nil (P.Y. Rs. 1.50 lacs).

5. The Company has paid premium of Rs. 31.80 Lacs (P.Y. Rs. 31.69 Lacs) on Key Man Insurance Policy on the lives of Directors, which is included in Insurance Expenses.

6. By virtue of the option granted by notification no. 225 (E) dated 31st March, 2009 issued by the Ministry of Corporate Affairs relating to limited relaxation in the provision of "Accounting Standard-11" in respect of foreign Exchange differences on foreign currency loans, the Company has credited Rs. 75.57 Lacs to the carrying cost of assets on account of Foreign Exchange difference for the year 2010-11 (P.Y. credited Rs.1437.02 Lacs). The unamortised Foreign Exchange Difference is credit Rs. 134.35 Lacs (P.Y credit Rs.64.64 Lacs) at the year end.
7. a) In the opinion of the Directors, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of the business and provisions for all known liabilities are adequate. The accounts of sundry creditors, loans and advances and sundry debtors are subject to confirmation and necessary adjustment, if any, will be made on their reconciliation and / or settlement.
- b) The amount of sundry debtors is net of Bills discounted of Rs. 1460.70 Lacs (P.Y. Rs. 848.65 Lacs) with bankers and therefore the same is not shown as liabilities.

		(Rs. In Lacs)	
		Current Year	Previous Year
<b>8. Employee Benefits</b>			
<b>A) Defined contribution to Provident Fund</b>			
	Employer's Contribution to Provident Fund	<b>189.03</b>	157.38
	Employer's Contribution to Superannuation Fund	<b>55.03</b>	46.43
<b>B) Defined Benefit Plans - Gratuity (Funded)</b>			
<b>a) Liability recognised in the Balance Sheet</b>			
i)	Present Value of obligation at the beginning of the Period	<b>526.14</b>	456.70
	Current Service Cost paid	<b>121.78</b>	52.09
	Interest Cost	<b>42.09</b>	36.53
	Actuarial (Gain)/Loss	<b>(9.84)</b>	1.25
	Benefit Paid	<b>(14.46)</b>	(20.43)
	Present Value of obligation as at year end	<b>665.71</b>	526.14
	Less:		
ii)	Fair Value of Plan Assets at the beginning of the Period	<b>540.91</b>	435.14
	Expected return on Plan Assets	<b>43.27</b>	34.81
	Actuarial gain/(loss)	<b>6.28</b>	6.63
	Employers' Contribution	<b>89.70</b>	84.76
	Benefit Paid	<b>(14.45)</b>	(20.43)
	Fair Value of Plan Assets as at year end	<b>665.71</b>	540.91
	Amount recognised in the Balance Sheet	-	-
<b>b) Expenses during the year</b>			
	Service Cost	<b>121.78</b>	52.09
	Interest Cost	<b>42.09</b>	36.53
	Expected return on Plan assets	<b>(43.27)</b>	(34.81)
	Actuarial (Gain)/Loss	<b>(16.12)</b>	(7.88)
	Total	<b>104.48</b>	45.93
<b>c) Actual Return on plan assets</b>		<b>49.55</b>	41.44
<b>d) Break up of Plan Assets as a percentage of total Plan Assets</b>			
	(Percentage or Value)		
	Insurer managed Funds	<b>100%</b>	100%
<b>e) Principal actuarial assumptions</b>			
	Rate of Discounting	<b>8.25%</b>	8.00%
	Expected return on Plan Assets	<b>8.25%</b>	8.00%
	Rate of increase in Salaries	<b>7.00%</b>	7.00%
	Attrition Rate	<b>2.00%</b>	1.00%

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan. In assessing the Company's Post Retirement liabilities the Company monitors mortality assumption and uses up-to-date mortality table. The base being the LIC 1994-96 ultimate tables.

9. The Company is engaged in the business of Steel Tubes and Pipe and generation of power by Windmills. In accordance with the requirements of Accounting Standard 17, 'Segment Reporting', issued by the Institute of Chartered Accountants of India, Company's business segments are considered primary reportable business segments.

Generation and sale of power from seven wind mills for sale of power is treated as a separate Primary Reportable Segment. Segments have been identified in line with Accounting Standard on Segment Reporting (AS-17) taking into account the nature of product and differential risk and return.

Primary Reportable Segment (Business Segment)

(Rs. In Lacs)

Particulars	Steel Tubes and Pipes	Windmill	Total
<b>Revenue</b>			
Gross Sales	<b>87,113.38</b> (89,617.28)	<b>522.26</b> (749.27)	<b>87,635.64</b> (90,366.55)
Less:- Excise Duty	<b>6,410.93</b> (5,171.46)	- -	<b>6,410.93</b> (5,171.46)
Net Sales	<b>80,702.45</b> (84,445.82)	<b>522.26</b> (749.27)	<b>81,224.71</b> (85,195.09)
<b>Results</b>			
Segment Results before Interest and Finance Cost	<b>11,696.82</b> (12,877.74)	<b>44.35</b> (334.70)	<b>11,741.17</b> (13,212.44)
Interest and finance cost	<b>396.55</b> (77.03)	<b>70.11</b> (97.95)	<b>466.66</b> (174.98)
Net Profit before Tax	<b>11,300.27</b> (12,800.71)	<b>(25.76)</b> (236.75)	<b>11,274.51</b> (13,037.46)
<b>Other Information</b>			
Segment Assets	<b>92,720.72</b> (79,639.25)	<b>5,285.25</b> (5,496.64)	<b>98,005.97</b> (85,135.89)
Unallocable Assets			<b>281.30</b> (120.46)
<b>Total Assets</b>			<b>98,287.27</b> (85,256.35)
Segment Liabilities	<b>44,346.84</b> (38,924.05)	<b>3,526.21</b> (4,050.57)	<b>47,873.05</b> (42,974.62)
Unallocated Liabilities and Provisions			<b>6,715.65</b> (5,809.40)
<b>Total Liabilities</b>			<b>54,588.70</b> (48,784.02)
Net Segment Assets	<b>48,373.88</b> (40,715.20)	<b>1,759.04</b> (1,446.07)	<b>50,132.92</b> (42,161.27)
Segment Depreciation	<b>3,652.69</b> (3,316.28)	<b>346.77</b> (371.95)	<b>3,999.46</b> (3,688.23)
Capital Expenditure	<b>3,788.45</b> (1,929.40)	<b>(35.34)</b> (-573.36)	<b>3,753.11</b> (1,356.04)

Note: 1. Figures in brackets represent previous year's amount.

2. Figures of Steel Tubes and Pipes segment include figures relating to captive consumption of power.

Secondary Reportable Segment (Geographical by Customers)

(Rs. In Lacs)

Particulars	In India	Outside India	Total
Segment Revenue	<b>76,170.14</b> (78,352.79)	<b>5,054.57</b> (6,842.30)	<b>81,224.71</b> (85,195.09)
Segment Assets	<b>97,174.83</b> (84,804.57)	<b>831.14</b> (331.32)	<b>98,005.97</b> (85,135.89)

10. As required by Accounting Standard - AS 18 "Related Parties Disclosures" issued by The Institute of Chartered Accountants of India, the details are as follows :

**A Relationships**

**(a) Key Management Personnel**

- Mr. Prakash M. Sanghvi – Managing Director
- Mr. Jayanti M. Sanghvi – Whole time Director
- Mr. Shanti M. Sanghvi– Whole time Director

**(b) Relatives of Directors**

- Mr. Manoj P. Sanghvi
- Mr. Prashant J. Sanghvi
- Mr. Nilesh P. Sanghvi

**(c) Enterprises over which any person described in (a) or (b) above is able to exercise significant influence**

- Ratnamani Food Products Private Ltd.
- Ratnamani Marketing Private Ltd.

**B Transactions carried out with related parties referred to in ( a ) above, in ordinary course of business:**

(Rs. in Lacs)

Nature of Transaction	Key Management Personnel	Relatives of Directors	Enterprises described in (c) above
Interest	— (—)	— (—)	29.61 (19.24)
Remuneration	1,106.83 (1,336.65)	40.31 (38.26)	— (—)
Receipt of Loan	385.45 (846.95)	— (—)	2817.35 (1,321.25)
Repayment of Loan	393.05 (839.35)	— (—)	3,023.26 (1,513.82)
Outstanding Payable	906.99 (1,064.79)	2.02 (1.98)	31.34 (207.64)

Note: Figures in brackets represent previous year's amount.

11. Directors' Remuneration

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Salary	<b>156.00</b>	156.00
Commission	<b>900.00</b>	1,050.00
Contribution to PF, FPF & Superannuation Funds	<b>49.92</b>	34.32
Other Perquisites	<b>0.91</b>	1.03
Assignment of Keyman Insurance Policy	-	95.30
<b>Total</b>	<b>1,106.83</b>	1,336.65

The above figures excludes contribution to approved Gratuity Fund, which are actuarially determined for the Company as a whole.

12. Computation of Net Profit in accordance with section 198 of the Companies Act, 1956.

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Profit before Tax	<b>11,274.51</b>	13,037.46
Add : Directors' Remuneration	<b>1,106.83</b>	1,336.65
Add : Depreciation as per accounts	<b>3,999.46</b>	3,688.23
Add : Loss (Profit) on sale of fixed assets (net)	<b>(3.63)</b>	13.56
Less : Depreciation under section 350	<b>3,999.46</b>	3,688.23
Sub total:- Net Profit under section 349 & 350	<b>12,377.71</b>	14,387.67
10 % thereof, amount eligible for Directors Remuneration	<b>1,237.77</b>	1,438.77
Total remuneration paid to Directors' (including commission)	<b>1,106.83</b>	1,336.65

13. Auditor's Remuneration

(Rs. in Lacs)

Particulars	Current Year	Previous Year
i) Audit Fees	<b>7.50</b>	7.50
ii) Other Services	<b>0.83</b>	0.40
Total	<b>8.33</b>	7.90

14. The Company has put in place a suitable system for identifying the vendors coming under the purview of the Micro, Small and Medium enterprises Development Act, 2006. Since the Company has not received any information in this regard from the vendors, disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act could not be ascertained.

15. Additional information pursuant to the provisions of para 3 & 4 (c), (d) of part II of Schedule VI to the Companies Act, 1956 to the extent applicable to the Company and as certified by the Management and relied upon by the Auditors :

A. Licensed & Installed Capacities and Production

a) Licensed Capacities

**N.A.**

b) Installed Capacities (as assessed by the management)\*

	Unit	Current Year	Previous Year
Stainless Steel Tubes & Pipes	M.T.	<b>21,900</b>	21,900
Carbon Steel Pipes	M.T.	<b>350,000</b>	350,000
Coated Pipes	'000 Sq. Mtrs.	<b>1,650</b>	1,650
Generation of Power using Wind Mills (other than for captive consumption)	'000 Units	<b>27,300</b>	27,300

\* Installed capacities can vary significantly depending upon size (diameter and thickness) of the pipes produced in case of Carbon Steel Pipes and depending upon the size/nature of product required in case of Stainless Steel Tubes and Pipes.

c) Production (net of sales return and captive consumption)

	Unit	Current Year	Previous Year
Stainless Steel Tubes & Pipes	M.T.	<b>12,103</b>	10,190
Carbon Steel Pipes	M.T.	<b>85,695</b>	112,563
Coated Pipes	'000 Sq. Mtrs.	<b>123</b>	-
Generation of Power using Wind Mills (other than for captive consumption)	'000 Units	<b>15,644</b>	21,275

B. Details of Sales, Job Work and Opening and Closing Stocks of Finished Goods

a) Product: -Stainless Steel Tubes & Pipes

	<b>Current Year (Rs. In Lacs)</b>	Previous Year (Rs. In Lacs)	<b>Current Year Qty. (M.T.)</b>	Previous Year Qty. (M.T.)
Opening Stock	<b>614.73</b>	1,147.43	<b>408</b>	567
Closing Stock	<b>209.02</b>	614.73	<b>114</b>	408
Sales	<b>40,712.58</b>	34,983.38	<b>12,397</b>	10,349
Scrap Sales	<b>1,019.21</b>	566.88	<b>1,088</b>	841
Job Work	<b>43.46</b>	77.81	-	-

b) Product: - Carbon Steel Pipes

	<b>Current Year (Rs. In Lacs)</b>	Previous Year (Rs. In Lacs)	<b>Current Year Qty. (M.T.)</b>	Previous Year Qty. (M.T.)
Opening Stock	<b>884.90</b>	1,007.75	<b>2,497</b>	3,239
Closing Stock	<b>1,709.61</b>	884.90	<b>4,342</b>	2,497
Sales	<b>36,304.38</b>	51,394.65	<b>83,850</b>	113,305
Scrap Sales	<b>783.42</b>	954.08	<b>4,126</b>	5,574
Job Work	<b>105.52</b>	880.89	-	-

c) Coated Pipes

	<b>Current Year (Rs. In Lacs)</b>	Previous Year (Rs. In Lacs)	<b>Current Year '000 Sq. Mtrs.</b>	Previous Year '000 Sq. Mtrs.
Closing Stock	<b>6.18</b>	-	<b>0</b>	-
Sales	<b>5,604.82</b>	-	<b>123</b>	-

d) Others

	<b>Current Year (Rs. In Lacs)</b>	Previous Year (Rs. In Lacs)	<b>Current Year Qty.</b>	Previous Year Qty.
Sale of Power generated ('000 unit)	<b>522.26</b>	749.27	<b>15,644</b>	21,275
Trading sales SS tubes and Others (M.T.)	<b>1,862.76</b>	-	<b>939.83</b>	-

C. Details of Raw Material Consumption:

	<b>Current Year (Rs. In Lacs)</b>	Previous Year (Rs. In Lacs)	<b>Current Year Qty. (M.T.)</b>	Previous Year Qty. (M.T.)
Stainless Steel Plates, Coils, Billets, Tubes & Pipes	<b>25,049.60</b>	17,691.28	<b>14,851</b>	11,172
Carbon Steel Plates and Coils	<b>30,760.58</b>	38,943.36	<b>90,459</b>	124,871
	<b>55,810.18</b>	56,634.64		

D. Trading Purchases

	<b>Current Year (Rs. In Lacs)</b>	Previous Year (Rs. In Lacs)	<b>Current Year Qty. (M.T.)</b>	Previous Year Qty. (M.T.)
Stainless Steel Tubes Pipes and others	<b>1,560.25</b>	-	<b>939.83</b>	-

E. Value of Imports calculated on CIF basis (on accrual basis)

	<b>Current Year</b>	Previous Year
Raw Materials	<b>45,073.51</b>	32,679.29
Components and Spare Parts	<b>158.09</b>	1067.41
Capital Goods	<b>2,145.59</b>	850.81

F. Consumption of Raw Materials

	<b>Current Year %</b>	<b>Current Year (Rs. In Lacs)</b>	Previous Year %	Previous Year (Rs. In Lacs)
Indigenous	<b>48.35</b>	<b>26,983.04</b>	50.94	28,850.46
Imported	<b>51.65</b>	<b>28,827.14</b>	49.06	27,784.18
	<b>100.00</b>	<b>55,810.18</b>	100.00	56,634.64



G. Consumption of Spare Parts & Components

	Current Year %	Current Year (Rs. In Lacs)	Previous Year %	Previous Year (Rs. In Lacs)
Indigenous	93.35	2,300.53	70.12	2,195.95
Imported	6.65	163.80	29.88	935.57
	100.00	2,464.33	100.00	3,131.52

H. Earnings in Foreign Exchange: Export at F.O.B. value Rs. 5,000.79 Lacs (P.Y. Rs. 6,660.38 Lacs).

I. Expenditure in Foreign Currency for Travelling and other matters Rs. 845.40 Lacs (P.Y. Rs. 685.63 Lacs) (on accrual basis).

16. Earnings Per share:

		Current Year	Previous Year
i) Profit as per Profit & Loss Account	(Rs in Lacs)	8,317.35	8,142.71
ii) Weighted average No. of shares for EPS computation			
a) For Basic EPS (Nos)	(Lacs)	462.57	452.46
b) For Diluted EPS (Nos)	(Lacs)	465.04	453.69
Earnings per Share (Basic)	(Rs.)	17.98	18.00
Earnings per Share (Diluted)	(Rs.)	17.89	17.95
Nominal Value of Share	(Rs.)	2.00	2.00

17. Deferred Tax Liability : Difference between books and income tax - mainly due to depreciation Rs. 5,368.19 Lacs (P.Y. Rs. 5,809.40 Lacs)

18. Derivative contracts entered into by the Company and outstanding as on 31st March, 2011

For Hedging Currency and Interest Rate Related Risks :

Nominal amounts of derivative contracts entered into by the Company and outstanding as at 31st March, 2011 amount to Rs. 8397.42 Lacs (P.Y. Rs. 6394.48 Lacs).

Category wise break up is given below :

Sr.No.	Particulars	As at 31st March, 2011	As at 31st March, 2010
1	Currency Swaps	-	-
2	Options (net)	265.67	273.48
3	Forward Contracts (net)	4,520.55	2,474.60
4	Interest Rate Swaps	3,611.20	3,646.40

In accordance with principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 read with Schedule VI of the Companies Act, 1956 the Company has credited an amount of Rs. 51.51 Lacs (P.Y. credited Rs. 319.18 Lacs) to the profit and loss account in respect of derivative contracts outstanding as at 31st March, 2011.

19. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our even date report attached

**For Mehta Lodha & Co.**  
Chartered Accountants

**PRAKASH D. SHAH**  
Partner

Place : Chhatral, Dist-Mehsana  
Date : 24th May, 2011

**P. M. SANGHVI**  
**J. M. SANGHVI**  
**S. M. SANGHVI**  
**D. C. ANJARIA**  
**DR. V. M. AGRAWAL**  
**P. M. MEHTA**  
**V. C. BHAGAT**  
**VIMAL KATTA**

Managing Director  
Wholetime Director  
Wholetime Director  
Director  
Director  
Director  
Company Secretary  
Vice President (Finance)

### As per Schedule VI, Part (iv) to the Companies Act, 1956

<b>I REGISTRATION DETAILS</b>	
Registration No.	6460
State Code	04
Balance Sheet Date	31ST MARCH,2011
<b>II CAPITAL RAISED DURING THE YEAR (Rs. in Thousands)</b>	
Public Issue	—
Rights Issue	—
Private Placement	—
Bonus Issue	—
Equity Share Warrant/ESOS	863
<b>III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs.in Thousands)</b>	
Total Liabilities	7,463,275
Total Assets	7,463,275
<b>SOURCES OF FUNDS</b>	
Paid-up Capital	92,750
Reserves & Surplus	4,256,631
Secured Loans	1,972,814
Unsecured Loans	583,785
Employees Stock Option Outstanding	20,476
Deferred Tax Liability	536,819
<b>APPLICATION OF FUNDS</b>	
Net Fixed Assets	3,607,997
Investments	70,089
Net Current Assets	3,785,189
<b>IV PERFORMANCE OF THE COMPANY (Rs.in Thousands)</b>	
Turnover including other income	8,146,692
Total Expenditure	7,019,241
Profit Before Tax	1,127,451
Profit After Tax	821,135
Earning Per Share (Rs.)	17.98
Dividend Rate(%)	125%
<b>V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY</b>	
ITEM CODE NO.(ITC CODE)	
STAINLESS STEEL WELDED TUBES & PIPES	730640
STAINLESS STEEL SEAMLESS TUBES & PIPES(COLD-DRAWN)	730490
CARBON STEEL EFSW PIPES	730690
CARBON STEEL SAW PIPES UPTO 16" (406.4 mm)	730610
CARBON STEEL SAW PIPES ABOVE 16"	730512

As per our even date report attached

**For Mehta Lodha & Co.**

Chartered Accountants

**PRAKASH D. SHAH**

Partner

Place : Chhatral, Dist-Mehsana

Date : 24th May, 2011

**P. M. SANGHVI**

**J. M. SANGHVI**

**S. M. SANGHVI**

**D. C. ANJARIA**

**DR. V. M. AGRAWAL**

**P. M. MEHTA**

**V. C. BHAGAT**

**VIMAL KATTA**

Managing Director

Wholetime Director

Wholetime Director

Director

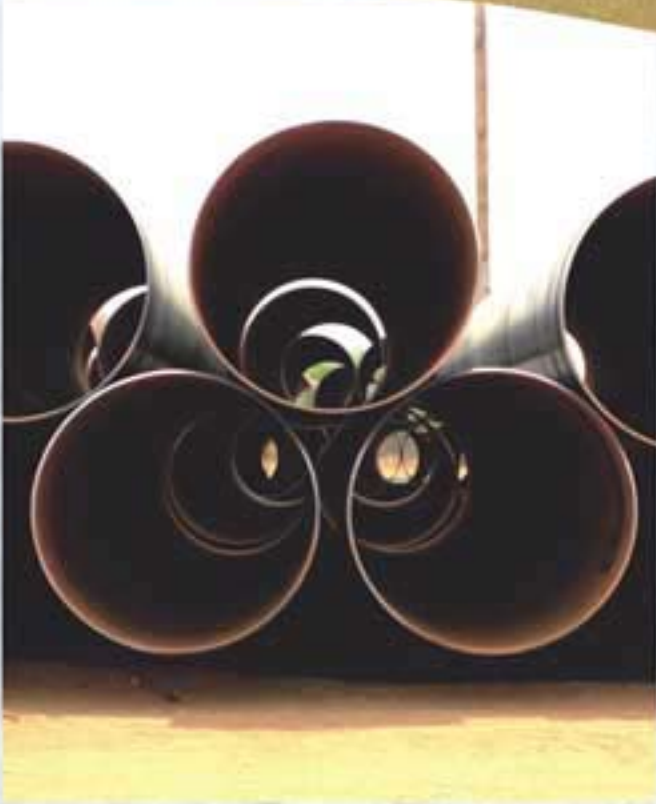
Director

Director

Company Secretary

Vice President (Finance)

**THIS PAGE HAS BEEN  
INTENTIONALLY LEFT BLANK**



## FINANCIAL HIGHLIGHTS FOR LAST FIVE YEARS

(Rs. In Lacs)

FINANCIAL YEAR	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Turnover &amp; Profitability</b>					
Gross Total Income	87,877.85	90,136.45	102,023.11	89,144.05	61,510.31
Profit Before Interest, Depreciation & Tax	15,740.63	16,900.67	15,641.52	18,162.29	13,273.91
Net Profit After Tax	8,317.35	8,142.71	7,120.33	9,002.52	6,417.81
Gross Fixed Assets	54,146.38	50,393.27	49,037.23	36,027.29	31,019.39
Net Worth (Including Deferred Tax)	49,066.76	42,281.73	34,175.62	27,560.09	17,253.02
Earning Per Share (Rs. Per Share)	17.98	18.00	15.82	20.01	14.26

### Balance Sheet

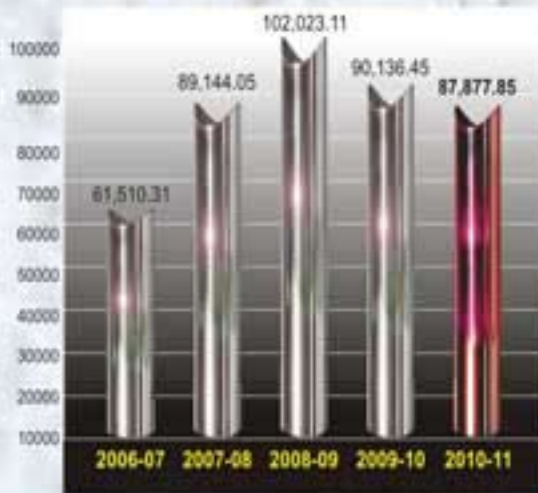
Gross Fixed Assets	54,146.38	50,393.27	49,037.23	36,027.29	31,019.39
Ordinary Share Capital	927.50	918.87	900.00	900.00	900.00
Reserves & Surplus (Including Deferred Tax)	47,934.50	41,057.11	32,880.75	25,969.34	16,353.02
Secured Term Loans	7,699.19	9,417.26	12,248.49	8,962.08	10,639.51

### Performance Ratio

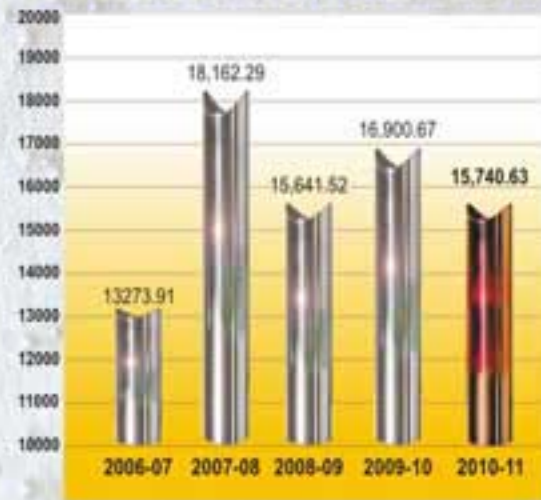
PBIDT/Total Income	17.91%	18.75%	15.33%	20.37%	21.58%
Operating Profit/Total Income	12.83%	14.46%	10.78%	15.64%	16.37%
Return on Net-worth	16.95%	19.26%	20.83%	32.67%	37.20%
EPS(Rs.)	17.98	18.00	15.82	20.01	14.26
Dividend (%)	125.00	110.00	90.00	70.00	50.00
Book Value(Rs.)	105.80	92.03	75.95	61.24	38.34
Interest Coverage(Times)	33.73	96.59	9.35	9.87	8.07
Current Ratio	1.48	1.32	1.33	1.37	1.12
Debt/Equity Ratio	0.16	0.23	0.37	0.34	0.66
Fixed Assets Coverage	4.69	3.85	3.15	3.18	2.43

# Performance at A Glance

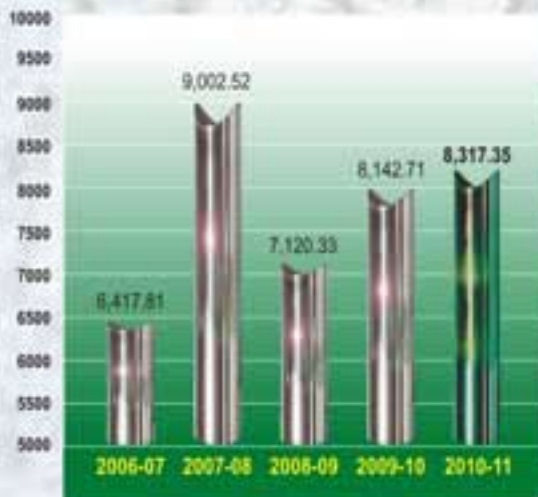
## Gross Total Income



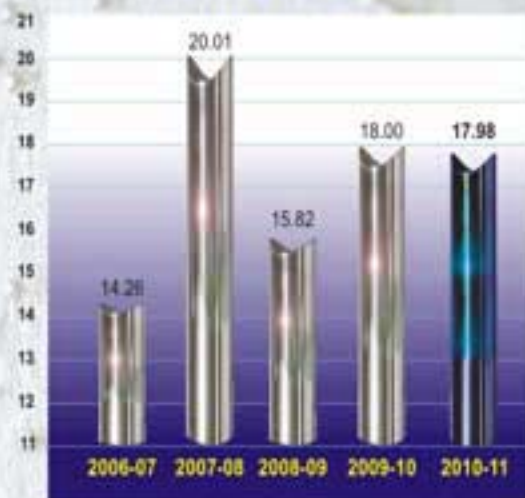
## Profit before Interest, Depreciation & Tax



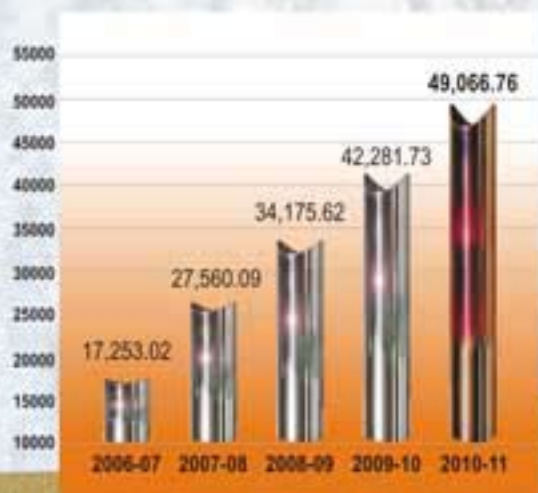
## Net Profit after Tax



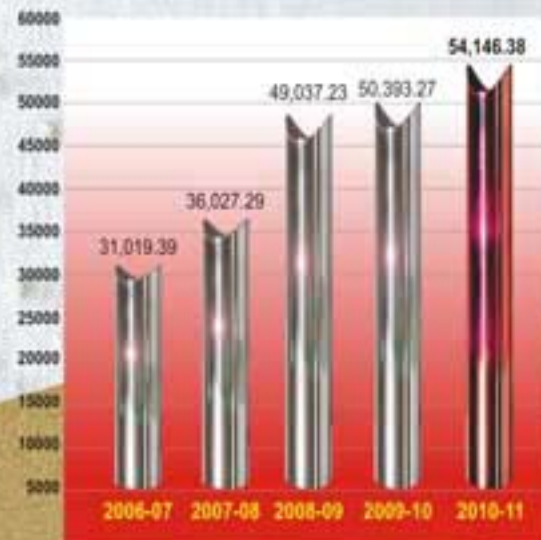
## Earning Per Share



## Net Worth



## Gross Fixed Assets



*Ratnamani operates on 100%  
green energy generation power  
for green and clean  
Environment.*



**Registered Office**  
17, Rajmugat Society, Naranpura Cross Roads,  
Ahmedbad-380013, Gujarat, India  
[www.ratnamani.com](http://www.ratnamani.com)

  
**RATNAMANI<sup>®</sup>**  
**METALS & TUBES LTD.**  
*Prosperity through Performance*