



17, Rajmugat Society, Naranpura Cross Roads, Naranpura,
Ahmedabad – 380 013, Gujarat

NOTICE

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of the Members of **RATNAMANI METALS & TUBES LTD.** will be held on Wednesday, 26th September, 2012 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 March 31, 2012, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri D. C. Anjaria who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. V. M. Agrawal who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad having Firm Registration No. 106250W and M/s. S. R. Batliboi & Associates, Chartered Accountants having Firm Registration No. 101049W, Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

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

"RESOLVED THAT in modification of the Ordinary Resolution passed at the Extra Ordinary General Meeting of the Company held on 6th May, 2006, consent of the Company pursuant to the provision of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sum or sums or money as it may consider fit for the purpose of the business of the Company, notwithstanding that the monies to be so borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free

reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of ₹ 1000 crore (Rupees thousand crore only)."

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

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, consent of the Company be and is hereby accorded, to the Board of Directors of the Company (which term shall be deemed to include any Committee thereof) to create mortgage (s)/ charge(s)/ hypothecation (s), in addition to the existing charges, mortgages and hypothecations created by the Company, on all or any of the immovable and/or movable properties, both present and future, of the Company, where ever situate, and/or the whole or substantially the whole of the undertaking or undertakings of the Company and/or conferring power to enter upon and take possession of the assets of the Company together with power to take over the management of the business and concern of the Company in certain events on such terms and conditions and at such time or times and with such ranking and in such form and manner as the Board of Directors may deem fit, in favour of Bank (s), Financial/other Institution (s), Mutual Fund (s), Trustees for any instrument of debt or any other Body Corporate (s) or entity (s) /any Lender(s), for securing loan obtained/to be obtained or money borrowed/ to be borrowed in Indian Rupees or Foreign currency together with interest, compound/additional interest, commitment charges, premium on pre payment or on redemption, cost, charges, expenses and all other monies payable to such lender (s) in terms of their respective Agreement entered in to or to be entered into by the Company in respect of such loans or borrowings, however that the aggregate of all such borrowings shall not exceed the sum of ₹ 1000 crore (Rupees thousand crore) at any one time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is authorised to vary and/or alter all or any of the terms and conditions of the security aforesaid in consultation with lender (s) as may be necessary.

RESOLVED FURTHER THAT the Board of Directors of the

Company be and is hereby authorised to prepare, finalise and execute with the lenders, such documents, deeds, writing, agreements, relevant documents as it may consider necessary for creating aforesaid mortgage (s) and/or charge (s) and/or hypothecation (s) and to do all such acts, deeds, matters and things as it may consider necessary, expedient, appropriate or

desirable for the purpose of giving effect to this resolution".

Registered Office:
17, Rajmugat Society,
Naranpura Cross Roads,
Naranpura, Ahmedabad - 380 013
29th May, 2012

By the Order of the Board

Virag Joshi
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. 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.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 15th September, 2012 to Wednesday, 26th September, 2012 (Both days inclusive).
4. The Dividend, if declared will be payable from 1st October, 2012.
 - (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, 15th September, 2012 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, 14th September, 2012.

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 attendance slip along with their copy of annual report to the Meeting.
8. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders may file Nomination in respect of their shareholdings (in Physical Form). Any shareholder willing to avail of this facility may submit to the Company the prescribed Form 2B, if not already filed.

11. 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. (₹ in Lacs)
28/09/2005	2004-2005	27/10/2012	1.70
09/09/2006	2005-2006	08/10/2013	2.21
07/09/2007	2006-2007	06/10/2014	2.60
23/09/2008	2007-2008	22/10/2015	4.76
15/09/2009	2008-2009	14/10/2016	6.38
27/08/2010	2009-2010	26/09/2017	7.73
18/08/2011	2010-2011	17/09/2018	11.69

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

12. 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 dematerialisation of the shares.

Sharepro Services (India) Pvt. Ltd., Unit: Ratnamani Metals & Tubes Ltd., 13AB Samhita Warehousing Complex, 2nd 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, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Nr. M. J. Library, Ellisbridge, Ahmedabad - 380 006. Phone No. : (079) 26582381 to 84.

13. 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.
14. With a view to providing protection against fraudulent encashment of Dividend Warrants, members are requested to provide their Bank Account Numbers, names of the Banks and addresses of the branches to enable the Company to incorporate the said details in the Dividend Warrants.
15. Non-Resident Indian Members are requested to inform M/s Sharepro Services (India) Private Limited, immediately of :
- Change in their residential status on return to India for permanent settlement.
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

16. 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.

17. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliance by Companies through electronic mode. Companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered e-mail address of shareholders.

Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their e-mail addresses with M/s. Sharepro Services (India) Private Limited, Registrar and Share Transfer Agents of the Company.

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

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

(1)	Name	Shri Divyabhash Chandrakant Anjaria
	Age	66 Years
	Qualification	PGDM (Finance) from IIM, Ahmedabad
	Experience	20 years experience with Citibank N. A. out of which 7 years in India and 13 years in Africa, Middle East and Europe. His experience covered Trade Finance, Treasury and Investment Banking and Financial Control Functions. He is a member of the Executive Committees of the Derivatives and Capital Market Segment of the National Stock Exchange of India Ltd. Mr. Anjaria's Management Services Firm 'International Financial Solutions Pvt. Ltd' had advised the Government of Gujarat on developing an International Financial Centre – resulting in the GIFT project in the State.

	Other Directorship	1. Gujarat State Fertilisers and Chemicals Ltd. 2. Gujarat Narmada Valley Fertilisers Company Ltd. 3. Gujarat International Finance Tec-city Co. Ltd. 4. International Financial Solutions Pvt. Ltd. 5. Indian Institute of Financial Services Pvt. Ltd. 6. Gujarat Techmarkets Pvt.Ltd.
	Chairman / Member of the Audit Committee of the Board of the Other Companies	1. Gujarat State Fertilisers and Chemicals Ltd. 2. Gujarat Narmada Valley Fertilisers Company Ltd.
	Shareholding in the Company	9,165 Equity Shares.
	Relationship with other Directors of the Company	Nil
(2)	Name	Dr. Vinodkumar Mahavirprasad Agrawal
	Age	65 Years
	Qualification	MBBS
	Experience	Renowned doctor in practice since last 40 years
	Other Directorship :	Nil
	Chairman / Member of the Audit Committee of the Board of the Other Companies:	Nil
	Shareholding in the Company	27,500 Equity Shares
	Relationship with other Directors of the Company	Nil

Registered Office:

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 Naranpura Cross Roads,
 Naranpura, Ahmedabad - 380 013
 29th May, 2012

By the Order of the Board

Virag Joshi
 Company Secretary

Annexure to the Notice

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

Item No.: 6

At the Extra Ordinary General Meeting of the Company held on 6th May, 2006 a resolution was passed authorising Board of Directors of the Company to borrow money in excess of the paid up capital and free reserves of the Company to the extent of ₹ 300 crore. Considering the increase in business operations, for meeting regular capital expenditure and in order to address various growth opportunities, requires that the higher borrowing limit be available to the Board.

In view of the above, the consent of the Members of the Company under Section 293 (1) (d) of the Companies Act, 1956 is required to enable Board of Directors to borrow up to an amount of ₹ 1000 crore (Rupees thousand crore only) which may be in excess of the paid up capital and free reserves of the Company. The Board accordingly recommends the resolution as set out in item no. 6 of the accompanying notice for the approval of the members by way of an ordinary resolution.

None of the Directors of the Company are, in any way, concerned or interested in the aforesaid resolution.

Item No. 7

As per the provisions of Section 293(1) (a) of the Companies Act, 1956, the Board of Directors of a Public Company can not sell, Lease or otherwise dispose of the whole, or substantially the whole, of any such undertaking without the consent of the shareholders in the General Meeting.

The members at the Annual General Meeting held on 27th September, 1994 authorised the Board of Directors to create Charges, Mortgages, on all or any of the immovable and/or movable properties, both present and future, of the Company, where ever situate, and/or the whole or substantially the whole of the undertaking or undertakings of the Company and/or conferring power to enter upon and take possession of the assets of the Company together with power to take over the management of the business and concern of the Company in

certain events on such terms and conditions and at such time or times and with such ranking and in such form and manner as the Board of Directors may deem fit, in favour of Financial/other Institution(s)/lenders for securing loan obtained/to be obtained or money borrowed/to be borrowed together with interest, compound/additional interest, commitment charges, cost, charges, expenses and all other monies payable to such lenders in terms of their respective Agreement between the Company and the lenders in respect of such loan (s) or borrowings.

The Company is seeking the consent of the Shareholders, as set out in item no. 6 of the accompanying notice, for increasing the limit of borrowings from ₹ 300 crore (Rupees Three Hundred crore) to ₹ 1,000 crore (Rupees thousand crore). Accordingly, it is proposed to keep the limit for creation of mortgage or charge or hypothecation on the movable and/or immovable properties of the Company to ₹ 1,000 crore (Rupees thousand crore) to stay in line with the increase in the borrowing limit proposed. As the mortgage/ Charge/ Hypothecation by the Company on its Assets may be regarded as disposal of the Company's properties, undertaking in certain events of default, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956. The Board accordingly recommends the resolution as set out in item no. 7 of the accompanying notice for the approval of the members by way of an ordinary resolution.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

Registered Office:
17, Rajmugat Society,
Naranpura Cross Roads,
Naranpura, Ahmedabad - 380 013
29th May, 2012

By the Order of the Board

Virag Joshi
Company Secretary



Regd. Office: 17, Rajmugat Society, Naranpura Cross Roads, Naranpura,
Ahmedabad 380013

ATTENDANCE SLIP

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

Full Name of Shareholder (BLOCK LETTERS) _____

No. of Shares held _____

Client Id/Folio No.

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I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company held at the Conference Hall of The Ahmedabad Textile Mill's Association, Near "Gurjari", Ashram Road, Ahmedabad – 380009 on Wednesday, 26th September, 2012 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 Cross Roads, Naranpura,
Ahmedabad 380013

PROXY SLIP

Client Id / Folio No:

No. of Shares 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 EIGHTH ANNUAL GENERAL MEETING of the Company to be held at the Conference Hall of the Ahmedabad Textiles Mills Association, Near "Gurjari", Ashram Road, Ahmedabad – 380009 on Wednesday, 26th September, 2012 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2012.

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.



BEATING THE CURVE

GROWING PROFITS IN A CHALLENGING YEAR

DISCLAIMER

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussions of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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INDIA'S TUBES AND PIPES SECTOR
ENCOUNTERED A CHALLENGING
2011-12.

ORDER SLOWDOWN. CURRENCY
VOLATILITY. RISING INTEREST RATES.

HOWEVER, YOU WON'T GET MUCH
OF AN INKLING OF THESE REALITIES
IF YOU LOOK AT OUR PERFORMANCE
FOR THE YEAR.

RATNAMANI METALS & TUBES
LIMITED REPORTED A 46.78%
INCREASE IN REVENUES AND A
14.86% RISE IN PROFIT AFTER TAX
IN A DIFFICULT YEAR.

RATNAMANI MANUFACTURES STAINLESS STEEL TUBES AND PIPES FOR THE OIL AND GAS, PETROCHEMICALS AND REFINERIES, POWER INDUSTRIES (NAMELY THERMAL, NUCLEAR AND SOLAR), FERTILISER AND CHEMICAL INDUSTRIES, PAPER AND PULP SECTOR, LNG TERMINALS, DESALINATION PLANTS AND AEROSPACE, AMONG OTHERS.

Making it the undisputed market leader in India and among the most respected companies of its type in the world.

RATNAMANI ALSO MANUFACTURES CARBON STEEL PIPES.

These are used in the oil and gas, petrochemical, water and sewerage industries. Making the Company the sixth largest in this space in India.

THE RESULT IS THAT GLOBALLY THE RATNAMANI BRAND STANDS FOR QUALITY, RANGE, SERVICE, SUPERIOR PRICE-VALUE AND ANYTIME PRODUCT AVAILABILITY.

This translated into a market capitalisation of more than ₹ 490 crore as on 31st March 2012

1st

MARKET POSITION OF
RATNAMANI AMONG INDIAN
STAINLESS STEEL TUBE AND
PIPE MANUFACTURERS

6th

MARKET POSITION OF
RATNAMANI AMONG
INDIAN CARBON STEEL PIPE
MANUFACTURERS

VISION

To attain global excellence by continuously developing and providing the best quality products and services; exceeding expectations of our customers with innovative products and applications.

MISSION

To be a leading tube and pipe manufacturing company in stainless steel and carbon steel industry.

REACH AND SCALE

- Ratnamani Metals & Tubes Limited was established by the Sanghvi family in 1985. The Company has expanded capacities to handle more critical grades and specialty tubes for the stainless steel division on one hand while increasing capacity of carbon steel pipes on the other.
- The Company possesses three state-of-art manufacturing facilities (Indrad, Chhatral and Kutch) and two mobile plants.
- The Company enjoys a global presence through representatives and agents.

RESPECT

- The Company is a leader in the manufacture of stainless steel tubes and pipes in India.
- The Company exports products to countries in five continents.
- The Company is among the few in the world to address the growing need of tubes and pipes in critical process applications across all infrastructure segments.

PRODUCTS AND SERVICES

- Stainless steel seamless tubes and pipes
- Stainless steel welded tubes and pipes
- Carbon steel pipes – High Frequency Electric Resistance Welded (HF-ERW) pipes; Submerged Arc Welded (SAW) pipes, namely HSAW and LSAW pipes
- External and internal coating solutions

CERTIFICATION AND APPROVALS

- ISO 9001: 2008 by TUV NORD
- ISO 14001:2004 and OHSAS 18001: 2007 by TUV NORD
- API 5L, API 5LC, API 5CT and API 2B by American Petroleum Institute
- PED and ADWO certification by TUV NORD
- 'Well known Pipe / Tube maker' status by Central Boilers Board, India

55

COMPANY'S MARKET SHARE (%) OF CRITICAL S.S. TUBES USED IN THE REFINERY, FERTILISER AND POWER PLANTS SECTOR

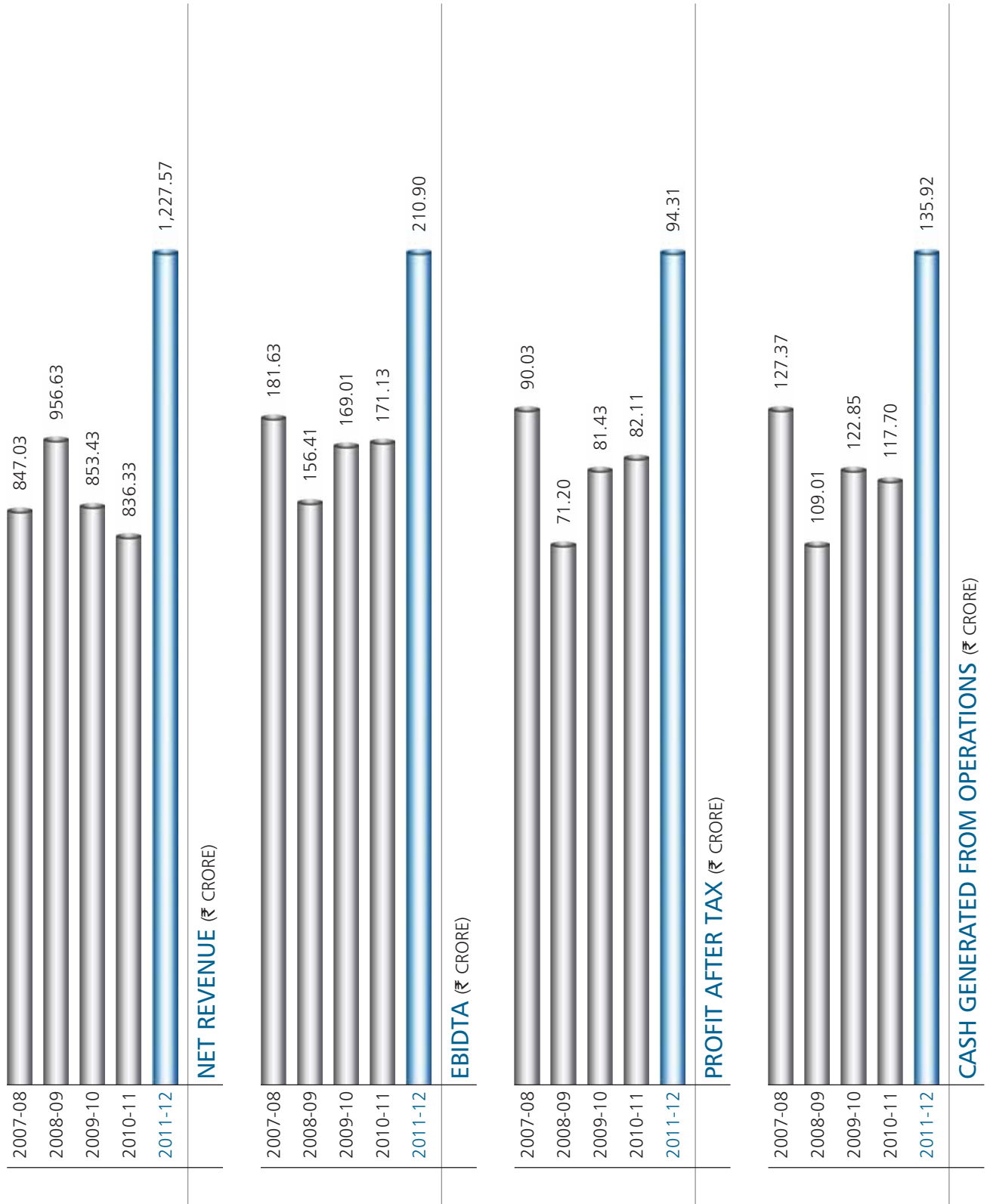
0.51

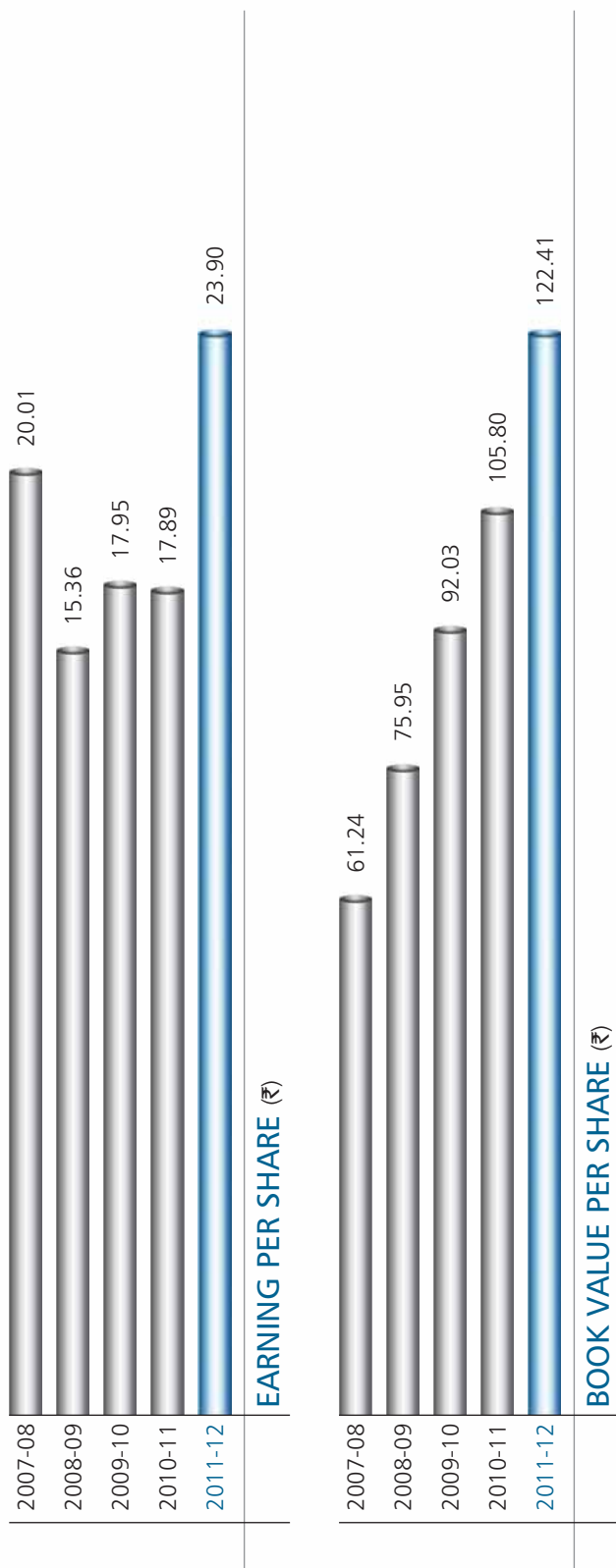
DEBT-EQUITY RATIO OF THE COMPANY AS ON 31ST MARCH, 2012

100

THE PROPORTION (%) OF GREEN ENERGY USED BY RATNAMANI IN ALL ITS MANUFACTURING UNITS

2011-12 WAS ONE OF THE WORST YEARS FOR THE GLOBAL ECONOMY.
IT WAS ALSO THE BEST-EVER YEAR FOR US.





Growth

REVENUE
GROWTH

47%

OVER 2010-11

EBIDTA
GROWTH

23%

OVER 2010-11

PROFIT AFTER
TAX GROWTH

15%

OVER 2010-11

CASH PROFIT
GROWTH

15%

OVER 2010-11

EPS
GROWTH

34%

OVER 2010-11

Margins

EBIDTA
MARGIN

17.18%

IN 2011-12

NET
MARGIN

7.68%

IN 2011-12

INTEREST
COVER

7.21

IN 2011-12

ROCE

27.62%

IN 2011-12



CHAIRMAN'S REVIEW

How people respond to challenging times indicates what they are made of.

The financial year 2011-12 was one such year.

Even as the industrial landscape was affected by a slowdown, rising interest rates and reforms paralysis, Ratnamani Metals & Tubes Limited reported one of its best years – revenues grew 47% over the previous year and crossed ₹ 1200 crore; profit after tax for the year increased 15% to ₹ 94.31 crore.

Growth drivers

The performance of the Company during the last financial year was a validation of all that we have believed in: that an increasing number of industrial customers will invest larger amounts in quality material and solutions that deliver high operating efficiencies.

In view of this, we took a long-term call to provide non-corrosive, high temperature-resistant and high pressure tubes and pipes for diverse sectors, namely greenfield refineries, petrochemicals, cross – country chemical, oil and gas pipelines, city gas distribution, power-nuclear, solar and thermal, fertilisers, chemicals,

Infrastructure investment

The Indian government increased its investment in planned infrastructure from USD 500 billion (30% private/PPP investments) in the 11th Five Year Plan and proposes to increase this to USD 1 trillion (50% private/PPP investments) in the 12th Five Year Plan

pharmaceuticals, sugar, dairy, aerospace, automobile, shipbuilding, water and sewerage management.

The result was demonstrated during the last financial year: our volumes increased substantially, the stainless steel proportion of our tube sales mix was higher and our EBITDA margin was an attractive 18%.

We sustained a high export proportion of our revenues, growing our volumes in developed countries. We marketed products for more than seven core sectors, each contributing substantially to our revenues.

We laid the foundation for a new cold finishing line in our stainless steel seamless tube segment in Indrad, which will enable us to add more than 4,200 MT/annum to our existing capacities.

Competitive advantages

Ratnamani Metals & Tubes Limited is positioned attractively to take its business ahead.

The Company is the largest Indian manufacturer of stainless steel tubes and pipes and the sixth largest Indian manufacturer of carbon steel pipes.

The Company is the only one in its

industry to have invested in back-end hot extrusion, which makes it possible to roll out more mother hollows to produce a large volume of SS tubes.

The Company is a manufacturer of value-added products (stainless steel tubes); within the stainless steel tube segment, the Company is among few in the world to manufacture duplex, super-duplex tubes and pipes, while in the carbon steel segment, the Company possesses the capability to manufacture pipes of higher thickness and longer diameters.

The Company is one of the prolific manufacturers within its industry space on account of captive fabrication and design capabilities for critical toolings and components.

The Company is the only one in India to manufacture titanium welded tubes used in thermal power plants, nuclear power plants, desalination plants, chemical plants and reactors – which are sunrise spaces in our country.

Besides, the captive generation of renewable energy accounts for almost 100% of our requirement, making it possible to reduce our production cost to one of the lowest in our industry.

Outlook

The economic slowdown notwithstanding, the outlook for Ratnamani Metals & Tubes Limited is attractive for some pertinent reasons.

A majority of our products cater to power, oil and gas sectors, which are marked by considerable investments as India catches up with the lost years and the per capita global average.

Based on these realities, Ratnamani Metals & Tubes Limited expects to reinvest in its business, add production capacities, service an Indian and global customer base and enhance its profitability.

With regards,

Prakash M. Sanghvi

Chairman and Managing Director



OUTPERFORMING THROUGH QUALITY

IN A BUSINESS WHERE WE MANUFACTURE PRODUCTS THAT REPRESENT THE UNDERLYING INFRASTRUCTURE OF OUR CUSTOMERS, THERE IS ONE AREA OF PRODUCTION THAT THE CUSTOMER AND RATNAMANI WILL NEVER COMPROMISE ON. *QUALITY*.

At Ratnamani, quality means a consistent ability to manufacture products that not only meet international standards but also customer requirements.

This ability has been derived through progressive investments in quality-enhancing facilities, testing equipments and infrastructure. Besides, the Company's processes and products are benchmarked to international standards and certifications:

- License under API 5L and API 2B monogram

- ADW2 certification under RWTUV
- BIS

The Company's products have also been approved by leading engineering industries like EIL, NPCIL, NTPC, PDIL, IOCL, BARC and many such entities in India and Saudi Aramco, SABIC, KNPC, KOC, PDO, GASCO, Takreer, ADMA OPCO, ADGAS, SASOL, Linde AG, BASF, CTCL, IHI, JGC, Fluor Corporation, Foster Wheeler, Tecnicas Reunidas, Toyo Engineering, Chiyoda Corporation and other global entities.





OUTPERFORMING THROUGH DELIVERY

IN A BUSINESS WHERE WE PROVIDE CRITICAL INFRASTRUCTURE IN LARGE MANUFACTURING ASSETS, ONE OF OUR BIGGEST PRIORITIES COMES DOWN TO TWO WORDS, INNOVATION AND SPEED.

This is because of some valid reasons: the timeliness with which we provide new or existing products influences the speed with which the downstream plants are commissioned. A single day's delay in plant commissioning can increase project cost and stagger payback – and vice-versa.

At Ratnamani, we take the businesses of our customers ahead through timely product delivery, making it possible for our clients to plan and commission their

assets on schedule. Commitment remains the essence of our business.

Over the years, this is what we have to show for our dependability:

- We helped clients prepone their commissioning schedule, delivering earlier than the scheduled time.
- We manufactured alloy steel pipes of various diameters for which there are hardly any other manufacturers in India.

The result of this ability to combine speed and timeliness contributed to a high proportion of revenues derived through engagements with existing customers and the development of new ones.

OUTPERFORMING THROUGH LATERAL THINKING



IN A BUSINESS THAT REQUIRED LARGE PRODUCTS TO BE MANUFACTURED AND TRANSPORTED ACROSS LONG DISTANCES, A CRITICAL DETERMINANT OF SUCCESS IS AN ABILITY TO REVERSE THE PARADIGM AND RESORT TO AN UNUSUAL ALLY. *UN-COMMON SENSE.*

Ratnamani was presented the problem of manufacturing carbon steel pipes of more than 48" diameter and transporting them across long distances to the customer's manufacturing plants. This raised a number of challenges: long distances, challenging terrain and high transportation cost.

Ratnamani responded laterally: the Company reversed the proposition; if it was challenging to get the pipes to the customer's site, then Ratnamani would transport its pipe manufacturing facility to the customer's premises.

The result of this unusual approach was that Ratnamani emerged as the first Indian company to introduce mobile

plant manufacturing facilities in 2001. Following the success of this unusual response, the Company commissioned a second mobile plant.

Over the years, these mobile assets have facilitated the following advantages:

- Helped save transportation cost of customers
- Facilitated easy installation and an ability to relocate the mobile plant and commission within short time
- Customised production in line with precise customer needs supported by on-site testing and coating facilities, with lower rework
- Enhanced customer delight



RATNAMANI IS AMONG THE FASTEST-GROWING TUBES AND PIPE MANUFACTURING COMPANIES IN THE WORLD FOR SOME VALID REASONS.

Domain knowledge

Ratnamani possesses more than two decades of rich experience in the manufacture of tubes and pipes. The Company enjoys a track record of having manufactured various types of tubes and pipes since inception. The Company possesses adequate industry experience and talented manpower reflected in an ability to customise products and solutions for demanding customers.

Scale

Ratnamani is the largest Indian manufacturer of stainless steel tubes and pipes with a market share close to 55% in India for critical application products.

Infrastructure

Ratnamani's manufacturing facilities at Indrad, Chhatral and Kutch enjoy state-of-the-art technology.

Range of products

Ratnamani is among select global companies with the ability to manufacture an extensive range of stainless steel seamless and welded tubes. The Company's carbon steel division possesses the ability to manufacture products of wide range – both in HSAW, LSAW and ERW pipes.

Critical applications

Ratnamani is among a handful of global companies to manufacture welded cold-drawn and seamless-duplex stainless steel tubes used in critical applications of the power (nuclear and thermal) and petrochemical industries.

Technology

Ratnamani has invested prudently in technology resulting in the manufacture of world-class products.

Competitive

Ratnamani's capital cost per tonne is favourably low when compared with the capital cost per tonne of global players on account of periodic investments and high asset utilisation.

Captive skills

Ratnamani possesses captive design and fabrication capabilities, helping reduce plant commissioning costs and tenures.

First mover

Ratnamani pioneered the introduction of mobile plants to manufacture customised products at customer sites leading to attractive growth.

Quality

Ratnamani's products are tested across various international standards and customer specifications at its facilities. As a result, the Company's stainless

1985

Commenced stainless steel tubes and pipes production

Commenced higher diameter stainless steel pipe production

1992

1995

Commenced commercial production in the Carbon Steel SAW Pipes division

Achieved API Spec 5L approval for Chhatral plant

Established Stainless Steel Seamless Instrumentation Tubes Division

1998

steel tubes and pipes are used extensively in global refinery, petrochemical and power applications.

Financial

Ratnamani strengthened its EBITDA margin from 16.35% in 2008-09 to 17.18% in 2011-12. Gearing was comfortably low with an attractive interest cover of 7.21 in 2011-12.

Global

Ratnamani is one of the important global suppliers of tubes and pipes. The Company's products were marketed in developed countries.

Product mix

Ratnamani's product mix is weighted towards complex value-added products, which are relatively insulated from competition. The Company sources raw materials from some of the best global manufacturers.

Certifications

Ratnamani's products are benchmarked to demanding certifications, which makes it possible to deliver products of an international quality.

- ISO 9001: 2008 by TUV NORD
- ISO 14001:2004 and OHSAS 18001: 2007 by TUV NORD
- API 5L, API 5LC, API 5CT and API 2B by American Petroleum Institute
- PED and ADWO certification by TUV NORD
- 'Well known Pipe / Tube maker' status by Central Boilers Board, India

REVENUES

9.72%

CAGR (OVER 5-YEARS
UPTO 2011-12)

EBIDTA

3.81%

CAGR (OVER 5-YEARS
UPTO 2011-12)

NET WORTH

19.82%

CAGR (OVER 5-YEARS
UPTO 2011-12)

1999

Developed welded stainless steel tubes for automobile exhaust systems

Received AD 2000-Merkblatt W0 approval for Chhatral plant

Chhatral plant granted 'Well Known Pipe Maker' status by Central Boilers Board

2002

2007

Kutch plant granted 'Well Known Pipe Maker' status by Central Boilers Board

Becomes a 'Green Power Company' using 100% green power

Awarded a project for manufacturing carbon steel pipes at customer sites along with laying and erection

2011



MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

The global economy contracted in 2009 and recovered in 2010 even as there was financial uncertainty in the Euro zone, slower recovery in advanced economies, high unemployment, tightening credit and rising risk premia. While most businesses in mature markets focused on cost savings, investment sentiment remained better in emerging economies. The global economy is forecast to expand by around 4% in 2012, growth being driven by emerging markets.

Indian economy

The manufacturing sector remained volatile with seven out of the 22 industry groups responding negative growth during April-February 2011-12. The services sector increased its GDP share from 58% in 2010-11 to 59% in 2011-12.

Global steel tubes and pipes

The performance of the steel pipes and tubes industry are intertwined with the performance of the construction, oil and gas and infrastructure sectors. The increasing energy security investments of global governments are likely to catalyse the demand for steel pipes. Driven by increased activity in the oil and gas and construction sectors and the rise in infrastructure development projects, the global demand for steel tubes and pipes is forecast to reach 151 million tonnes by 2017 (*Source: Global Strategic Business Report*).

Indian steel tubes and pipes

Stainless steel: In 2010, the Indian stainless steel melt production reached 2.9 million tonnes and finished products touched 2.6 million tonnes. The volume of production was 162 times higher than in 1978, 13 times higher than in 1990 and almost three times higher than in 2000. India is at the fourth position in stainless steel production behind China, the European Union and Japan; it is the third largest stainless steel consumer after China and the European Union. Demand and production are expected to grow at 10% annually in the five years till 2016; production capacity is expected to grow to around 6.8 million tonnes by 2016. Most of this additional capacity will go on stream between 2011 and 2013 (*Source: Steel Market Intelligence Report, GmbH*).

Carbon steel: In India, the carbon steel pipes market (large diameter) is around one million tonnes per annum; globally this market is estimated at between 12-15 million tonnes per annum. The supply of the product in India is around six million tonnes per annum, resulting in an oversupply. The market is growing by 10% per year.

Sector optimism

Oil and gas: India's gas demand is projected to rise from 290 million standard cubic meters a day (mmscmd) in 2012-2013 to 470 mmscmd in 2016-17. Against this,

domestic supply is estimated to increase from 124 mmscmd to 220-230 mmscmd only (*Source: Indian Infrastructure, February 2012*)

The demand for petroleum products is projected to cross 300 million tonnes of oil equivalent (mtoe) by 2017, up from the present 175 mtoe. (*Source: Indian Infrastructure, March 2012*)

Gas pipeline infrastructure: Currently, India has a gas pipeline network of 11,900 km with a gas transmitting capacity of 304 mmscmd. Various pipeline projects currently under implementation will add another 14,500 km of pipeline by the end of FY16, designed to carry around 426 mmscmd of gas (*Source: Ambit Research*).

Refineries: India's refining capacity of 194 million tonnes per annum is set to increase to 238 million tonnes by 2013 – a 22% rise. India has a surplus oil refining capacity with fuel demand pegged at 141.785 million tonnes in 2010-11. Fuel demand is projected to rise by four to five per cent per annum in the Twelfth Five Year Plan (2012-2017). With India being the fourth-largest oil importer, oil and gas constitute 45% of country's primary energy basket, leaving tremendous scope for domestic growth (*Source: Financial Express, December 25, 2011*).

Pharmaceuticals: The Indian pharmaceutical market has grown at a CAGR of 15% over the past five years and is expected to reach USD 20 billion by 2015. The Indian pharma



industry has grown at an average of 15-18% for the last couple of years, while MNCs have grown only at about 8-12%. With strong growth in domestic and US formulation segments, the sector is expected to witness healthy growth (Source: *Karvy Research*).

Power: India has 439 nuclear reactors in operation, providing almost 16% of the world's electricity. The country is expected to reach 20,000 MW nuclear capacity by 2020 and 63,000 MW by 2032. With increased foreign technology, India aims to supply 25% of electricity through nuclear power by 2050. The Twelfth Plan estimated an additional capacity addition requirement of 1,00,000 MW during 2012-17; of this, around 70% is expected to be thermal.

Fertiliser: After a 7.6% contraction in 2008-09, global fertiliser consumption started to recover (+5.4%) in 2009/10, reaching 163.9 Mt. Global fertiliser demand is expected to reach 191 million tonnes by 2015-16, growing at

an average annual growth rate of 2.6%. Regional demand growth in South Asia is seen as remaining strong, driven by India, where demand is expected to increase by 3.4% owing to a fast-expanding regional population (Source: *79th International Fertiliser Industry Conference, Montreal*).

Sugar: India is the world's largest consumers of sugar, accounting for 15% of the world's consumption and second-largest producer after Brazil. In the last decade, sugar consumption in India increased at a CAGR of 3.5%. Going ahead, India's sugar consumption is expected to double in 20 years and by 2030, India will account for 18% of the world's consumption (Source: *SKP Securities*).

Aerospace: Massive investments in airport infrastructure have led to world class airports, the symbol of India's growth story. In addition, the Ministry of Civil Aviation released Vision-2020 document, an assessment of the overall outlook of the aviation sector in 2020. It highlights that the aviation

sector has a growth potential to absorb upto USD 120 billion of investment. Furthermore, the fleet size of commercial airlines sector is expected to grow to approximately 1,000: domestic passenger numbers could reach 150-180 million, helicopter fleet is expected to be 500, while the air cargo movement is expected to reach nine million metric tonnes (MMT).

Atomic energy: With the prospect of conventional energy sources diminishing drastically in the next two decades, nuclear energy is gaining ground as a viable energy source. India is the sixth largest producer of nuclear energy in the world with installed capacity of 4,780 MW of electric power. With six new nuclear reactors to come up in five years, the total capacity will increase to 9,580 MW. At present, India obtains 2.6% of its total energy requirements from nuclear energy. The government is planning to increase this share to 10% by 2020 and 25% by 2050. This translates into a substantial rise in installed nuclear



power generation capacity from the current level to 20,000 MW by 2020. To meet these targets, the government has announced investments of USD 77 billion in new nuclear power plants between 2010 and 2020.

The Company is equipped to convert sectoral optimism into opportunities.

INTERNAL CONTROL SYSTEMS

The Company has adequate Internal Control Systems to ensure that all assets are safeguarded and transactions are authorised, recorded and reported properly. The Internal Controls are periodically reviewed to enhance efficiency and to ensure statutory compliances. 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 and the results are used for effective control and improvements.

INDUSTRIAL RELATIONS AND HUMAN RESOURCES

As the Company continues to grow, the focus has been on enhancing morale and capabilities of employees. An exercise was initiated to take a fresh look at the organisational structure to make it more functionally aligned with business requirements. We continue to provide orientation and training for the development of soft and hard skills.

Our industrial relations remained cordial at all organisational levels and work places.

CAUTIONARY STATEMENT

The statement given in this report, describing the Company's objectives, estimates, and expectations and future plans may be construed as forward looking statements 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 among others.

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 written permission of the Company.



BUSINESS SEGMENTS



**RATNAMANI METALS
& TUBES LIMITED**

**STAINLESS STEEL (SS)
TUBES & PIPES**

**CARBON STEEL (CS)
PIPES**



BUSINESS DIVISION 1

STAINLESS STEEL TUBES AND PIPES

Overview

The Company's SS division comprises two main products – seamless and welded tubes and pipes. The Company is one of the largest SS tube and pipe manufacturers in India with a market share of around 55% for tubes and pipes used in critical applications. The Company's SS production is carried out in Indrad and Kutch. Over the years, the Company invested in high-end equipment, widening the product range and addressed segments.

Highlights, 2011-12

The Company emerged as the only Indian company approved by Nuclear Power Corporation of India Limited for the manufacture of the critical heat exchanger and instrumentation tubes used in nuclear reactors.

Product strengths

- High tensile strength
- High corrosion resistance

- Light weight
- Wide range of sizes
- Quality surface (inside and outside)

Facilities

Process facilities: Ratnamani invested in the best imported equipment and testing facilities. The Company is among few global manufacturers with a hot extrusion facility, empowering the Company to manufacture tubes and pipes of higher outer diameter and harder tube finish.

Critical applications

Power generation: The Company possesses the competence to manufacture low-pressure feed water tubes, high pressure feed water tubes and condenser tubes in welded and seamless construction. It can manufacture tubes upto 36 metres single length in a bright annealed condition across grades.

Desalination plants: The Company specialises in the manufacture of ferritic grade tubes.

Oil and gas: The Company's instrumentation tubes in bright annealed condition are used in the oil and gas and nuclear sectors.

Road ahead

- Focus on value-added products of higher grades, catering to niche and critical applications.
- Lay the foundation for cold finishing line expansion in Indrad and Kutch
- Ensure higher value engineering
- Replace manual tube loading with automation leading to increased productivity
- Increase share in the markets of presence
- Increase product range in high-end application requirements

Excellence through our hot extrusion press

Ratnamani's hot extrusion press places it at par with global stainless steel tube and pipe manufacturers. This investment helped the Company reduce manufacturing time and produce a wider range of critical grades.



BUSINESS DIVISION 2

CARBON STEEL PIPES

Overview

This division specialises in the manufacture of carbon steel pipes. The division makes submerged arc welded (SAW) and high-frequency electric-resistant welded (ERW) pipes. The division also manufactures API 5L up to X 80 grade pipes or their equivalent.

Over the years, the Company strengthened its value proposition through superior quality, the ability to cater to wide sectoral requirements and the graduation from line piping to projects piping. The Company strengthened its performance through

a higher order booking and a corresponding increase in capacity utilisation.

Highlights, 2011-12

- Manufactured alloy steel pipes of ASTM-A6 91 quality for the first ever time
- Executed a 200 km pipeline order for a client
- Increased ERW pipe yield by modifying the welder and coil feeding unit
- Added clients for 64"x19.1" SAW pipe of X-70 grade

Product strengths

- Applicable across a number of downstream sectors
- High tolerance level
- Mechanically and technically tested

Road ahead

- Generate additional revenues through the manufacture of ERW pipes (18" diameter)
- Increase productivity
- Expand the domestic and global presence

Application areas

Industry	Applications
Oil and gas pipelines	■ Cross country oil and gas pipeline ■ Spur lines ■ City gas distribution ■ Refinery and petrochemical
Power plants	■ Cooling water line and auxiliary cooling water line ■ Ash handling line
Water and sewerage	■ Distribution and transmission lines for irrigation systems ■ Pipes for potable water ■ Drainage pipes
Structural	■ Piling and casing pipes ■ Structural columns
Other industrial	■ Pipes for fertiliser plant ■ Mining pipes ■ Dredging pipes ■ Air duct piping ■ High mass pipes for wind mill towers



BUSINESS DRIVER 1

INTELLECTUAL CAPITAL

Overview

In a business where the competitive edge is derived from the ability to make a superior product, the strength of the Company lies in the quality of its people. The Company's employee base comprises people with the desired competence.

Key initiatives

At Ratnamani, we inculcate a sense of teamwork and belonging among our employees through the initiatives:

- The Company organised various events at multiple locations to facilitate employee engagement
- The Company established a system with streamlined talent requisition, sourcing methodologies with a clear focus on the talent needs vis-a-vis business
- The Company reintroduced Employees Performance Management System facilitating an alignment of functions towards meeting the Company's goals
- The Company strengthened training and induction around business and functional orientation through specialised faculty
- The Company implemented steps to enhance the welfare and motivation of team members, including helping survivors of the deceased.

Outlook

The Company is on the verge of an integration of the HR function through an online system.



BUSINESS DRIVER 2

INFORMATION TECHNOLOGY

Overview

In a business where success is derived from informed decision-making, the strength of the Company lies in its

ability to draw information from various sources and provide it on tap for onward planning, reconciliation, visibility and strategic accuracy. The

Company kept itself abreast with prevailing business requirements and accordingly aligned its IT environment.



BUSINESS DRIVER 3

RAW MATERIAL MANAGEMENT

Overview

In a business where a commoditised raw material needs to be adequately available and comprehensively enriched to manufacture a specialised end product, success is derived from the ability to manage this input in a consistent manner for predictable results.

At Ratnamani, our supply chain

sources adequate raw material of the right quality at the lowest possible cost with the objective to keep its production lines running at all times.

Highlights, 2011-12

- The Company sources raw material from some of the largest and most respected carbon steel and stainless steel manufacturers globally

- The Company is engaged in relevant value-engineering to strengthen the input-output ratio and reduce waste
- The Company eliminated non value-adding processes, reduced processes and material costs
- The Company's just-in-time sourcing reduced material accumulation



BUSINESS DRIVER 4

QUALITY AND TESTING

Overview

In a business where the end product is manufactured in large quantities, success is derived from the ability to ensure that a high quality is consistent from batch to batch in line with precise customer needs.

At Ratnamani, a high quality consistency is derived from its comprehensive quality and testing

discipline without interrupting production/sales flow. Over the years, the Company invested in stringent testing procedures benchmarked with international standards, progressively raised the bar and complied with a number of process certifications.

Key initiatives, 2011-12

- The Company strengthened the non-destructive testing process to

ascertain pipe cracks, pin holes, dents and laminations

- The Company manufactured alloy steel pipes adhering to the ASTM-AS-91 quality grade
- The Company streamlined quality checks, reducing rework to less than one per cent

RISK MANAGEMENT AT RATNAMANI

RISKS AND ITS EFFECTS ARE POSSIBLE EVENTS OR POSSIBILITIES THAT COULD HAVE AN IMPACT ON THE COMPANY'S PERFORMANCE. RATNAMANI ANALYSES BUSINESS RISKS FOLLOWED BY A DETAILED MITIGATING APPROACH AS UNDER.

The Company may not be able to capitalise on growing business opportunities: The Company enjoys enduring business relationships with large global and Indian customers with repeat engagements. The Company is present in growing business spaces (oil and gas, petrochemicals and refineries, power industries – Thermal, nuclear and solar power plants, fertiliser and chemical industries, paper and pulp, sugar industries, line pipes for LNG Terminals, desalination plants, aerospace, atomic energy, among others) with a comprehensive product range supported by three manufacturing facilities (Indrad, Chhatral and Kutch) and two mobile plants. The Company's

manufacturing facilities are proximate to Kandla and Mundra ports, helping exports with speed.

The business may cease to be attractive: The Company's products form an integral part of several sectors. The Company provides products to several sectors. Some of these sectors (oil and gas, nuclear and thermal power, engineering, water management and pharmaceutical sectors, among others) are expected to grow attractively.

Volatile raw material could affect the bottomline: The Company enters into short and long-term contracts to reduce the impact of price volatility. Its proximity to raw materials (being close to ports) and multi-vendor support helped control costs.

Quality aberrations could affect the order book and revenues: The Company is consistently committed to continuous quality control process

monitoring. Its plants are certified across safety and environment certifications. It received quality approvals from demanding clients, leading to order inflows. Its stringent quality and testing resulted in long-term relationships with customers and introduction of new customers.

The depreciation in the value of the Indian currency relative to foreign currency can affect earnings: The Company imports a substantial requirement of its mother hollows, flats and coil on one hand, while exports comprise a considerable part of the total revenue thereby providing a natural hedge. Efforts are on to increase exports.

Obsolete technology could affect customer attrition: The Company invested in specialised imported equipment. It is one of the few, globally,

into manufacture of titanium tubes used in nuclear reactors. Its SS plant of Kutch is a complete automated plant considered among the three leading manufacturing plants in the world. Its proposed cold finishing line in the SS division at Indrad will be the largest cold finishing line at a single location in India.

Inadequate liquidity could affect growth: The Company is adequately supported by cash reserves comprising 11.59% of the total capital employed. The Company borrowed loans in 2008, following which it funded its working capital and capex requirement largely through accruals. The Company's average debt cost is less than 10%; its debt-equity ratio was 0.51 at the close of 2011-12.





BOARD PROFILE

1 Mr. Prakash M. Sanghvi

An entrepreneur with deep business insight and experience in the metals industry. He leads the core team, driving the Company's growth.

2 Mr. Jayanti M. Sanghvi

An entrepreneur with sound administrative and organisational skills. As one of the key members of the core team, he has been instrumental in evolving the organisational structure.

3 Mr. Shanti M. Sanghvi

An expert in marketing and PR, he develops marketing strategies. He takes care of the Company's marketing activities and customer-related matters.

4 Mr. Divyabhash C. Anjaria

An alumni of IIM, Ahmedabad, and an ex-banker with international experience in corporate finance and capital markets, he is an Independent Director on the Board of the Company.

5 Dr. Vinod M. Agrawal

He is an Independent Director on the Board of the Company with soft business skills.

6 Mr. Pravinchandra M. Mehta

An Engineering Graduate and a technocrat with extensive experience in industrial engineering and processes. Also a former VP and Board Member of L&T Ltd., he is an Independent Director on the Board of the Company.



SAFETY, HEALTH, ENVIRONMENT AND CSR

EHS initiatives

The Company focused on employee health and safety through various awareness programmes, defining processes and systems for compliances and corrective action. The Company celebrated Safety Week at all locations and also won the 'Safety Award' presented by Gujarat Safety Council.

CSR Initiatives

Ratnamani is committed to a wide range of initiatives relating to sustainability. Through these initiatives, we contribute to environmental, social, professional excellence and community projects. In the communities, we work with various non-governmental organisations to support projects that encourage sustainable practices. As a part of this we:

- Used green power at all our locations and made sizeable investments in windmills at various locations in Gujarat
- Contributed in the areas of community, health and education primarily for the deprived segment in our society
- Encouraged employees to participate in various events for greater social causes that include tree plantation and blood donation camps, among others.

STATUTORY SECTION

28TH ANNUAL GENERAL MEETING

NOTICE for the Twenty-Eighth Annual General Meeting of the Members of RATNAMANI METALS & TUBES LTD. will be held on Wednesday, 26th September, 2012 at 10.00 a.m. at the Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad – 380 009 is sent herewith separately.

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the 28th Annual Report with audited accounts of the Company for the year ended 31st March 2012.

1. Financial Results

(₹ in Lacs)

	2011-2012	2010-2011
Revenue from operations (Net)	1,22,174.02	81,367.28
Profit before depreciation and tax	18,165.26	15,268.97
Less : Depreciation	4,249.15	3,999.46
Profit before tax	13,916.11	11,269.51
Less: Provision for taxation (including Deferred Tax Credit)	4,484.79	3,058.16
Profit After Tax and before prior period items	9,431.32	8,211.35
Add: Prior period items	1,712.87	106.00
Net Profit	11,144.19	8,317.35
Add: Balance brought forward from previous year	7,187.35	5,217.46
Amount available for appropriations	18,331.54	13,534.81
Appropriations		
General reserve	5,000.00	5,000.00
Proposed dividend with dividend tax	1,618.36	1,347.46
Balance carried to balance sheet	11,713.18	7,187.35
Total	18,331.54	13,534.81

2. Dividend

Your Directors are pleased to recommend a dividend of ₹ 3 (150%) per equity share having face value of ₹ 2 each.

3. Review of Operations

A. General

The financial year 2011-12 has been challenging for the Indian economy. It witnessed a slowdown due to weak industrial activity coupled with a contraction in investments. Factors such as persistent and high inflation, monetary tightening, expansion of trade deficits, weakening of the rupee, negative global developments and domestic political uncertainty have also

contributed to it. There has been slowdown in the advanced economies as well. Despite of the challenges, your company has outperformed during the year under review and posted encouraging results. The performance had established a new milestone for the Company. The Company's efforts for all round improvement helped in increasing the profitability.

B. Financial Performance

The Company could achieve revenue from operations of ₹ 1,221.74 crores with a PBT of ₹ 139.16 crores and PAT before prior period item of ₹ 94.31 crores during the year under review as compared to revenue from operations of ₹ 813.67 crores with

a PBT of ₹ 112.70 crores and PAT before prior period item of ₹ 82.11 crores during the previous financial year. The Net Profit post addition of prior period item is ₹ 111.44 crores for the year under review as compared to ₹ 83.17 crores during the previous financial year.

C. Operations

The Company's products enjoy applications in various industries including oil and gas explorations, refineries and petrochemicals, power industries i.e. thermal, nuclear and solar power plants, chemical, fertiliser, desalination, aerospace and atomic energy, water and sewerage, paper and pulp industries, etc. During the year under review, there has been good demand for both stainless steel tubes and pipes as well as carbon steel pipes from various sectors resulted into optimum utilisation of capacities and robust performance during the year under review.

4. Management Discussion And Analysis

A management discussion and analysis report is annexed and forms an integral part of the annual 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 D. C. Anjaria and Dr. V. M. Agrawal are liable to retire by rotation and being eligible, offers themselves for reappointment at the ensuing Annual General Meeting.

Shri D. C. Anjaria and Dr. V. M. Agrawal are not related to any Director of the Company.

6. Credit Rating

CRISIL has reaffirmed AA- (AA minus) rating for the Company's long-term borrowings and A1+ (A1 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 information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as per Annexure 'A' forming part of this Report.

The Company has commissioned windmills at various places for 'Green Energy Generation'. Thus contributing in every way possible towards a greener and cleaner earth.

9. Particulars of Employees

The particulars of employees under the Companies (Particulars of Employees) Rules, 1975 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 'B' forming part of this Report.

10. Auditors

M/s. Mehta Lodha & Co. and M/s. S. R. Batliboi & Associates, Chartered Accountants, joint statutory auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Your Directors recommend their reappointment as statutory auditors of the Company until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the members.

The Company has received letters from both of them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The Notes on annual accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

11. Cost Auditors

In pursuance of Section 233B of the Companies Act, 1956 and an order no. F.No.52/26/CAB-2010 dated 03.05.2011 issued by Cost Audit Branch, Ministry of Corporate Affairs; your Directors have appointed N. D. Birla & Co., Cost Accountants, Ahmedabad as a cost auditor to conduct the cost audit of 'Steel Tubes & Pipes Products' for the financial year 2011-12. The said appointment has been approved by the Central Government.

The Board of Directors has reappointed M/s. N. D. Birla & Co, Cost Accountants, the cost auditors for conducting the cost audit for the business as stated above for the financial year 2012-13 subject to approval of the Central Government.

12. 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;

- b. 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;
- c. 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;
- d. that the Directors have prepared the Annual Accounts on a 'going concern' basis.

13. 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 formed 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 sub-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 as amended from time to time. The code ensures prevention of dealing in the 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 'C'. Requisite certificate from M/s M. C. Gupta & Co., practising Company Secretaries regarding compliance of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement is annexed to the report of Corporate Governance.

14. Employees Stock Option Scheme (ESOS-2006)

As required by SEBI (Employee Stock Option Scheme and

Employee Stock Purchase Scheme) Guidelines 1999, detailed disclosure is enclosed as per Annexure 'D' and forms part of this report.

During the year under review, the Company has allotted 40,650 Equity Shares to the employees under the Employees Stock Option Scheme 2006.

15. Listing

Equity shares of your company continue to be listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd and Listing Fees for the year 2012-13 have been paid to them.

16. Green Initiative

Your Directors would like to bring it to your notice that the Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliance by Companies through electronic mode and the Companies are now permitted to send various notices/ documents (including annual report) to its shareholders through electronic mode at the registered e-mail address of shareholders.

To support this green initiative, we hereby once again appeal to all members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with their concerned Depository Participant and in respect of shares held in physical form with Registrar and Share Transfer Agent of the Company.

17. Acknowledgements

Your company has outperformed in a challenging year and continues to build shareholder value. Your Directors are hopeful of a good performance going forward.

Your Directors would like to express their sincere gratitude for the unstinted support from all stakeholders, Banks, Central and State Governments.

The Directors would also like to place on record their heartiest appreciation for the outstanding contribution by the employees in achieving remarkable performance during the year under review.

For and on behalf of the Board of Directors

Place : Village: Indrad, Taluka Kadi

Prakash M. Sanghvi

Date : 29th May 2012

Chairman

ANNEXURE: A

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956:

(A) Conservation of Energy

The Company is constantly striving towards high degree of optimisation, conservation of energy and absorption of technology. Some of the initiatives taken by the Company during the financial year 2011-2012 are listed below:

(a) Energy Conservation measures taken;

- 1) Changed 150 watt lamp instead of 250 watt resulted into saving of 11 KWH/day.
- 2) Installation of A.C. VF drives for smooth operation resulted in to saving of 2.96 KWH/day.
- 3) Replacement of old low efficient L.T. Motor by Energy Efficient Induction Motor resulted in to saving of 3.4 KWH/day.
- 4) Maintained unity power factor during the whole year so the maximum demand has decreased.
- 5) Installed Translucent Sheets to ensure availability of natural light in plant, it saves electricity.
- 6) Installed Air turbo Ventilator – decreased inside plant temperature so working efficiency increased.
- 7) Roofing of the plant changed. Old A.C sheet roof changed with new pre-coated and FRP Transparent Sheet.
- 8) Replacement of high power consuming halogen lamps by energy efficient metal halide lamps.
- 9) Automatic power factor cum harmonic filter system installed for efficient use of electrical energy by reduction of heating loss in distribution system and reduction of immature failure of electrical equipment.
- 10) ERW and Spiral Plants Hydro Tester--ACVF drive has been put in operation to control heavy current kicks at the time of starting which in directly control of maximum demand from grid power.
- 11) All Heat treatment furnaces has been switched over from LPG to CNG from July 2011, which has resulted in to a substantial savings to the Company.
- 12) Though there has been 15% (approx) increase in the per unit electricity cost during the year 2011-12, the unit

consumption for despatched finished goods has been brought down by 3.5%. This reduction is without taking into account the multi-process products, which were manufactured in higher quantities, which if accounted for, will result in higher savings.

- 13) Installed a Fully Automatic Billet Heating system with a very narrow range of temperature control, for billets heated by induction heating for the Hot Extrusion Press. This resulted in a drastic decrease of the billet drops on the furnace thereby increasing the quality of the hot extruded pipes and saving of electricity for reheating the dropped billets.
- 14) Replaced the Mono-block pump with submersible pump and installed auto with control, through water temperature in cooling bath at Bright Annealing Furnace No: 01 resulted in to saving of 66 KWH per day.
- 15) Renovation of the Furnace with changing new brick lining and high- temperature resistant ceramic tiles in Heat Treatment Furnace No: 01 resulted in to saving of 6 SCM per hours resulted in to saving of 144 KWH per day
- 16) Replacement of heater in Degreasing water tank at Instrumentation Pilger mill by common tank in place of individual.
- 17) Power consumption is brought down by monitoring and controlling of compressors resulted into saving of 78 KWH per Day.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy;

No separate accounts are maintained.

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

Substantial energy saving, reduction of energy consumption, saving of LNG consumption. Savings/rebate on cost.

(d) Total energy consumption and energy consumption per unit of production 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 tubes and pipes to the U.K., the U.S., the U.A.E, Spain, South Korea, Saudi Arabia, Qatar, Oman, Mexico, Malaysia, Kuwait, Kenya, Japan, Italy, Iran, Indonesia, Germany, France, Bahrain, Australia, Peru, Brazil, Bangladesh.

(g) Total foreign exchange earnings used and earned:

Foreign exchange earnings (FOB) ₹ 28,858.70 Lacs (P. Y. ₹ 5000.79 Lacs)

Foreign exchange outgo ₹ 2,610.50 Lacs (P. Y. ₹ 845.40 Lacs)

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT

Research and Development (R& D)

1) Specific areas in which R & D is carried out by the Company:

Installation and commissioning of new RTR Machine.

2) Benefits derived as a result of the above R & D:

Better control of weld process as testing result is accurate.

3) Future plan of action:

The Company would continue research and development work in manufacturing of smaller diameter and higher thickness pipes.

4) Estimated expenditure on R & D:

No separate record of expenditure is maintained.

Technology absorption, adaptation and innovation

1) Efforts, in brief made towards technology absorption, adaptation and innovation:

- Developed Alloy Steel SAW Welded Pipes.
- Surface Grinding Machine – New machine was purchased and developed in-house facility for sample preparation.
- Notch Broaching Machine – New machine was purchased for preparing notches on samples.

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

- Saving of time
- Better quality of samples.

(D) Information on Pollution Control Measures Forming Part of Directors' Report

Installed Online Bright Annealing Induction Heating equipments to avoid pickling of tubes after the annealing process thus resulting into no usage of acids and saving of water.

Installed New Air Scrubber system at Pickling Area, which reduces the pollution arising due to acid and chemical fumes.

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 gets used for plantation of trees.

ANNEXURE: B

INFORMATION AS PER PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED UPTO DATE.

Sr. No.	Name	Age Yrs	Qualification	Date of Employment	Designation/ Nature of Duties	Remuneration (₹ in Lacs)	Experience in Years	Last Employment held
1	Shri Prakash M. Sanghvi	56	Matriculation	12/06/89	Chairman and Managing Director	674.58	35	Director, Ratnamani Tube Ind. Ltd
2	Shri Jayanti M. Sanghvi	54	B.Com (FY)	12/06/89	Whole-time Director	446.26	32	Director, Ratnamani Tube Ind. Ltd.
3	Shri Shanti M. Sanghvi	48	Under Graduate	01/11/98	Whole-time Director	243.92	30	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 five years.

ANNEXURE: C

CORPORATE GOVERNANCE REPORT

1. Brief Statement of the Company's Philosophy on Corporate Governance

Corporate governance is crucial to the very existence of a company and is a key element in improving the economic efficiency of a company. Good corporate governance ensures taking into account interests of a wide range of constituencies, as well as of the communities within which the Company operates. It ensures that Board is accountable to the shareholders. This, in turn, helps assure that company operates for the benefit of society as a whole. Corporate Governance builds confidence and trust, which eventually leads to a more stable, sustained and long-term partnership with 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 objective is to create and put in practice procedures and systems which are in accordance with the best Corporate Governance. The Company constantly endeavors for best corporate governance and for complete satisfaction of all its stakeholders. Mandatory requirements of the Corporate Governance as stipulated under Clause 49 of Listing Agreement with Stock

Exchanges are complied with. This Annexure C sets out compliance status by the Company for the financial year 2011-12 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 31st March, 2012 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 31st March 2012

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

Name of the Director	Designation	Category	No. of Directorship 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	–	4	Yes
Shri S. M. Sanghvi *	Whole-time Director	Promoter Executive	–	2	–	3	Yes
Shri D. C. Anjaria	Director	Independent Non-Executive	6	7	5	4	Yes
Shri V. M. Agrawal	Director	Independent Non-Executive	–	4	–	4	Yes
Shri P. M. Mehta	Director	Independent Non-Executive	–	4	2	3	Yes

* Being brothers, they are related to each other.

Board Procedure

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

Date of Meeting	24/05/2011	10/08/2011	10/11/2011	13/02/2012
No. of Directors present	5	6	5	6

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 2011-12.

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 2011-12.”

3. Audit Committee

The Audit Committee was constituted by the Board of Directors in its meeting held on 30th 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 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.

Four Audit Committee meetings were held during the year, the details of which are as under:

Name of the Directors	Meetings held on and presence			
	23/05/2011	09/08/2011	09/11/2011	13/02/2012
Shri D. C. Anjaria	Yes	Yes	Yes	Yes
Dr. V. M. Agrawal	Yes	Yes	Yes	Yes
Shri J. M. Sanghvi	Yes	Yes	Yes	Yes

Overall Attendance: 100%

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 23rd 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 Meeting was held on 24th May, 2011. All the members attended the said meeting.

Details of Remunerations

a. Executive Directors

(₹ in Lacs)

Name of the Director	Salary	Commission	Perquisites	Retirement Benefits	Assignment of Key Man Insurance Policy	Total
Shri P. M. Sanghvi	72.00	500.00	–	15.84	86.74	674.58
Shri J. M. Sanghvi	48.00	300.00	0.96	10.56	86.74	446.26
Shri S. M. Sanghvi	36.00	200.00	–	7.92	–	243.92

Service Contract

- Shri P. M. Sanghvi, Managing Director has been appointed for a term of five years w.e.f 1st November 2008 by the Shareholders of the Company at Annual General Meeting held on 15th September 2009.
- Shri J. M. Sanghvi, Whole-time Director has been appointed for a term of five years w.e.f 1st November 2008 by the Shareholders of the Company at Annual General Meeting held on 15th September 2009.
- Shri S. M. Sanghvi, Whole-time Director has been appointed for a term of five years w.e.f 1st November 2008 by the Shareholders of the Company at Annual General Meeting held on 15th 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 ₹ 20,000/- for each Board Meeting and for certain Committee Meetings attended during the year 2011 -12.

Name of the Director	Sitting Fees (₹)
Shri D. C. Anjaria	2,00,000
Dr. V. M. Agrawal	1,80,000
Shri P. M. Mehta	1,20,000

C. Stock Options granted to the Non-Executive Directors

Name of Director	No. of Options granted and due	Outstanding as on 01/04/2011	Options exercised during the year	Outstanding as on 31/03/2012 (Face value ₹ 2/- per Equity Share)
Shri D. C. Anjaria	25000	12500	Nil	12500
Dr. V. M. Agrawal	25000	25000	25000	NIL
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 31st March 2001 to ensure the effective redressal of the complaints of the investors. The Committee also recommends steps to be taken for quality services to the investors.

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

Name of 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 Virag Joshi, 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 01/04/2011	Received during the Year	Redressed / Attended during the year	Pending as on 31/03/2012
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	Nil	Nil	Nil
4 Non-receipt of duplicate share certificate after issue	Nil	Nil	Nil	Nil
5 Others : Non-Exchange of New shares	Nil	Nil	Nil	Nil
Total	Nil	6	6	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. At 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 two meetings of the Share Transfer Committee held and the shares are transferred to the Transferees within a period of one month as stipulated in the Listing Agreement with Stock Exchanges. During the year under review, there were 23 meetings held and all the members were present in the meetings.

At present entire activities related to share transfers, transmission, exchange of shares, etc. is handled by 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 share allotments under ESOS was formed by the Board of Directors on 18th May 2009 to consider the applications received from the eligible employees and for 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	Whole-time Director	Member
3. Shri D. C. Anjaria	Director	Member

During the year, the committee meeting was held on 15/10/2011.

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 28th

September 2005 formed Kutch Project Review Committee and the following Directors are members of the Committee.

Name of the Director	Category	Remarks
1. Shri P. M. Mehta	Independent Director	Chairman
2. Shri P. M. Sanghvi	Managing Director	Member
3. Shri J. M. Sanghvi	Whole-time Director	Member

During the year under review two Committee meetings were held on 24/06/2011 & 11/08/2011 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 28th July 2009 and the following Directors are the members of the Committee.

Name of the Director	Category	Remarks
1. Shri P. M. Mehta	Independent Director	Chairman
2. Shri P. M. Sanghvi	Managing Director	Member
3. Shri J. M. Sanghvi	Whole-time Director	Member

10. General Body Meetings

AGM	Date	Time	Venue	No. of special resolutions approved*
25 th	15.09.2009	10:00 a.m.	The Ahmedabad Textile Mills Association Hall, Ahmedabad	NIL
26 th	27.08.2010	10:00 a. m.	The Ahmedabad Textile Mills Association Hall, Ahmedabad	NIL
27 th	18.08.2011	10:00 a. m.	The Ahmedabad Textile Mills Association Hall, Ahmedabad	3

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

11. Disclosures

- Full disclosure of related party transactions as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India are given under Note No. 32 of Notes to Financial Statements.
- 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.
- 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.
- 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.
- 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 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 any of The Economic Times / Business Standard / Financial Express / Economic Times in Gujarati/Mint /Hindustan Times and Business Line.

The results were also hosted on the Company's website i.e. www.ratnamani.com

The Shareholding Pattern and Corporate Governance Report are also filed electronically on NSE Electronic Application Processing System (NEAPS).

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) 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.
- (v) Whistle Blower Policy: The Company has not established any formal Whistle Blower Policy.

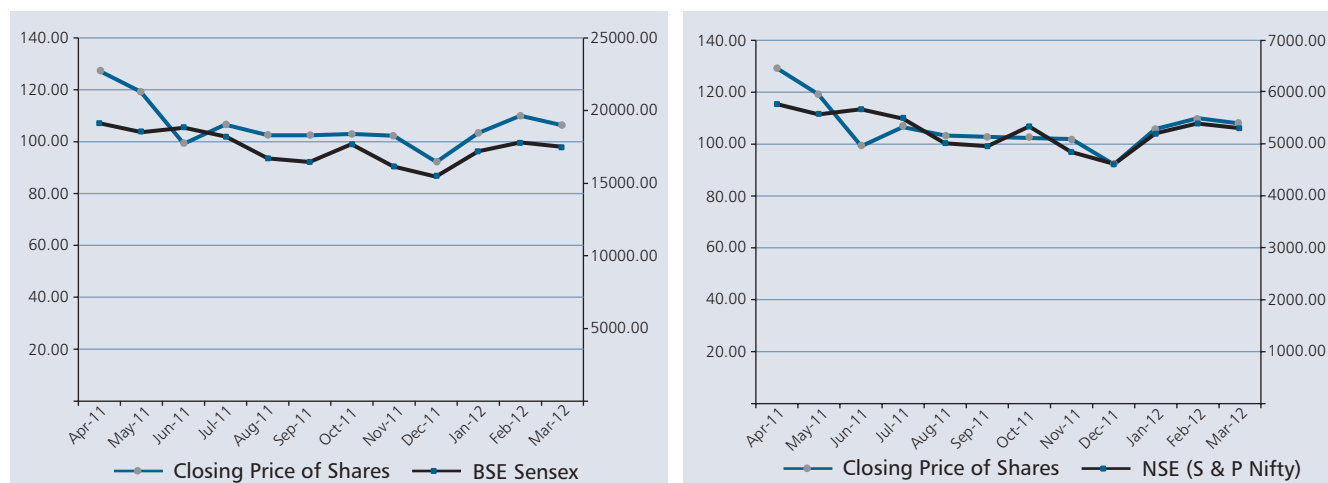
16. Tentative Financial Calendar for the Financial Year 2012 - 2013

A. Financial Year	:	1 st April 2012 to 31 st March 2013.
First Quarter ended on 30 th June, 2012	:	Second week of August, 2012
Half year ended on 30 th September, 2012	:	Second week of November, 2012
Third Quarter ended on 31 st December, 2012	:	Second week of February, 2013
Fourth Quarter ended on 31 st March, 2013	:	Last week of May, 2013
AGM for the year 2012-13	:	August / September, 2013

B. Market Price Data

Month	Bombay Stock Exchange Ltd		National Stock Exchange of India Ltd.	
	Month High (₹)	Month Low (₹)	Month High (₹)	Month Low (₹)
April 2011	133.80	126.00	134.00	123.95
May 2011	130.50	114.50	131.90	114.00
June 2011	124.30	98.00	125.00	97.00
July 2011	120.45	98.05	120.70	98.00
August 2011	107.40	90.20	107.00	90.00
September 2011	108.65	102.00	108.00	101.00
October 2011	105.40	101.45	105.70	102.00
November 2011	106.00	90.60	105.90	82.00
December 2011	107.80	90.25	108.90	91.05
January 2012	106.70	89.00	108.00	90.20
February 2012	116.50	98.50	116.90	102.00
March 2012	115.00	100.00	112.40	101.00

C. Stock performance in comparison to index



D. Registrar & Transfer Agent.

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

E. Share Transfer System

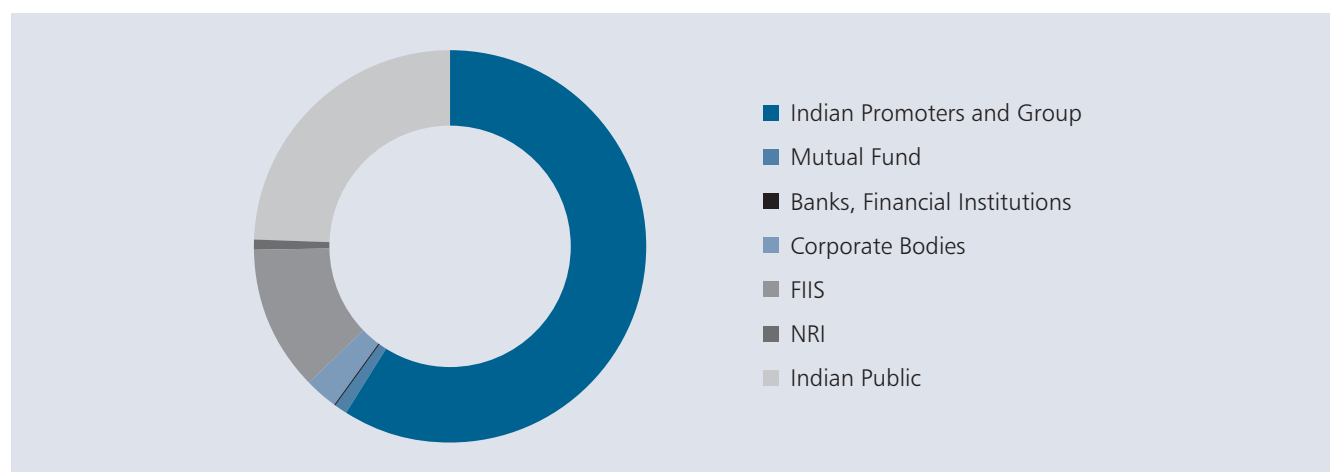
Due to mandatory provisions of SEBI and upon the instructions of Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. the Company has appointed a common agency as a single point for physical and demat registry work. The Company has appointed M/s. Sharepro Services (India) Pvt. Ltd., as its Registrar and Transfer Agent w.e.f. 26th 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.

F. Distribution of Shareholdings as on 31st March 2012

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 2500	8340	95.85	2586148	5.58
2501 to 5000	137	1.57	511614	1.10
5001 to 10000	67	0.77	528594	1.14
10001 to 15000	16	0.18	199440	0.43
15001 to 20000	13	0.15	229542	0.49
20001 to 25000	13	0.15	303660	0.65
25001 to 50000	21	0.24	845072	1.82
50001 & Above	95	1.09	41211539	88.79
Total	8702	100	46415609	100

G. Categories of Shareholders as on 31st March 2012

Category	No. of Shares	% of Shareholding
Indian Promoters and Group	27341073	58.90
Mutual Fund	594128	1.28
Banks, Financial Institutions	330	0.00
Corporate Bodies	1270962	2.74
FIIS	5540672	11.94
NRI	396846	0.85
Indian Public	11271598	24.29
Total	46415609	100.00



H. Shareholdings of the Directors in the Company as on 31st March 2012

S. No.	Name of Director	No. of Shares	% of total holding
1.	Shri Prakash M. Sanghvi	3111668	6.70
2.	Shri Jayanti M. Sanghvi	2506435	5.40
3.	Shri Shanti M. Sanghvi	1586995	3.42
4.	Shri Divyabhash. C. Anjaria	9165	0.02
5.	Dr. Vinodkumar. M. Agrawal	27500	0.06
6.	Shri Pravinchandra M. Mehta	19993	0.04

I. Dematerialization of Shares

The Equity Shares of the Company are traded compulsorily in the dematerialized form by all the investors w.e.f 26th 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 31st March 2012 is as under:

Particulars	No. of shares as on 31/03/2012	% of Total Capital as on 31/03/2012	No. of Shareholders as on 31/03/2012
National Securities Depository Ltd.	43424812	93.55	4836
Central Depository Services (India) Ltd.	1994946	4.30	1998
Total Dematerialized	45419758	97.85	6834
Physical	995851	2.15	1868
Total	46415609	100	8702

J. 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 2012-13 have been paid to them.

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Ltd.	520111
National Stock Exchange of India Ltd.	RATNAMANI

K. 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.

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

All unclaimed / unpaid dividend amount for the financial year 1995 - 96 to 2003 - 2004 have been transferred to Investors Education & Protection Fund and no claim will lie against the Company or the funds in respect of the unclaimed amount so transferred.

M. ECS/NECS Facilities

The Company uses National Electronic Clearing Services (NECS) which has replaced "Electronic Clearing Services" (ECS) for remitting dividend to shareholder wherever available. The advantage of NECS over ECS including faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations. NECS operates on new and unique bank account number allotted by the banks post implementations of Core Banking Solutions (CBS). Members are requested to provide

their new account number allotted to them by their respective banks after implementation of CBS to the Company in case shares are held physically and to the depository participants in respect of shares held by them in dematerialized form.

Shareholders holding shares in physical form, who wish to avail NECS facility, may send their Mandate in the prescribed format to our Share Registrar & Transfer Agent, M/s. Sharepro Services (India) Pvt. Ltd.

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

-NIL -

O. 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.

P. Address for Correspondence

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

ANNEXURE: D

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 authorised by the plan	22,50,000																										
b. The pricing formula	₹ 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	14,15,609																										
e. Total number of shares arising as a result of exercise of options	14,15,609																										
f. Options lapsed	NIL																										
g. Variation of terms of options	Exercise Period extended from 5 years to 8 years at 27 th AGM held on 18.08.2011																										
h. Money realised by exercise of options	₹ 28,31,218/- share capital ₹ 8,12,55,957/- share premium																										
i. Total number of options in force	8,34,391																										
j. Employee-wise details of options granted to	<table> <tr> <th>Name</th><th>Options granted</th></tr> <tr> <td>Shri D. C. Anjaria</td><td>25000</td></tr> <tr> <td>Dr. V. M. Agrawal</td><td>25000</td></tr> <tr> <td>Shri P. M. Mehta</td><td>25000</td></tr> <tr> <td>Shri A. J. Vora</td><td>25000</td></tr> <tr> <td>Shri D. N. Patel</td><td>25000</td></tr> <tr> <td>Shri R. S. Patel</td><td>25000</td></tr> <tr> <td>Shri P. H. Bhat</td><td>25000</td></tr> <tr> <td>Shri Vimal Katta</td><td>25000</td></tr> <tr> <td>Shri B. Ranganath</td><td>17500</td></tr> <tr> <td>Shri M. S. Randhawa</td><td>25000</td></tr> <tr> <td>Shri T. Venugopal</td><td>25000</td></tr> <tr> <td>Shri V. C. Bhagat (Since Retired)</td><td>20000</td></tr> </table>	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 (Since Retired)	20000
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 (Since Retired)	20000																										
(a) Senior Management Personnel:																											
(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.																										

Particulars	ESOS 2006
(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'	₹ 23.90

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 having face value of ₹ 10/- each into five equity shares of face value ₹ 2/- each.

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Ratnamani Metals & Tubes Ltd.

We have examined the compliance of conditions of Corporate Governance by Ratnamani Metals & Tubes Ltd for the year ended on 31st March 2012 as stipulated in Clause 49 of the Listing of Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of 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.

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

For **M.C.Gupta & Co.**
Company Secretaries

Ahmedabad
29th May 2012

M. C. Gupta
Proprietor
FCS: 2047 (CP:1028)

FINANCIAL SECTION

Auditors' Report

To

The Members of Ratnamani Metals & Tubes Limited

1. We have audited the attached Balance Sheet of Ratnamani Metals & Tubes Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement 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 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) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per **Mahendra Lodha**
Partner
Membership No.: 70791

Place: Ahmedabad
Date: 29th May, 2012

For **S. R. Batliboi & Associates**
Firm registration
No. 101049W
Chartered Accountants

per **Arpit K. Patel**
Partner
Membership No.: 34032

Place: Ahmedabad
Date: 29th May, 2012

Annexure to Auditors' Report

Annexure referred to in paragraph 3 of our report of even date

Re: Ratnamani Metals & Tubes Limited ('the Company')

- | | |
|---|---|
| <p>i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.</p> <p>c) There was no substantial disposal of fixed assets during the year.</p> <p>ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.</p> <p>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.</p> <p>c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.</p> <p>iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.</p> <p>iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the</p> | <p>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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.</p> <p>v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.</p> <p>vi) The Company has not accepted any deposits from the public.</p> <p>vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.</p> <p>viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of steel tubes and pipes, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.</p> <p>ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.</p> <p>b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales tax,</p> |
|---|---|

customs duty, excise duty, and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of statute	Nature of dues	₹ in Lacs	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	41.74	July 2006 to May 2007	Assistant Commissioner
		4.63	March 2010 to April 2010	
		17.73	June 2001 to August 2001	
		23.93	October 2003 to October 2004	Central Excise and Service tax Appellate Tribunal
		6.34	April 2005 to March 2006	
		0.10	March 1999 to August 1999	
		13.07	November 2003	
		9.75	August 2003 to November 2003	
		1,479.20	March 2005 to November 2007	Commissioner of Central Excise
		6.24	June 2008 to September 2008	
Custom Act, 1962	Custom Duty	217.27	June 2008	Central Excise and Service Tax Appellate Tribunal
The Finance Act (Service Tax), 1994	Service Tax	2.84	December 2006 to December 2008	Assistant Commissioner Central Excise
		17.36	October 2005 to January 2007	Central Excise and Service Tax Appellate Tribunal
		11.26	April 2006 to March 2007	Commissioner of Central Excise
Employees State Insurance Scheme	Tax	196.86	November 1991 to March 2012	Hon'ble High Court of Gujarat
Consolidated Notified Area Tax – GIDC	Tax	22.09	April 2005 to March 2011	Hon'ble High Court of Gujarat
Central Sales Tax Act, 1956	Tax	33.00	April 2006 to March 2008	Joint Commissioner (Appeal)

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not raised any debentures during the year.
- xii) According to the information and explanations given to us

and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- xiv) In our opinion, the Company is not dealing in or trading in

shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) 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.
- xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised any money through a public issue during the year.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

For **S. R. Batliboi & Associates**
Firm registration
No. 101049W
Chartered Accountants

per **Mahendra Lodha**
Partner
Membership No.: 70791
Place: Ahmedabad
Date: 29th May, 2012

per **Arpit K. Patel**
Partner
Membership No.: 34032
Place: Ahmedabad
Date: 29th May, 2012

Balance Sheet as at 31st March, 2012

(₹ in Lacs)

Particulars	Note	As at 31-03-2012	As at 31-03-2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	928.31	927.50
Reserves and Surplus	4	52,320.24	42,771.07
		53,248.55	43,698.57
Non-current Liabilities			
Long-term Borrowings	5	5,469.69	6,126.80
Deferred Tax Liabilities (net)	6	3,566.42	5,368.19
		9,036.11	11,494.99
Current Liabilities			
Short-term Borrowings	7	21,983.94	17,833.95
Trade Payables	8	9,551.26	19,789.49
Other Current Liabilities	9	5,491.92	5,145.16
Short-term Provisions	10	2,126.47	1,544.02
		39,153.59	44,312.62
Total		101,438.25	99,506.18
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	11	36,455.04	34,619.39
Intangible Assets	11	222.82	242.71
Capital Work-in-Progress		2,832.96	1,217.89
		39,510.82	36,079.99
Non-current Investments	12	0.84	0.73
Loans and Advances	17	635.35	656.35
		40,147.01	36,737.07
Current Assets			
Current Investments	13	650.44	700.14
Inventories	14	28,380.61	35,180.56
Trade Receivables	15	22,888.86	17,471.80
Cash and Bank Balances	16	7,069.11	4,741.23
Short-term Loans and Advances	17	2,078.48	4,672.15
Other Current Assets	18	223.74	3.23
		61,291.24	62,769.11
Total		101,438.25	99,506.18
Summary of Significant Accounting Policies	2.1		
The accompanying notes are integral part of the Financial Statements.			

As per our report of even date

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

For **S.R. Batliboi & Associates**
Chartered Accountants
Firm Registration No: 101049W

For **Ratnamani Metals & Tubes Limited**

P. M. SANGHVI
Chairman and Managing Director

J. M. SANGHVI
Whole Time Director

per **MAHENDRA LODHA**
Partner
Membership No. 70791

per **ARPIT K. PATEL**
Partner
Membership No.34032

S. M. SANGHVI
Whole Time Director

D. C. ANJARIA
Director

Place : Ahmedabad
Date : 29th May, 2012

DR. V. M. AGRAWAL
Director

P. M. MEHTA
Director

VIMAL KATTA
Vice President (Finance)
Place : Village Indrad, Taluka Kadi
Date : 29th May, 2012

VIRAG Y. JOSHI
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in Lacs)

Particulars	Note	Year ended 31-03-2012	Year ended 31-03-2011
INCOME			
Revenue from Operations (gross)	19	129,356.16	87,722.48
Less:- Excise Duty		7,182.14	6,355.20
Revenue from Operations (net)		122,174.02	81,367.28
Other Income	20	583.39	2,265.68
Total Revenue		122,757.41	83,632.96
EXPENSES			
Cost of Raw Materials Consumed	21	78,623.93	55,810.18
Purchase of Stock-in-trade	22.1	349.85	1,560.25
Changes in Inventories of Finished Goods, Work-in-Process	22	478.11	(4,551.05)
Employee Benefits Expense	23	5,674.71	4,925.83
Finance Costs	24	2,925.47	1,844.79
Depreciation / amortisation	11	4,249.15	3,999.46
Other Expenses	25	16,540.08	8,773.99
Total Expenses		108,841.30	72,363.45
Profit Before Tax		13,916.11	11,269.51
Tax Expense:			
Current Tax		4,595.91	3,660.11
Excess Provision for Current Tax of earlier years		(22.22)	(160.74)
Deferred Tax Credit		(88.90)	(441.21)
Profit After Tax and before prior period Items		9,431.32	8,211.35
Add:- Prior Period Items	37	1,712.87	106.00
Net Profit		11,144.19	8,317.35
Earning Per Equity Share (₹) of face value of ₹ 2/- each:	38		
Basic		24.02	17.98
Diluted		23.90	17.89
Summary of Significant Accounting Policies	2.1		
The accompanying notes are integral part of the Financial Statements.			

As per our report of even date

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

For **S.R. Batliboi & Associates**
Chartered Accountants
Firm Registration No: 101049W

For **Ratnamani Metals & Tubes Limited**

P. M. SANGHVI
Chairman and Managing Director

J. M. SANGHVI
Whole Time Director

per **MAHENDRA LODHA**
Partner
Membership No. 70791

per **ARPIT K. PATEL**
Partner
Membership No.34032

S. M. SANGHVI
Whole Time Director

D. C. ANJARIA
Director

Place : Ahmedabad
Date : 29th May, 2012

DR. V. M. AGRAWAL
Director

P. M. MEHTA
Director

VIMAL KATTA
Vice President (Finance)

VIRAG Y. JOSHI
Company Secretary

Place : Village Indrad, Taluka Kadi
Date : 29th May, 2012

Cash Flow Statement for the year 2011-12

(₹ in Lacs)

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	13,916.11	11,269.51
Adjusted For:		
(Profit)/Loss on Sale/Discard of Assets (net)	24.33	(3.63)
Depreciation / amortisation	4,249.15	3,999.46
Dividend Income	(36.52)	(75.68)
Interest Income	(546.87)	(889.16)
Bad debts/ sundry balances written off	581.44	-
Unrealised foreign exchange loss	348.06	-
Interest Expenses	1,304.29	5,923.88
Operating Profit before working capital changes	19,839.99	15,323.20
Adjusted For:		
Trade and Other Receivables	(5,870.96)	12,390.08
Inventories	6,799.95	(18,423.79)
Trade and Other Payables	(10,238.23)	(840.92)
Loans and Advances and Other Assets	2,461.24	2,931.50
Other Current Liabilities	423.87	(0.14)
Short Term Provisions	70.21	(6,353.92)
Cash Generated from Operations	13,486.07	13,721.32
Direct Taxes Paid	(4,354.66)	(4,536.12)
Net Cash Generated from Operating Activities	9,131.41	9,185.20
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7,239.38)	(3,881.65)
Sales of Fixed Assets	54.33	21.37
Sales / (Purchase) of Investments (net)	49.59	4,304.04
Decrease in Investments in Bank Deposits (net)	4.06	852.01
Dividend Income	36.52	75.68
Interest Income	374.55	896.58
Net Cash (used in)/generated from Investing Activities	(6,720.33)	2,268.03
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	24.15	256.35
Repayment of Long Term Borrowings	(1,572.39)	(1,642.51)
Short Term Borrowings (net)	4,149.99	(4,730.59)
Dividend paid (including Dividend Distribution Tax)	(1,347.45)	(1,191.62)
Interest Paid	(1,333.44)	(981.78)
Net Cash (used in) Financing Activities	(79.14)	(8,290.15)
Net Increase in Cash and Cash Equivalents	2,331.94	3,163.08
Opening Balance of Cash and Cash Equivalents	4,726.65	1,563.57
Closing Balance of Cash and Cash Equivalents (Refer note no. 16)	7,058.59	4,726.65

As per our report of even date

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

For S.R. Batliboi & Associates
Chartered Accountants
Firm Registration No: 101049W

For Ratnamani Metals & Tubes Limited

P. M. SANGHVI
Chairman and Managing Director

J. M. SANGHVI
Whole Time Director

per MAHENDRA LODHA
Partner
Membership No. 70791

per ARPIT K. PATEL
Partner
Membership No.34032

S. M. SANGHVI
Whole Time Director

D. C. ANJARIA
Director

Place : Ahmedabad
Date : 29th May, 2012

DR. V. M. AGRAWAL
Director

P. M. MEHTA
Director

VIMAL KATTA
Vice President (Finance)
Place : Village Indrad, Taluka Kadi
Date : 29th May, 2012

VIRAG Y. JOSHI
Company Secretary

Notes to Financial Statements for the year ended 31st March, 2012

Note 1 CORPORATE INFORMATION:

Ratnamani Metals & Tubes Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing of stainless steel pipes and tubes and carbon steel pipes at Kutch, Indrad and Chhatral in the state of Gujarat. The Company caters to both domestic and international markets. The Company also operates mobile plants at Koradi (Maharashtra) and the other at Mungilpatti (Tamil Nadu) as on year end.

Note 2 BASIS OF ACCOUNTING:

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company. The financial statements have been prepared on an accrual basis and under the historical cost convention.

Note 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. USE OF ESTIMATES:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and/or liabilities in future periods.

b. PRESENTATIONS AND DISCLOSURE OF FINANCIAL STATEMENTS:

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c. TANGIBLE FIXED ASSETS:

Fixed assets are stated at cost less accumulated depreciation, impairment losses, and net of tax/duty/credits availed, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

d. DEPRECIATION:

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on those prescribed under the Schedule XIV to the Companies Act, 1956, except in respect of following fixed assets:

- i) Individual assets not exceeding ₹ 5,000: These are depreciated fully in the year of purchase.
- ii) The amount of Long Term Lease hold land: It is amortised in equal installments during the last fifteen years of the residual lease period.

e. INTANGIBLE FIXED ASSETS:

Intangible Assets are carried at cost less accumulated amortisation and accumulated impairment, if any.

Intangible assets are amortised using straight-line basis method at the rates specified under Schedule XIV to the Companies Act, 1956.

f. INVESTMENTS:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Diminution in value, if any, which is of temporary nature, is not provided.

g. INVENTORIES:

Raw materials, work-in-process, finished goods, components, stores and spares are valued at lower of cost and net realisable value after providing for obsolescence, if any. Scrap is valued at net realisable value. Cost is determined on a FIFO (First-In-First Out) method.

Notes to Financial Statements for the year ended 31st March, 2012

Note 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, incurred in bringing them in their respective present location and condition. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h. REVENUE:

i) Revenue from operations is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales & Income from operations represents the amounts receivable for goods sold including excise duty thereon, and VAT/CST incentives in respect of Kutch Unit but excludes VAT/CST, trade discounts & other taxes, adjustments for late delivery charges and material returned/rejected.

Interest income is recognised on time proportion basis taking into account the amounts outstanding and the rates applicable.

ii) 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 application.

iii) Dividend is recognised when the Company's right to receive dividend is established by the balance sheet date.

i. EXCISE/CUSTOMS DUTIES:

Excise duty on manufactured goods remaining in the inventory is included as a part of valuation of finished goods and scrap. The customs duty on raw materials, stores, spares & components is accounted on clearance thereof.

j. EMPLOYEE BENEFITS:

Retirement benefits in the form of provident fund and superannuation fund are defined contribution plans. The contributions are charged to the Statement of Profit and Loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable towards these funds.

In respect of gratuity liability, the Company operates defined benefit plan. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

ESOS- In respect of Employees Stock Options, the excess of fair price on the date of grant over the exercise price is recognised as deferred compensation cost amortised over the vesting period.

k. INCOME TAXES:

Tax expenses comprise 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of 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.

Notes to Financial Statements for the year ended 31st March, 2012

Note 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting 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 reporting date. The Company writes-down the carrying amount of 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.

I. FINANCIAL DERIVATIVES AND FOREIGN CURRENCY TRANSACTIONS:

- i) Foreign currency transactions are accounted at exchange rates prevailing on the date the transactions take place or that approximates the actual rate on the date of the transaction. All exchange differences arising in respect of foreign currency transactions are dealt with in statement of profit & loss 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 and depreciated over the remaining useful life of the assets.
- ii) 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.

m. FOREIGN EXCHANGE CONTRACT ENTERED INTO TO HEDGE FOREIGN CURRENCY RISK OF AN EXISTING ASSETS/LIABILITIES:

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 recognised in the statement of profit and loss. 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.

n. FINANCE COSTS:

Finance costs includes interest, bank charges, amortisation of ancillary costs incurred in connection with the arrangement of borrowing and applicable gain/loss on foreign currency transactions and translation arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance 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 statement of profit and loss.

o. 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 recognised in the statement of profit and loss. 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.

p. PROVISIONS:

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q. CONTINGENT LIABILITY:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Notes to Financial Statements for the year ended 31st March, 2012

Note 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

r. SEGMENT REPORTING:

The Company's operating businesses are organised and managed separately according to the nature of products provided with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segment is based on the geographical location of the customers.

s. EARNING PER SHARE:

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for issue of shares under Employee Stock Option Scheme-2006 that have changed the number of equity shares outstanding.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

t. CASH AND CASH EQUIVALENT:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Note 3 SHARE CAPITAL	(₹ in Lacs)	
Particulars	As at 31-03-2012	As at 31-03-2011
Authorised		
7,50,00,000 (7,50,00,000) Equity Shares of ₹ 2/- each (P.Y. ₹ 2/- each)	1,500.00	1,500.00
Issued, Subscribed and Paid-up		
4,64,15,609 (4,63,74,959) Equity Shares of ₹ 2/- each (P.Y. ₹ 2/- each)	928.31	927.50
	928.31	927.50

Note 3.1 Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting period

(Figures are ₹ in Lacs)			
At the beginning of the year	927.50		918.87
Add: Issued during the year- ESOS	0.81		8.63
Outstanding at the end of the year	928.31		927.50
(Figures of shares are in numbers)			
At the beginning of the year	46,374,959		45,943,384
Add: Shares issued on exercise of Employee Stock Options	40,650		431,575
Equity Shares at the end of the year	46,415,609		46,374,959

Note 3.2 Terms/Rights attached to Equity Shares

- The Company has only one class of Equity Shares having a par value of ₹ 2/- per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the Shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by Share holders.

Note 3.3 Details of Shareholders holding more than 5% Equity Shares in the Company

Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
Nalanda India Equity Fund Limited	3,906,664	8.42%	3,792,961	8.18%
Prakash M Sanghvi	3,111,668	6.70%	2,925,761	6.31%
Jayanti M Sanghvi	2,506,435	5.40%	2,506,435	5.40%

Notes to Financial Statements for the year ended 31st March, 2012

Note 3.4 Shares Reserved for issue under option

The Company reserved issuance of 22,50,000 (P. Y. 22,50,000) Equity Shares of ₹ 2/- each for offering to eligible employees of the Company under Employees Stock Option Scheme 2006 at a price of ₹ 59.40 per option plus all applicable taxes, as may be levied in this regard on the Company. The options were granted on 31st October, 2006 and have vested completely. Out of the reserved Equity Shares, 14,15,609 Equity Shares (P. Y. 13,74,959) have been issued till date. The maximum exercise period is 8 years from the date of grant of options. (Also refer note no. 30)

Note 4 RESERVES AND SURPLUS

(₹ in Lacs)				
Particulars	As at 31-03-2012		As at 31-03-2011	
Capital Reserve as per last year		490.04		490.04
Securities Premium				
Balance as per last year	1,993.80		1,645.09	
Add:- On issue of Shares	32.85	2,026.65	348.71	1,993.80
General Reserve				
Balance as per last year	32,503.01		27,503.01	
Add:- Transferred from Statement of Profit and Loss	5,000.00	37,503.01	5,000.00	32,503.01
Amalgamation reserve on amalgamation during 1997-98 of:				
– Ratnamani Engineering Ltd.	386.67		386.67	
– Ratnamani Fine Tubes Pvt Ltd.	5.44	392.11	5.44	392.11
Employee Stock Options				
Balance as per last year	204.76		305.75	
Less: Transferred to Securities Premium on exercise of options	9.51	195.25	100.99	204.76
Surplus in the Statement of Profit and Loss				
Balance as per last year	7,187.35		5,217.46	
Profit for the year	11,144.19		8,317.35	
Less: Appropriations				
Proposed Dividend (Amount per Share ₹ 3.00 (P.Y. ₹ 2.50))	1,392.47		1,159.38	
Tax on Proposed Dividend	225.89		188.08	
Transferred to General Reserve	5,000.00		5,000.00	
Total Appropriations	6,618.36		6,347.46	
Net Surplus in the Statement of Profit and Loss		11,713.18		7,187.35
Total Reserves and Surplus		52,320.24		42,771.07

Note 5 LONG TERM BORROWING (SECURED)

(₹ in Lacs)				
Particulars	As at 31-03-2012		As at 31-03-2011	
	Non-current	Current	Non-current	Current
External (Foreign) Commercial Borrowings from Banks	5,469.69	1,524.43	6,126.80	1,572.39
Less: Amount disclosed under the head Current Liabilities (Refer note No. 9)	–	1,524.43	–	1,572.39
	5,469.69	–	6,126.80	–

- External (Foreign) Commercial Borrowing of ₹ 3,558.79 Lacs (P.Y. ₹ 3,851.00 Lacs) from ICICI Bank Ltd. Hong Kong branch is carrying interest for the first seven years @3M Libor + 1.52% P.A., eighth year @3M Libor + 2.04% P.A., ninth year @3M Libor + 2.54% P.A. The loan is repayable in 32 quarterly installments of USD 4,06,250.00 each from 22.07.2008. The loan is secured by an exclusive charge over all the 8 windmills along with related equipments / machineries situated at Moti Sindholi, Kutch, Gujarat and personal guarantee of Sh. P. M. Sanghvi, Chairman and Managing Director of the Company.
- External (Foreign) Commercial Borrowing of ₹ 3,435.33 Lacs (P.Y. ₹ 3,611.20 Lacs) from ICICI Bank Ltd. Hong Kong branch is carrying interest @ 6M Libor + 4.52% P.A. The loan is repayable in 12 half yearly installments of USD 6,66,666.67 each from 22.07.2011. The loan 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.

Notes to Financial Statements for the year ended 31st March, 2012

Note 5 LONG TERM BORROWING (SECURED) (Contd.)

- External (Foreign) Commercial Borrowing of ₹ Nil (P.Y. ₹ 236.99 Lacs) from ICICI Bank (UK) Ltd. was carrying interest @ 3M Libor + 1.25% P.A. The loan was repayable in 16 quarterly installments of USD 1,75,000.00 each from 15.03.2007. The loan was 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 loan was further secured by second charge on inventories and book debts and personal guarantee of Sh. P. M. Sanghvi, Chairman and Managing director of the Company.

Note 6 DEFERRED TAX LIABILITIES (NET) (₹ in Lacs)

Particulars	As at 31-03-2012	As at 31-03-2011
DEFERRED TAX LIABILITY		
Fixed Assets: Impact of difference between tax depreciation and book depreciation	3,629.41	5,368.19
DEFERRED TAX ASSETS		
Impact of expenditure charged to the Statement of Profit and Loss but allowed for tax purpose on payment basis	(62.99)	-
	3,566.42	5,368.19

Note 7 SHORT TERM BORROWINGS

FROM BANKS - SECURED				
Working Capital Loans (Refer note 7.1 and 7.2)				
Cash Credit/Export Packing Credit facilities	36.94		2,994.42	
Working Capital Demand Loan	1,500.00		-	
Buyer's Credits in Foreign Currencies	9,569.16	11,106.10	9,034.53	12,028.95
FROM BANKS - UNSECURED				
Other Loans and Advances (Refer note 7.3)				
Export Packing Credit Facility	1,802.52		1,800.00	
Buyer's Credits in Foreign Currencies	9,032.76		2,203.38	
Suppliers' Bills Discounted	-	10,835.28	1,770.27	5,773.65
FROM OTHERS - UNSECURED				
Unsecured Loans from Related Parties (Refer note No. 32)		42.56		31.35
		21,983.94		17,833.95

Note 7.1

Working Capital Loans 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/ machineries 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 Sh. P. M. Sanghvi, Chairman and Managing Director, Sh. J.M. Sanghvi, Whole-time Director and Sh. S.M. Sanghvi, Whole-time Director, 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 7.2

Additional working capital loans in form of Buyer's Credits in Foreign Currencies of ₹ 3,470.65 Lacs (P.Y. ₹ 8,449.48 Lacs) from ICICI Bank Limited are secured by i) Hypothecation of Inventories, Books debts, all other movables by way of subservient charge. ii) Personal guarantee of Sh. P. M. Sanghvi, Chairman and Managing Director of the Company.

Note 7.3

Other Loans and Advances from banks payable on demand are secured by personal guarantee of Sh. P. M. Sanghvi, Chairman and Managing Director of the Company.

Notes to Financial Statements for the year ended 31st March, 2012

Note 8 TRADE PAYABLES (₹ in Lacs)

Particulars	As at 31-03-2012	As at 31-03-2011
Trade Payables	9,551.26	19,789.49
	9,551.26	19,789.49

There are no Micro, Small and Medium Enterprise, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosure have been made. The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 9 OTHER CURRENT LIABILITIES

- Current maturity of Long Term Borrowings (Refer note no. 5)		1,524.43		1,572.39
- Interest Accrued but not due on Borrowings		48.54		77.69
- Unpaid Dividend*		37.07		26.81
- Other payable for capital expenditure		335.89		-
- Others				
- Interest free Advance from Customers	3,180.57		3,038.81	
- Security Deposits from Employees	5.70		9.69	
- Statutory dues payable	359.72	3,545.99	419.77	3,468.27
		5,491.92		5,145.16

*Not due for credit to "Investor Education & Protection Fund"

Note 10 SHORT TERM PROVISIONS

- Provision for Employee Benefits				
- Compensated Absences		260.78		191.57
- Other Provisions				
- Provision for Dividend	1,392.47		1,159.37	
- Provision for Dividend Tax	225.89		188.08	
- Provision for Income Tax (Net of Advance Tax and Tax deducted at Source)	241.33		-	
- Provision for Wealth Tax	6.00	1,865.69	5.00	1,352.45
		2,126.47		1,544.02

Note 11 FIXED ASSETS (₹ in Lacs)

Particulars	Gross Block				Depreciation / Amortisation			Net Block		
	As at 01-04-2011	Additions	Disposals	As at 31-03-2012	As at 01-04-2011	For the year	Deductions/ adjustments	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
Tangible Assets										
Lease Hold Land	35.03	-	-	35.03	-	-	-	-	35.03	35.03
Freehold Land	207.42	-	10.50	196.92	-	-	-	-	196.92	207.42
Buildings	7,221.57	637.71	-	7,859.28	1,234.52	229.63	-	1,464.15	6,395.13	5,987.05
Plant & Machinery	43,117.21	5,195.80	29.60	48,283.41	16,002.26	3,793.50	9.95	19,785.81	28,497.60	27,114.95
Furniture & Fixtures	624.73	10.28	82.94	552.07	237.33	34.67	74.83	197.17	354.90	387.40
Office Equipments	711.03	21.05	3.13	728.95	292.12	58.64	1.74	349.02	379.93	418.91
Vehicles	721.35	250.28	79.63	892.00	252.72	84.37	40.62	296.47	595.53	468.63
Total (A)	52,638.34	6,115.12	205.80	58,547.66	18,018.95	4,200.81	127.14	22,092.62	36,455.04	34,619.39
Intangible Assets										
Software	290.17	28.45	-	318.62	47.46	48.34	-	95.80	222.82	242.71
Total (B)	290.17	28.45	-	318.62	47.46	48.34	-	95.80	222.82	242.71
Total (A+B)	52,928.51	6,143.57	205.80	58,866.28	18,066.41	4,249.15	127.14	22,188.42	36,677.86	34,862.10
Previous Year	50,096.17	2,960.88	128.54	52,928.51	14,102.19	3,999.46	35.24	18,066.41	34,862.10	

Notes:

- Buildings include ₹ 0.02 Lacs (P.Y. ₹ 0.02 Lacs) representing cost of unquoted fully paid-up shares held in various co-operatives societies.
- Additions/Disposals include adjustment of ₹ 519.26 Lacs (P.Y. ₹ 75.57 Lacs) in plant and machinery on account of exchange difference capitalised/decapitalised in fixed assets.

Notes to Financial Statements for the year ended 31st March, 2012

Note 12 NON-CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 31-03-2012		As at 31-03-2011	
(Valued at cost unless stated otherwise)				
Non-Trade:				
- Investment in Silver		0.73		0.67
- Investment in Govt. Securities				
National Savings Certificates		0.11		0.06
		0.84		0.73

Note 13 CURRENT INVESTMENTS

[(Valued at lower of cost and fair value) investment in mutual funds (unquoted)]

64,832.9905 (P.Y. Nil) Units of ₹ 10 each in SBI-Premier Liquid Fund Institutional Daily Dividend Option		650.44		-
Nil (P.Y. 41,79,893) Units of ₹ 10 each in SBI-Magnum Insta Cash Fund Daily Dividend Option		-		700.14
		650.44		700.14
Aggregate amount of unquoted investments		650.44		700.14

Note 14 INVENTORIES

Raw Materials				
- Raw Materials	17,006.51		21,745.02	
- Raw Materials in Transit	574.46	17,580.97	2,188.12	23,933.14
Work-in-Process		8,033.79		8,000.19
Finished Goods				
- Finished Goods	1,218.90		1,924.80	
- Finished Goods in Transit	201.28	1,420.18	-	1,924.80
Stores and Spares		1,276.59		1,246.26
Scrap		69.08		76.17
		28,380.61		35,180.56

Note 15 TRADE RECEIVABLE (REFER NOTE NO. 15.1)

Particulars	As at 31-03-2012		As at 31-03-2011	
	Non-current	Current	Non-current	Current
(Unsecured, considered good unless stated otherwise)				
Outstanding for a period exceeding six months from the date they are due for payment				
- Considered good		591.00		1,867.96
Other receivables				
- Considered good		22,297.86		15,603.84
		22,888.86		17,471.80

Note 15.1

The amount of Trade receivable is net of Bills discounted of ₹ 178.76 Lacs (P.Y. ₹ 1460.70 Lacs) with bankers and therefore the same is not shown as liability.

Notes to Financial Statements for the year ended 31st March, 2012

Note 16 CASH AND BANK BALANCE (₹ in Lacs)

Particulars	As at 31-03-2012		As at 31-03-2011	
CASH AND CASH EQUIVALENT				
- Balances with Banks in Current Accounts	4,709.71		3,088.45	
- Deposits with original maturity of less than three months	2,300.00		1,600.00	
- Balances with Banks in Unpaid Dividend Accounts	37.07		26.81	
- Cash in Hand	11.81	7,058.59	11.39	4,726.65
OTHER BANK BALANCES				
- Deposits with original maturity of more than three months but less than twelve months		10.52		14.58
		7,069.11		4,741.23

Note 17 LOANS AND ADVANCES

Particulars	As at 31-03-2012		As at 31-03-2011	
	Non-current	Current	Non-current	Current
(Unsecured, Considered good)				
- Security Deposits	176.65	-	195.10	-
- Advances recoverable in cash or kind	-	1,837.22	-	1,714.48
- Capital Advance	142.00	-	331.65	-
	318.65	1,837.22	526.75	1,714.48
Other Loans and Advances				
- Advance Income Tax (net of provisions)	308.58	-	120.45	165.85
- Prepaid Expenses	-	83.52	-	108.44
- Loans to Employees	8.12	23.29	9.15	26.78
- Balances with Excise Authorities	-	134.45	-	2,656.60
	316.70	241.26	129.60	2,957.67
	635.35	2,078.48	656.35	4,672.15

Note 18 OTHER CURRENT ASSETS

Interest accrued		175.55		3.23
Export benefits receivable		48.19		-
		223.74		3.23

Note 19 REVENUE FROM OPERATIONS

Particulars	Year ended 31-03-2012		Year ended 31-03-2011	
Sale of Products (Refer note no. 19.1)				
- Finished Goods		122,093.50		79,909.84
- Traded Goods		567.72		1,862.76
Sale of Power generated from Wind Mills		1,501.92		1,199.49
Sale of Services (Refer note no. 19.2)		2,306.31		1,407.22
Other Operating Revenue				
- Scrap Sales		2,208.69		1,657.79
- Others		678.02		1,685.38
Revenue from Operations (Gross)		129,356.16		87,722.48

Notes to Financial Statements for the year ended 31st March, 2012

Note 19 REVENUE FROM OPERATIONS (Contd.) (₹ in Lacs)

Note 19.1 Details of Products Sold	Year ended 31-03-2012	Year ended 31-03-2011
Finished goods sold		
- Stainless Steel Tubes and Pipes	57,119.63	40,450.52
- Carbon Steel Pipes	44,959.53	36,404.66
- Carbon Steel Coated Pipes	20,014.34	3,054.66
	122,093.50	79,909.84
Traded goods sold		
- Stainless Steel Coils and Plates	-	1,862.76
- Others	567.72	-
	567.72	1,862.76
Power generated from Wind Mills	1,501.92	1,199.49
	1,501.92	1,199.49

Note 19.2 Details of Service rendered

Jobwork charges - Stainless Steel Tubes and Pipes	24.06	71.39
Jobwork charges - Carbon Steel bare and Coated Pipes	2,282.25	1,335.83
	2,306.31	1,407.22

Note 20 OTHER INCOME

Interest Income on		
Bank Deposits	59.05	107.07
Inter-corporate Deposits	314.63	715.41
Income Tax Refund	-	0.02
Others	173.19	66.66
	546.87	889.16
- Dividend Income on Current Investments	36.52	75.68
- Profit on Sales of Fixed Assets	-	3.63
- Foreign Exchange Fluctuation (net)	-	1,297.21
	583.39	2,265.68

Note 21 COST OF RAW MATERIALS CONSUMED

- Opening Inventory	23,933.14	9,299.05
- Add: Purchases	72,271.76	70,444.27
	96,204.90	79,743.32
- Less: Closing Inventory	17,580.97	23,933.14
Cost of Raw Materials consumed	78,623.93	55,810.18

Note 21.1 Details of Raw materials Consumed

Stainless Steel plates, coils, billets, tubes and pipes	34,841.82	25,049.60
Carbon Steel plates, coils and coating materials	43,782.11	30,760.58
	78,623.93	55,810.18

Note 21.2 Details of Inventories

Stainless Steel plates, coils, billets, tubes and pipes	7,777.38	10,172.67
Carbon Steel plates, coils and coating materials	9,803.59	13,760.47
	17,580.97	23,933.14

Notes to Financial Statements for the year ended 31st March, 2012

Note 22 (INCREASE) / DECREASE IN INVENTORY		(₹ in Lacs)	
Particulars	Year ended 31-03-2012	Year ended 31-03-2011	
Inventories at the end of the year			
- Work-in-Process	8,033.79	8,000.19	
- Finished Goods	1,420.18	1,924.80	
- Scrap	69.08	76.17	
	9,523.05	10,001.16	
Inventories at the beginning of the year			
- Work-in-Process	8,000.19	3,933.24	
- Finished Goods	1,924.80	1,499.63	
- Scrap	76.17	17.24	
	10,001.16	5,450.11	
(Increase)/Decrease In Inventory			
- Work-in-Process	(33.60)	(4,066.95)	
- Finished Goods	504.62	(425.17)	
- Scrap	7.09	(58.93)	
	478.11	(4,551.05)	

Note 22.1 Details of purchase of traded goods

Stainless Steel Coils and Plates	-	1,560.25
Others	349.85	-
	349.85	1,560.25

Note 22.2 Details of Inventories at the end of the year

Work-in-Process		
- Stainless Steel Tubes and Pipes	5,178.67	3,991.12
- Carbon Steel Pipes	2,855.12	4,009.07
	8,033.79	8,000.19
Finished Goods		
- Stainless Steel Tubes and Pipes	734.79	209.02
- Carbon Steel Pipes	685.39	1,715.78
	1,420.18	1,924.80
Scrap		
- Stainless Steel	8.24	4.56
- Carbon Steel	60.84	71.61
	69.08	76.17
	9,523.05	10,001.16

Note **23** EMPLOYEE BENEFITS EXPENSE

Salaries, Wages and Bonus	4,927.03	4,255.38
Contribution to Provident and Other Funds	283.43	244.32
Gratuity expense (refer note no. 29)	35.95	104.48
Staff Welfare Expenses	428.30	321.65
	5,674.71	4,925.83

Note **24** FINANCE COSTS

Interest	1,304.29	1,022.70
Bank charges	351.70	333.13
Applicable gain/loss on foreign currency transactions and translation	1,269.48	488.96
	2,925.47	1,844.79

Notes to Financial Statements for the year ended 31st March, 2012

Note 25 OTHER EXPENSES		(₹ in Lacs)	
Particulars	Year ended 31-03-2012	Year ended 31-03-2011	
Consumption of Stores & Spares	4,228.72	2,395.08	
Freight & Transport (net)	3,720.25	1,626.71	
Power & Fuel	2,891.10	2,094.12	
Labour & Processing Charges	1,759.16	701.13	
Repairs and Maintenance (Refer note no. 25.1)	688.78	423.16	
Quality Control	153.69	140.47	
Legal & Consultancy Charges	132.60	148.39	
Traveling & Conveyance Expenses	235.11	199.57	
Insurance (Refer note no. 28)	95.21	103.39	
Rent	61.90	31.28	
Rates & Taxes	32.18	15.18	
Auditors' Remuneration (Refer note no. 25.2)	23.88	8.33	
Advertisement & Other Expenses	92.96	154.61	
Foreign Exchange Fluctuation (net)	447.12	-	
Sales Commission	685.88	107.08	
Loss on Sale of Fixed Assets (net)	24.33	-	
(Increase)/Decrease in excise duty on Inventory	(37.53)	45.74	
Bad debts/ sundry balances written off	581.44	-	
Charity and Donations	32.08	13.66	
Directors' Sitting Fees	5.00	8.40	
Other Expenses	686.22	557.69	
	16,540.08	8,773.99	

Note 25.1 Repairs and Maintenance

– Plant and Machinery	518.33	360.75
– Buildings	153.69	48.42
– Others	16.76	13.99
	688.78	423.16

Note 25.2 Payments to Auditors

As Auditor:		
– Audit Fee	17.50	7.50
– Limited Review	4.95	-
	22.45	7.50
In other capacity:		
– Taxation matters	0.70	-
– Other Services	0.48	0.83
– Reimbursement of expenses	0.25	-
	1.43	0.83
	23.88	8.33

Notes to Financial Statements for the year ended 31st March, 2012

Note 26 CONTINGENT LIABILITIES (₹ in Lacs)

Particulars	31-03-2012	31-03-2011
a) Bills discounted and not matured	178.76	1,460.70
b) ESI Liability (excluding interest leviable, if any)	196.86	175.25
c) Consolidated Tax payable to GIDC, Chhatral	17.83	24.93
d) Disputed Statutory Claims/levies for which the Company has preferred appeal in respect of (excluding interest leviable, if any) :		
- Income tax	-	81.55
- Excise Duty	1,851.46	1,804.23
- Central Sales Tax	-	32.18

Note 27 CAPITAL COMMITMENT

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 6,869.28 Lacs (P.Y. ₹ 3,916.44 Lacs).

Note 28

The Company has paid premium of ₹ 16.21 Lacs (P.Y. ₹ 31.80 Lacs) on Key Man Insurance Policy of Chairman and Managing director and Whole-time directors, which is included in Insurance Expenses.

Note 29 EMPLOYEE BENEFITS (₹ in Lacs)

Particulars	31-03-2012	31-03-2011
A) Defined contribution to Provident Fund		
Employer's Contribution to Provident Fund	221.85	189.03
Employer's Contribution to Superannuation Fund	57.60	55.03
B) Defined Benefit Plans - Gratuity (Funded)		
a) Liability recognised in the Balance Sheet		
i) Present Value of obligation at the beginning of the Period	665.71	526.14
Current Service Cost paid	38.36	121.78
Interest Cost	29.88	42.09
Actuarial (Gain) / Loss	28.00	(9.84)
Benefit Paid	(32.92)	(14.46)
Present Value of obligation as at year end	729.03	665.71
Less:		
ii) Fair Value of Plan Assets at the beginning of the Period	665.71	540.91
Expected return on Plan Assets	54.92	43.27
Actuarial Gain/(Loss)	5.37	6.28
Employers' Contribution	48.09	89.70
Benefit Paid	(32.92)	(14.45)
Fair Value of Plan Assets as at year end	741.17	665.71
Amount recognised in the Balance Sheet	12.14	-
b) Expenses during the year		
Service Cost	38.36	121.78
Interest Cost	29.88	42.09
Expected return on Plan assets	(54.92)	(43.27)
Actuarial (Gain)/Loss	22.63	(16.12)
Total	35.95	104.48
c) Actual Return on plan assets	60.29	49.55
d) Break up of Plan Assets as a percentage of total Plan Assets		
(Percentage or Value)		
Insurer managed Funds	100%	100%
e) The Company expects to contribute ₹ 62.11 Lacs to gratuity in the next year.		
f) Principal actuarial assumptions		
Rate of Discounting	8.50%	8.25%
Expected return on Plan Assets	8.50%	8.25%
Rate of increase in Salaries	8.25%	7.00%
Attrition Rate	1.00%	2.00%

Notes to Financial Statements for the year ended 31st March, 2012

Note 29 EMPLOYEE BENEFITS (Contd.)

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.

Amount for the current and previous four periods are as follows:

	31-03-2012	31-03-2011	31-03-2010	31-03-2009	31-03-2008
Defined benefit obligation	729.03	665.71	526.14	456.70	352.22
Plan assets	741.17	665.71	540.91	435.14	227.55
Surplus/(deficit)	12.14	-	14.77	(21.56)	(124.67)
Experience adjustment on plan liabilities	(17.75)	2.33	1.25	44.34	94.72
Experience adjustment on plan assets	5.37	6.28	6.63	6.99	3.54

Note 30 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Company provides share-based payment schemes to its employees. During the year ended 31st March, 2012, an Employee Stock Option Scheme (ESOS) was in existence. The relevant details of the scheme and the grant are as below:

During the financial year 2005-06, the Board of Directors of the Company approved the Equity Settled ESOS Scheme 2006 (Scheme 2006) for issue of stock options to the permanent employees and independent Directors of the Company. Scheme 2006 was approved at the Extra Ordinary General Meeting by the Members of the Company held on 6th May, 2006. According to the Scheme 2006, the employees were selected by the compensation committee, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 8 years (Original exercise period was 5 years which was further extended for a period of 3 years in the Annual General Meeting of the Company held as on 18.08.2011). The Company has used 'Intrinsic value' method as defined in SEBI guidelines. The other relevant terms of the grant are as below:

Vesting period	3 Years
Exercise period	8 Years
Expected life	8 Years
Exercise price (per share)	₹ 59.40
Market price at the date of issue	₹ 82.80
No. of Options of face value of ₹ 2/- each, authorised by the plan *	2,250,000

* The number of options were granted and vested completely and the exercise price per option was adjusted on account of sub-division of equity shares having face value of ₹ 10/- each into five equity shares of face value of ₹ 2/- each.

The details of activity under the Scheme 2006 are summarised below:

Particulars	31-03-2012		31-03-2011	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	875,041	59.40	1,306,616	59.40
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	40,650	59.40	431,575	59.40
Outstanding at the end of the year	834,391	59.40	875,041	59.40
Exercisable at the end of the year	834,391	59.40	875,041	59.40

The price of ₹ 59.40 per equity share was fixed for exercise of options by employees and accordingly options were exercised.

The weighted average share price at the date of exercise is ₹ 91.95 per share.

Amount under employee stock options represents, the difference between the market price of the share on the date of grant of options and the exercise price of the options on outstanding options and will be transferred to securities premium on exercise of the options.

Notes to Financial Statements for the year ended 31st March, 2012

Note 31 SEGMENT INFORMATION

The Company is engaged in the business of Steel Tubes and Pipes and generation of power by Windmills. In accordance with the requirements of Accounting Standard 17, 'Segment Reporting', notified under the Companies (Accounting Standards) Rules, 2006, the Company's business segments are considered primary reportable business segments.

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 returns.

Primary Reportable Segment (Business Segment)

		(₹ in Lacs)	
Particulars	Steel Tubes and pipes	Windmill	Total
Revenue			
Revenue from Operations	127,844.23 (86,522.99)	1,511.93 (1,199.49)	129,356.16 (87,722.48)
Less:- Excise Duty	7,182.14 (6,355.20)	- -	7,182.14 (6,355.20)
Net Sales	120,662.09 (80,167.79)	1,511.93 (1,199.49)	122,174.02 (81,367.28)
Inter Segment Sales	- -	- -	- -
Total Sales	120,662.09 (80,167.79)	1,511.93 (1,199.49)	122,174.02 (81,367.28)
Results			
Segment Results before Interest and Finance Costs	15,592.44 (11,778.21)	665.75 (371.25)	16,258.19 (12,149.46)
Interest and Dividend Income			583.39 (964.84)
Interest and Finance Costs			2,925.47 (1,844.79)
Net Profit Before Tax			13,916.11 (11,269.51)
Other Information			
Segment Assets	92,372.92 (90,117.29)	7,794.40 (8,236.38)	100,167.32 (98,353.67)
Unallocable Assets			1,270.93 (1,152.51)
Total Assets	92,372.92 (90,117.29)	7,794.40 (8,236.38)	101,438.25 (99,506.18)
Segment Liabilities	13,704.28 (23,451.35)	26.71 (24.79)	13,730.99 (23,476.14)
Unallocated Liabilities and Provisions			34,458.71 (32,331.47)
Total Liabilities	13,704.28 (23,451.35)	26.71 (24.79)	48,189.70 (55,807.61)
Segment Depreciation	3,671.65 (3,652.69)	577.50 (346.77)	4,249.15 (3,999.46)
Capital Expenditure:			
Tangible Fixed Assets	5,971.94 (3,662.44)	143.18 (35.35)	6,115.12 (3,697.79)
Intangible Assets	28.45 (55.32)	- -	28.45 (55.32)

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

Notes to Financial Statements for the year ended 31st March, 2012

Note 31 SEGMENT INFORMATION (Contd.)

Secondary Reportable Segment (Geographical by Customers)

(₹ in Lacs)

Particulars	In India	Outside India	Total
Segment Revenue	93,315.32 (76,366.49)	28,858.70 (5,000.79)	122,174.02 (81,367.28)
Segment Assets	95,349.28 (97,522.53)	6,088.97 (831.14)	101,438.25 (98,353.67)

Note 32 RELATED PARTY DISCLOSURES

As required by Accounting Standard - AS 18 "Related Parties Disclosures" notified under the Companies (Accounting Standards) Rules, 2006, the details are as follows :

A. Relationships

(a) Key Management Personnel

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

(b) Relatives of key management personnel

- Mr. Manoj P. Sanghvi (Son of Mr. Prakash M. Sanghvi)
- Mr. Prashant J. Sanghvi (Son of Mr. Jayanti M. Sanghvi)
- Mr. Nilesh P. Sanghvi (Son of Mr. Prakash M. Sanghvi)
- Mr. Jigar P. Sanghvi (Son of Mr. Prakash M. Sanghvi)

(c) Enterprises owned or significantly influenced by key management personnel or their relatives

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

B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ in Lacs)

Particulars	31-03-2012	31-03-2011
Interest paid		
– Ratnamani Food Products Private Ltd.	41.92	28.57
– Ratnamani Marketing Private Ltd.	0.50	1.04
Rent paid		
– Ratnamani Food Products Private Ltd.	3.18	-
Remuneration paid		
– Mr. Prakash M. Sanghvi – Chairman and Managing Director	674.58	537.84
– Mr. Jayanti M. Sanghvi – Whole-time Director	446.26	329.47
– Mr. Shanti M. Sanghvi – Whole-time Director	243.92	223.92
– Mr. Manoj P. Sanghvi	23.69	16.73
– Mr. Prashant J. Sanghvi	18.29	13.14
– Mr. Nilesh P. Sanghvi	15.94	10.44
– Mr. Jigar P. Sanghvi	1.89	-
Receipt of Loans		
– Ratnamani Food Products Private Ltd.	4,130.65	2,317.35
– Ratnamani Marketing Private Ltd.	500.25	500.00
Repayment of Loans		
– Ratnamani Food Products Private Ltd.	4,162.37	2,523.16
– Ratnamani Marketing Private Ltd.	500.05	500.10

Notes to Financial Statements for the year ended 31st March, 2012

Note **32** RELATED PARTY DISCLOSURES (Contd.) (₹ in Lacs)

Particulars	31-03-2012	31-03-2011
Outstanding payable as at year end		
- Mr. Prakash M. Sanghvi – Chairman and Managing Director	503.53	453.18
- Mr. Jayanti M. Sanghvi – Whole-time Director	302.42	272.17
- Mr. Shanti M. Sanghvi – Whole-time Director	201.84	181.64
- Mr. Manoj P. Sanghvi	1.34	0.79
- Mr. Prashant J. Sanghvi	1.04	0.67
- Mr. Nilesh P. Sanghvi	0.90	0.56
- Mr. Jigar P. Sanghvi	0.20	-
- Ratnamani Food Products Private Ltd. (Unsecured loan)	37.73	27.22
- Ratnamani Marketing Private Ltd. (Unsecured loan)	4.83	4.13
- Ratnamani Food Products Private Ltd.(Rent)	2.86	-

Note **33** VALUE OF IMPORTS CALCULATED ON CIF BASIS (ON ACCRUAL BASIS) (₹ in Lacs)

Raw Materials	32,578.49	45,073.51
Components and Spare Parts	508.92	158.09
Capital Goods	2,163.86	2,145.59

Note **34** IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	31-03-2012		31-03-2011	
	%	(₹ in Lacs)	%	(₹ in Lacs)
Raw Materials				
Indigenous	57.81	45,452.75	48.35	26,983.04
Imported	42.19	33,171.18	51.65	28,827.14
	100.00	78,623.93	100.00	55,810.18
Components and spare parts				
Indigenous	90.46	3,825.50	93.16	2,231.28
Imported	9.54	403.22	6.84	163.80
	100.00	4,228.72	100.00	2,395.08

Note **35**

Earnings in Foreign Exchange: Export at F.O.B. value ₹ 28,858.70 Lacs (P.Y. ₹ 5,000.79 Lacs).

Note **36**

Expenditure in Foreign Currency for Traveling and other matters ₹ 2,610.50 Lacs (P.Y. ₹ 845.40 Lacs) (on accrual basis). (₹ in Lacs)

Finance costs	702.61	588.04
Freight and transport	1,285.46	-
Sales commission	513.92	51.62
Traveling expenses	59.56	60.51
Advertisement expenses	37.89	79.81
Consultancy charges	-	55.34
Other expenses	11.06	10.08
Total	2,610.50	845.40

Notes to Financial Statements for the year ended 31st March, 2012

Note 37 PRIOR PERIOD ITEMS

Prior period items of ₹ 1,712.87 Lacs in the current year pertains to the impact of reversing timing difference on depreciation and deferred tax asset on provision for leave encashment not recognised in the previous year.

In the previous year, the prior period items of ₹ 106.00 Lacs pertain to the excess provision made in earlier years, written back.

Note 38 EARNINGS PER SHARE (EPS)

Particulars		31-03-2012	31-03-2011
i) Profit as per Statement of Profit & Loss (₹ in Lacs)		11,144.19	8,317.35
ii) Weighted average No. of shares for EPS computation			
a) For Basic EPS (Nos)	(Lacs)	463.93	462.57
b) For Diluted EPS (Nos)	(Lacs)	466.28	465.04
Earnings per Share (Basic)	(₹)	24.02	17.98
Earnings per Share (Diluted)	(₹)	23.90	17.89
Nominal Value of Shares	(₹)	2.00	2.00

Note 39 DERIVATIVE INSTRUMENTS AT YEAR END

Sr. No.	Particulars	31-03-2012 Amount (₹ in Lacs)	31-03-2012 Foreign Currency (in Lacs)	31-03-2011 Amount (₹ in Lacs)	31-03-2011 Foreign Currency (in Lacs)	Purpose
1	Options	-	-	265.67	USD 18.05	Hedge of highly probable foreign currency sales Hedging of interest liability
2	Forward Contracts	3,903.16	USD 75.00	4,520.55	USD 100.00	
3	Interest Rate Swaps	3,435.33	USD 66.67	3,611.20	USD 80.00	

Note 40 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT YEAR END

Sr. No.	Particulars		31-03-2012 Amount (₹ in Lacs)	31-03-2012 Foreign Currency (in Lacs)	31-03-2011 Amount (₹ in Lacs)	31-03-2011 Foreign Currency (in Lacs)
1	Import trade payable	EUR	213.36	3.09	63.35	0.99
		USD	3,722.01	72.23	2,345.02	51.95
		JPY	-	-	76.50	139.50
		CHF	-	-	20.28	0.41
		AUD	8.06	0.15	7.01	0.15
2	Import trade receivable (advance payment made)	EUR	18.88	0.28	324.27	5.20
		USD	155.17	3.06	1,139.36	25.76
		AED	1.76	0.13	-	-
3	Export trade receivable	EUR	443.08	6.57	-	-
		USD	5,703.35	112.47	1,008.44	22.80
4	Export trade payable (advance payment received)	USD	1,266.09	24.57	997.59	22.10
5	Short term foreign currency loans	EUR	1,286.40	18.63	1,010.40	15.79
		JPY	793.22	1,255.50	688.52	1,255.50
		USD	18,324.58	355.61	9,538.98	211.32
6	Balance in EEFC account	USD	2,791.08	55.04	-	-
7	Long term foreign currency loans	USD	6,994.17	135.73	7,699.08	170.56

Notes to Financial Statements for the year ended 31st March, 2012

Note 40 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT YEAR END (Contd.)

Closing Rates as at 31 st March, 2012:	Closing Rates as at 31 st March, 2011:
INR/USD = ₹ 51.53 (Payable)	INR/USD = ₹ 45.14 (Payable)
INR/USD = ₹ 50.71 (Receivable)	INR/USD = ₹ 44.23 (Receivable)
INR/EUR = ₹ 69.05 (Payable)	INR/EUR = ₹ 63.99 (Payable)
INR/EUR = ₹ 67.44 (Receivable)	INR/EUR = ₹ 62.36 (Receivable)
INR/AED = ₹ 13.54 (Receivable)	INR/JPY = ₹ 0.5484 (Payable)
INR/JPY = ₹ 0.6381 (Payable)	INR/CHF = ₹ 49.47 (Payable)
INR/CHF = ₹ 57.42 (Payable)	INR/AUD = ₹ 46.72 (Payable)
INR/AUD = ₹ 53.72 (Payable)	

Note 41

Till the year ended 31st March, 2011 the Company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date

For **Mehta Lodha & Co.**

Chartered Accountants

Firm Registration No: 106250W

For **S.R. Batliboi & Associates**

Chartered Accountants

Firm Registration No: 101049W

For **Ratnamani Metals & Tubes Limited**

P. M. SANGHVI

Chairman and Managing Director

J. M. SANGHVI

Whole Time Director

per **MAHENDRA LODHA**

Partner

Membership No. 70791

per **ARPIT K. PATEL**

Partner

Membership No.34032

S. M. SANGHVI

Whole Time Director

D. C. ANJARIA

Director

Place : Ahmedabad

Date : 29th May, 2012

DR. V. M. AGRAWAL

Director

P. M. MEHTA

Director

VIMAL KATTA

Vice President (Finance)

Place : Village Indrad, Taluka Kadi

Date : 29th May, 2012

VIRAG Y. JOSHI

Company Secretary

Notes

CORPORATE INFORMATION

Bankers

State Bank of India

IDBI Bank

ICICI Bank

Auditors

M/s Mehta Lodha & Co., Chartered Accountants

S. R. Batliboi & Associates, Chartered Accountants

Cost Auditors

M/s N. D. Birla & Co., Cost Accountants

Registered Office

17, Rajmugat Society,

Naranpura Cross Roads, Naranpura,

Ahmedabad – 380 013, Gujarat

Head Office

Survey No. 769,

Ahmedabad – Mehsana Highway,

Village Indrad, Nr. Chhatral GIDC, Taluka : Kadi,

Dist.: Mehsana, Gujarat

Works

Stainless Steel Tubes and Pipes Division

Survey No. 769, Ahmedabad – Mehsana Highway,

Village: Indrad, Nr. Chhatral GIDC, Taluka : Kadi,

Dist.: Mehsana, Gujarat

SAW Pipe Division

Plot No. 3306-3309, GIDC; Chhatral

Taluka: Kalol, Dist.: Gandhinagar, Gujarat

Kutch Division

Survey No. 474, Village: Bhimasar,

Taluka: Anjar, Dist: Kutch, Gujarat

Sales Offices

404-B, Sukh Sagar Building, N. S. Patkar Marg,

Chowpatty, Mumbai 400007 (MH)

516, Ansal Chamber, II Bhikaji Cama Place,

New Delhi – 110 066





Registered Office
17, Rajmugat Society, Naranpura Cross Roads, Naranpura,
Ahemedabad – 380 013, Gujarat, India
www.ratnamani.com