Gandhi Special Tubes Ltd.

Regd. Off.: 201-204, Plaza, 2nd Floor, 55 Hughes Road, Next to Dharam Palace, Mumbai - 400 007.
Tel.: 2363 4179 / 2363 4183 / 2363 5042 • Fax : 91-22-2363 4392
E-mail : info@gandhitubes.com • Website : www.gandhitubes.com
CIN.: L27104MH1985PLC036004

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

January 30, 2018

Corporate Relationship Department BSE LIMITED 1st floor, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001. **Scrip Code: 513108**	The Manager Listing Department THE NATIONAL STOCKEXCHANGE OF INDIALTD Exchange Plaza Plot No C/1., G Block Bandra-Kurla Complex, Bandra (East) Mumbai - 400051. **Company Code : GANDHITUBE**

Dear Sir / Madam,

Sub: Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998

Re: Buy Back of Equity Shares by M/s. Gandhi Special Tubes Limited

In continuation to our letter dated January 29, 2018, intimating the approval of Public Announcement, containing the disclosures as specified in Part A of Schedule II of the Buyback Regulations, please note that the Company has made a Public Announcement in the newspapers, in terms of Regulation 8(1) of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

In terms of the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, please find enclosed herewith the following documents for your information and records:

1. Certified true copy of the Special Resolutions passed by the shareholders through Postal Ballot on Saturday, January 27, 2018;
2. A published copy of the PA dated Monday, January 29, 2018, published in newspapers on Tuesday, January 30, 2018.

The above documents are being uploaded on the Company's website at www.gandhitubes.com and on the website of stock exchanges www.nseindia.com and www.bseindia.com.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **Gandhi Special Tubes Limited**

Jeegeesha Shroff
Company Secretary & Compliance Officer
(Membership No: A48091)

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CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED BY THE MEMBERS OF GANDHI SPECIAL TUBES LIMITED ON SATURDAY, 27TH JANUARY, 2018 THROUGH POSTAL BALLOT, THE RESULTS OF WHEREOF WERE DECLARED AT THE REGISTERED OFFICE OF THE COMPANY ON 29TH JANUARY, 2018 AT 3.45 P.M.

APPROVAL FOR BUYBACK OF EQUITY SHARES THROUGH TENDER OFFER ROUTE

"**RESOLVED THAT** pursuant to Article 24A and 24B of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and 110 and all other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**"), the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable, the Companies (Management and Administration) Rules, 2014, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 ("**Buyback Regulations**"), as amended from time to time, and subject to such other approvals, permissions, sanctions and exemptions as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by the appropriate authorities while granting such approvals, permissions, sanctions and exemptions, which may be agreed by the Board of Directors of the Company ("**Board**"), which expression shall include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), consent of the Members be and is hereby accorded for the buyback by the Company of its fully paid-up equity shares of face value of Rs. 5/- (Rupees Five) each ("**Equity Shares**") up to 8,80,000 (Eight Lakhs Eighty Thousand) Equity Shares (representing 5.99% of the total issued and paid-up equity share capital of the Company) at a price of Rs.500/- (Rupees Five Hundred only) per Equity Share, payable in cash for an aggregate consideration not exceeding Rs. 44,00,00,000/- (Rupees Forty Four Crores only) (hereinafter referred to as the "**Buyback Size**" or "**Offer Size**") excluding transaction costs viz. filing fees, advisors' fees, brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, public announcement expenses, printing and dispatch expenses and other incidental and related expenses, etc., being within the limit of 25% of the aggregate of the paid-up share capital and free reserves as per the audited accounts of the Company as on March 31, 2017, out of the free reserves of the Company (including securities premium account) and / or such other source as may be permitted by the Buyback Regulations or the Act, from the Members of the Company, as on the record date, on a proportionate basis, through the "Tender Offer" route as prescribed under the Buyback Regulations ("**Buyback**").

RESOLVED FURTHER THAT the Company, to the extent legally permissible, implement the Buyback using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, including any amendments thereof.

RESOLVED FURTHER THAT the Company may buyback Equity Shares from all the existing Members holding Equity Shares of the Company on a proportionate basis, provided 15% (fifteen percent) of the number of Equity Shares which the Company proposes to Buyback or number of Equity Shares entitled as per the shareholding of small shareholders as on the record date, whichever is higher, shall be reserved for the small shareholders, as prescribed under Regulation 6 of the Buyback Regulations.

RESOLVED FURTHER THAT the Buyback of Equity Shares from non-resident Members of the Company, including Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs), Members of foreign nationality, etc., shall be subject to Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder, if any, Income Tax Act, 1961 and rules and regulations framed thereunder, as applicable, and shall also be subject to such approvals if, and to the extent necessary or required from the concerned

authorities including approvals from the Reserve Bank of India or authorized dealers under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Committee of Director(s) ("**Buyback Committee**") of the Company in order to give effect to the aforesaid resolution, including but not limited to finalizing the terms of the Buyback like record date, entitlement ratio, the time frame for completion of Buyback; appointment of merchant banker, brokers, lawyers, depository participants, escrow agents, bankers, advisors, registrars, scrutinizers, consultants, representatives, intermediaries, agencies, printers, advertising agency, compliance officer, as may be required, for the implementation of the Buyback; preparation, finalizing, signing and filing of the Public Announcement, the Draft Letter of Offer / Letter of Offer with the Securities and Exchange Board of India, the stock exchanges where the Equity Shares are listed and other appropriate authorities and to make all necessary applications to the appropriate authorities for their approvals including but not limited to approvals as may be required from the Securities and Exchange Board of India, Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder; and to initiate all necessary actions for preparation and issue of various documents including letter of offer, opening, operation and closure of necessary accounts including escrow account with the bank, entering into agreements, release of public announcement, filing of declaration of solvency, obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law, extinguishment of dematerialized shares and physical destruction of share certificates in respect of the Equity Shares bought back by the Company, and such other undertakings, agreements, papers, documents and correspondence, under the Common Seal of the Company, as may be required to be filed in connection with the Buyback with the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies, Depositories and / or other regulators and statutory authorities as may be required from time to time.

RESOLVED FURTHER THAT nothing contained herein shall confer any right on the part of any Members to offer and/or any obligation on the part of the Company or the Board or the Buyback Committee to Buyback any shares, and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback, if so permissible by law.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board or the Buyback Committee be and is hereby empowered and authorised on behalf of the Company to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as the Board and /or Buy Back Committee may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution

Certified to be True copy
For **GANDHI SPECIAL TUBES LIMITED**

GANDHI SPECIAL TUBES LTD.

Jeegeesha Shroff
Company Secretary & Compliance Officer
Membership No: A48091

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) AND 110 OF THE COMPANIES ACT, 2013

The Board of Directors of the Company at its meeting held on Monday, 18th December, 2017 ("**Board Meeting**") has, subject to the approval of the Members of the Company by way of Special Resolution through postal ballot ("**Special Resolution**") and subject to such approvals of statutory, regulatory or governmental authorities as may be required under applicable laws, approved buyback of fully paid-up Equity Shares of the Company of face value of Rs. 5/- (Rupees Five) each ("**Equity Shares**") up to 8,80,000 (Eight Lakhs Eighty Thousand) Equity Shares, on a proportionate basis through the "**Tender Offer**" route through Stock Exchange mechanism in accordance with the Act, the Companies (Share Capital and Debentures) Rules, 2014 ("**Rules**"), to the extent applicable, the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, (the "**Buyback Regulations**"), as amended from time to time, read with Securities and Exchange Board of India Circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016 ("**SEBI Circular**") at a price of Rs. 500/- (Rupees Five Hundred only) per Equity Share payable in cash for an aggregate consideration not exceeding Rs. 44,00,00,000/- (Rupees Forty Four Crores only) ("**Offer Size**") excluding transaction costs viz. filing fees, advisors' fees, brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, public announcement expenses, printing and dispatch expenses and other incidental and related expenses, etc. ("**Buyback**"). The Buyback shall be within 25% of the aggregate of paid-up share capital and free reserves of the Company as per audited accounts of the Company as on March 31, 2017 (the last audited financial statements available as on the date of Board Meeting recommending the proposal of the Buyback). The Offer Size of the Buyback constitutes 24.89% of the aggregate paid-up share capital and free reserves of the Company, and represents 5.99% of the total issued and paid-up equity share capital of the Company.

Since the Buyback is more than 10% of the total paid-up equity capital and free reserves of the Company, in terms of Section 68(2)(b) of the Act, it is necessary to obtain the consent of the Members of the Company, to the Buyback, by way of a special resolution. Further, as per Section 110 of the Act read with Rule 22(16)(g) of the Rules, the consent of the Members of the Company to the Buyback is required to be obtained by means of postal ballot. Accordingly, the Company is seeking your consent for the aforesaid proposal as contained in the Resolution appended below.

Requisite details relating to the Buyback are given below:

(a) **Objective of the Buyback:**

The Buyback is being undertaken by the Company after taking into account the strategic and operational cash needs in the medium term and for returning surplus funds to the shareholders in an effective and efficient manner. The Buyback is being undertaken for the following reasons:

(i) The Buyback will help the Company to return surplus cash to its shareholders, in proportion to their shareholding, thereby, enhancing the overall returns to shareholders;

(ii) The Buyback is generally expected to improve return on equity and earnings per share by reduction in the equity base, thereby leading to long term increase in shareholders' value;

(iii) The Buyback, which is being implemented through the Tender Offer route would involve allocating to the Small Shareholders the higher of: (a) the number of shares entitled per their shareholding; or (b) 15% of the number of shares to be bought back, as per Regulation 6 of the Buyback Regulations. The Company believes that this reservation for small shareholders would benefit a large number of the Company's public shareholders, who would be classified as "Small Shareholders";

(iv) The Buyback gives an option to the shareholders of the Company, either to participate and get cash in lieu of Equity Shares to be accepted under the Buyback offer or not to participate and get a resultant increase in their percentage shareholding in the Company post the Buyback offer, without additional investment.



(b) **Maximum number of securities that the company proposes to buyback:**

The Company proposes to buyback up to 8,80,000 (Eight Lakhs Eighty Thousand) Equity Shares of face value of Rs. 5/- (Rupees Five) each of the Company.

(c) **Buyback Price and basis of determining the price of the Buyback:**

The Equity Shares of the Company are proposed to be bought back at a price of Rs.500/- (Rupees Five Hundred only) per share ("**Offer Price**"). The Offer Price has been arrived at after considering various factors including, but not limited to the trends in the volume weighted average prices and closing price of the Equity Shares on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**") where the Equity Shares of the Company are listed, the networth of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buyback on the earnings per share.

The Offer Price represents:

(i) Premium of 56.48% and 56.64% to the volume weighted average market price of the Equity Share on BSE and NSE, respectively, during the three months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback.

(ii) Premium of 35.85% and 37.55% over the closing price of the Equity Share on BSE and on NSE, respectively, as on December 11, 2017, being the date on which the Company intimated the Stock Exchanges of the date of the Meeting of the Board of Directors wherein proposal of the Buyback was considered.

The Company confirms that as required under Section 68(2)(d) of the Act, the ratio of the aggregate of secured and unsecured debts owed by the Company will not be more than twice the paid-up share capital and free reserves after the Buyback.

(d) **Maximum amount required for Buyback, its percentage of the total paid-up share capital and free reserves and source of funds from which Buyback would be financed:**

The maximum amount required for Buyback will not exceed Rs.44,00,00,000/- (Rupees Forty Four Crore only) excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, GST, stamp duty, etc. The said amount works out to 24.89% of the aggregate of the fully paid-up share capital and free reserves as per the audited accounts of the Company as on March 31, 2017 which is within the prescribed limit of 25%.

The funds for the implementation of the proposed Buyback will be sourced out of the free reserves and surplus, as permitted by the Buyback Regulations or the Act.

The Company shall transfer from its free reserves and surplus, a sum equal to the nominal value of the equity shares so bought back to the Capital Redemption Reserve Account and details of such transfer shall be disclosed in its subsequent audited financial statements.

The funds borrowed, if any, from Banks and Financial Institutions will not be used for the Buyback.

(e) **Method to be adopted for the Buyback:**

The Buyback shall be on a proportionate basis through the "**Tender Offer**" route, as prescribed under the Buyback Regulations, to the extent permissible, and the "Mechanism for acquisition of shares through Stock Exchanges" as prescribed under the SEBI Circular. The Buyback will be implemented in accordance with the Act, Rules, to the extent applicable, the Buyback Regulations and on such terms and conditions as may be deemed fit by the Company.



As required under the Buyback Regulations, the Company will announce a record date ("**Record Date**") for determining the names of the Members holding Equity Shares of the Company who will be eligible to participate in the Buyback ("**Eligible Shareholder(s)**"). Consequent to the approval of the Special Resolution under this Postal Ballot Notice, Eligible Shareholders will receive a Letter of Offer along with a Tender / Offer Form indicating their entitlement.

The Equity Shares to be bought back is divided in two categories:
(i) Reserved category for small shareholders; and
(ii) General category for all other shareholders.

As defined in Regulation 2(1)(la) of the Buyback Regulations, a "small shareholder" is a shareholder who holds equity shares having market value, on the basis of closing price on Stock Exchange having highest trading volume as on Record Date, of not more than Rs.2,00,000 (Rupees Two Lakhs only).

In accordance with Regulation 6 of the Buyback Regulations, 15% (Fifteen percent) of the number of Equity Shares which the Company proposes to buyback or such number of Equity Shares entitled as per the shareholding of small shareholders as on the record date, whichever is higher, shall be reserved for the small shareholders as part of this Buyback.

Based on the holding on the Record Date, the Company will determine the entitlement of each Eligible Shareholder to tender their shares in the Buyback. This entitlement for each Eligible Shareholder will be calculated based on the number of Equity Shares held by the respective shareholder as on the Record Date and the ratio of the Buyback applicable in the category to which such shareholder belongs. In order to ensure that the same shareholder with multiple demat accounts / folios does not receive a higher entitlement under the Small Shareholder category, the Company proposes to club together the equity shares held by such shareholders with a common Permanent Account Number ("PAN") for determining the category (Small Shareholder or General) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the equity shares held in cases where the sequence of the PANs of the joint shareholders is identical. In case of physical shareholders, where the sequence of PANs is identical and where the PANs of all joint shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the equity shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies etc., with common PAN will not be clubbed together for determining the category and will be considered separately, where these equity shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar and Transfer Agent as per the shareholder records received from the Depositories.

Shareholders' participation in Buyback will be voluntary. Eligible Shareholders holding Equity Shares of the Company can choose to participate and get cash in lieu of shares to be accepted under the Buyback or they may choose not to participate. Eligible Shareholders holding Equity Shares of the Company may also accept a part of their entitlement. Eligible Shareholders holding equity shares of the Company having exercised their right in full, also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other shareholders, if any.

The maximum tender under the Buyback by any Eligible Shareholder cannot exceed the number of Equity Shares held by the shareholder as on the Record Date.

The Equity Shares tendered as per the entitlement by Eligible Shareholders holding Equity Shares of the Company as well as additional shares tendered, if any, will be accepted as per the procedure laid down in Buyback Regulations. The settlement of the tenders under the Buyback will be done using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI Circular.

Detailed instructions for participation in the Buyback (tender of Equity Shares in the Buyback) as well as the relevant time table will be included in the Letter of Offer to be sent to the Eligible Shareholder(s).

(f) **Time limit for completing the Buyback:**

The Buyback, subject to the regulatory consents and approvals, if any, is proposed to be completed within 12 months from the date of special resolution approving the Buyback.

(g) **Compliance with Section 68(2)(c) of the Act:**

The aggregate paid-up share capital and free reserves as on March 31, 2017 is Rs.176,78,26,222/- (Rupees One Hundred Seventy Six Crores Seventy Eight Lakhs Twenty Six Thousand Two Hundred and Twenty Two). Under the provisions of the Act, the funds deployed for the Buyback cannot exceed 25% of the aggregate of the fully paid-up share capital and free reserves of the Company i.e. is Rs.44,19,56,556/- (Rupees Forty Four Crores Nineteen Lakhs Fifty Six Thousand Five Hundred and Fifty Six). The maximum amount proposed to be utilized for the Buyback, is not exceeding Rs. 44,00,00,000 /- (Rupees Forty Four Crores only) and is therefore within the limit of 25% of the Company's fully paid-up share capital and free reserves as per the audited accounts of the Company as on March 31, 2017 (the last audited financial statements available as on the date of Board meeting recommending the proposal for the Buyback). Further, under the Act, the number of Equity Shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of Equity Shares that can be bought back in the current financial year is 36,74,654 Equity Shares. Since the Company proposes to buyback up to 8,80,000 Equity Shares, the same is within the aforesaid 25% limit.

(h) **Details of holding and transactions in the shares of the Company:**

The aggregate shareholding of the Promoter, Promoter Companies / Entities, Directors of the Promoter Companies / Entities and of the Directors and Key Managerial Personnel of the Company as on Monday, 18th December, 2017, are as follows:

(i) **Aggregate shareholding of the Promoter, Promoter Companies / Entities as on Monday, 18th December, 2017:**

Sr. No.	Name	Number of Shares held	% Shareholding
1	MANHAR G GANDHI (HUF)	90,140	0.61
2	MANHAR G GANDHI (SMALL HUF)	1,34,060	0.91
3	MANHAR G GANDHI	21,15,670	14.39
4	BHUPATRAI G GANDHI (HUF)	1,20,360	0.82
5	BHUPATRAI G GANDHI (SMALL HUF)	1,27,720	0.87
6	BHUPATRAI G. GANDHI	19,40,571	13.20
7	JAYESH M GANDHI	11,67,466	7.94
8	MANOJ B GANDHI	10,97,168	7.46
9	BHARTI M.GANDHI	7,83,776	5.33
10	CHANDRA B.GANDHI	4,70,520	3.20
11	GOPI J.GANDHI	4,58,273	3.12
12	JIGNA M.GANDHI	4,49,443	3.06
13	KARISHMA J GANDHI	2,44,300	1.66
14	KARAN MANOJ GANDHI	2,43,000	1.65
15	KAVITA B GANDHI	99,600	0.68
16	RAHUL JAYESH GANDHI	69,000	0.47
17	JIGNA NILESH MEHTA	47,200	0.32
18	BINA TUSHAR SHAH	32,800	0.22
19	NILESH VINODRAI MEHTA	8,800	0.06
20	B. M. GANDHI INVESTMENT CO. LLP	5,59,300	3.81

21	GANDHI FINANCE CO. LLP	5,10,400	3.47
	Total	**1,07,69,567**	**73.27**

(ii) Aggregate shareholding of the Directors / Partners of Promoter Companies / Entities, as on Monday, 18th December, 2017:

B.M GANDHI INVESTMENT CO. LLP			
Sr. No.	**Name of Designated Partners**	**Number of Shares held**	**% Shareholding**
1	JAYESH M GANDHI	11,67,466	7.94
2	MANOJ B GANDHI	10,97,168	7.46

GANDHI FINANCE CO. LLP			
Sr. No.	**Name of Designated Partners**	**Number of Shares held**	**% Shareholding**
1	MANHAR G GANDHI	21,15,670	14.39
2	BHUPATRAI G. GANDHI	19,40,571	13.20
	Partners:		
3	BHARTI M. GANDHI	7,83,776	5.33
4	CHANDRA B. GANDHI	4,70,520	3.20
5	MANOJ B. GANDHI	10,97,168	7.46
6	JAYESH M. GANDHI	11,67,466	7.94

(iii) Aggregate shareholding of the Directors and Key Managerial Personnel of the Company, as on Monday, 18th December, 2017:

Sr. No.	**Name**	**Designation**	**Number of Shares held**	**% Shareholding**
1	MANHAR G. GANDHI	Managing Director	21,15,670	14.39
2.	BHUPATRAI G. GANDHI	Joint Managing Director	19,40,571	13.20
3	JAYESH M. GANDHI	Non-executive Promoter Director	11,67,466	7.94
4	DHARMEN B. SHAH	Independent Director	-	-
5	DHIRAJLAL S. SHAH	Independent Director	4,250	0.03
6	KAVAS N. WARDEN	Independent Director	28,500	0.19
7.	BHAVI JATIN KORADIA.	Independent Director	-	-
8.	SHOBHANA RAJAN VARTAK	Chief Financial Officer	-	-
9.	JEEGEESHA SHROFF (CS)	Company Secretary	-	-

(iv) **Aggregate shares purchased or sold by the Promoter, Promoter Companies / Entities, Directors of the Promoter Companies / Entities and Directors & Key Managerial Personnel of the Company during a period of six months preceding the date of the board meeting at which the Buyback was approved till the date of this Notice:**

No Equity Shares of the Company have been purchased / sold by the Promoter, Promoter Companies / Entities, Directors of the Promoter Companies / Entities and Directors and Key Managerial Personnel of the Company during the period from 6 months preceding the date of the Board Meeting at which the Buyback was proposed till the date of this Postal Ballot Notice

(i) **Intention of Promoter, Promoter Companies / Entities to participate in Buyback:**

In terms of the Buyback Regulations, under the Tender Offer route, the Promoters of the Company have an option to participate in the Buyback. In this regard, the Promoters of the Company have expressed their intention via their letters dated 18th December, 2017 to participate in the Buyback and it may tender up to an aggregate maximum of 33,37,200 Equity Shares or such lower number of Equity Shares in accordance with the provisions of the Buyback Regulations. Please see below the maximum number of Equity Shares intended to be tendered by each of the Promoter:

Sr. No.	Name of the Promoter	Number of Shares held	Maximum Number of Shares intended to Tender
1	M.G. GANDHI	21,15,670	5,42,400
2	BHARTI GANDHI	7,83,776	1,12,200
3	JAYESH GANDHI	11,67,466	2,11,000
4	GOPI GANDHI	4,58,273	1,97,800
5	KARISHMA GANDHI	2,44,300	28,000
6	RAHUL GANDHI	69,000	7,300
7	M.G. GANDHI (HUF)	90,140	24,400
8	M.G. GANDHI (SMALL HUF)	1,34,060	79,000
9	B.G. GANDHI	19,40,571	5,80,000
10	CHANDRA GANDHI	4,70,520	62,600
11	MANOJ GANDHI	10,97,168	2,12,000
12	JIGNA GANDHI	4,49,443	83,600
13	KARAN GANDHI	2,43,000	24,000
14	B.G. GANDHI HUF	1,20,360	24,400
15	B.G. GANDHI (SMALL) HUF	1,27,720	78,800
16	B.M. GANDHI INVESTMENT CO LLP	5,59,300	5,59,300
17	GANDHI FINANCE CO LLP	5,10,400	5,10,400
	Total	**1,05,81,167**	**33,37,200**

The details of the date and price of acquisition of the Equity Shares that the Promoter intends to tender are set-out below:

1) M.G. GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
30/12/1992	Rights Issue	1,01,700	10.00	10.00
30/04/1998	Purchase	90,000	6.52	10.00
07/04/2001	Purchase	69,500	12.65	10.00
	Sub-Total	**2,61,200**		

26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Sub-Total	**5,22,400**		
30/01/2009	Purchase	20,000	39.51	5.00
	Total	**5,42,400**		

2) BHARTI GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
20/06/1996	Purchase	25,000	19.45	10.00
02/08/1996	Purchase	2,500	17.40	10.00
05/08/1996	Purchase	7,300	16.95	10.00
08/03/1999	Purchase	4,000	9.38	10.00
11/03/1999	Purchase	3,000	9.37	10.00
12/03/1999	Purchase	3,400	9.21	10.00
10/08/2001	Purchase	10,900	10.80	10.00
	Sub-Total	**56,100**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**1,12,200**		

3) JAYESH GANDHI

Date of Transaction/ Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
02/01/1996	Purchase	11,000	18.71	10.00
08/01/1996	Purchase	44,000	18.62	10.00
09/01/1996	Purchase	500	17.65	10.00
17/10/2000	Purchase	35,100	17.50	10.00
20/10/2000	Purchase	14,900	17.22	10.00
	Sub-Total	**1,05,500**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**2,11,000**		

4) GOPI GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
29/09/1997	Purchase	4,000	10.35	10.00
13/02/1997	Purchase	3,000	15.00	10.00
14/02/1997	Purchase	1,000	15.00	10.00
24/02/1997	Purchase	1,100	15.15	10.00
25/02/1997	Purchase	6,000	15.33	10.00
26/02/1997	Purchase	900	15.15	10.00
24/02/1997	Purchase	300	15.15	10.00
14/03/1997	Purchase	16,200	14.43	10.00
17/03/1997	Purchase	5,500	15.00	10.00
18/03/1997	Purchase	3,500	14.80	10.00
31/03/1999	Purchase	500	9.35	10.00
01/04/1999	Purchase	17,000	9.45	10.00

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12/08/2003	Purchase	15,000	22.60	10.00
26/02/2004	Purchase	12,900	30.89	10.00
15/09/2006	Purchase	12,000	137.68	10.00
	Sub-Total	**98,900**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**1,97,800**		

5) KARISHMA GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
16/11/1998	Purchase	8,000	8.86	10.00
11/09/1999	Purchase	1,700	12.77	10.00
20/09/1999	Purchase	4,300	12.86	10.00
	Sub-Total	**14,000**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**28,000**		

6) RAHUL GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
30/01/2009	Purchase	4,300	38.52	5.00
02/02/2009	Purchase	3,000	38.19	5.00
	Total	**7,300**		

7) M.G. GANDHI (HUF)

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
25/01/1988	Rights Issue	12,200	10.00	10.00
	Sub-Total	**12,200**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**24,400**		

8) M.G. GANDHI (SMALL) HUF

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
25/01/1988	Right Issue	39,500	10.00	10.00
	Sub-Total	**39,500**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**79,000**		

9) B.G. GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)

SPECIAL TUBES LTD

07/12/1995	Purchase	20,000	17.10	10.00
20/04/1998	Purchase	90,000	6.52	10.00
16/10/2000	Purchase	95,300	17.30	10.00
17/10/2000	Purchase	29,700	17.50	10.00
02/04/2001	Purchase	55,000	12.65	10.00
	Sub-Total	**2,90,000**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**5,80,000**		

10) CHANDRA GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
11/02/1999	Purchase	2,200	9.25	10.00
08/03/1999	Purchase	2,900	9.37	10.00
25/10/1999	Purchase	5,000	14.15	10.00
06/01/2000	Purchase	2,300	13.20	10.00
07/01/2000	Purchase	1,900	13.27	10.00
09/07/2001	Purchase	5,000	12.60	10.00
12/08/2003	Purchase	12,000	22.60	10.00
	Sub-Total	**31,300**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**62,600**		

11) MANOJ GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
02/01/1996	Purchase	11,000	18.71	10.00
08/01/1996	Purchase	44,000	18.62	10.00
09/01/1996	Purchase	1,000	17.65	10.00
20/10/2000	Purchase	50,000	17.22	10.00
	Sub-Total	**1,06,000**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**2,12,000**		

12) JIGNA GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
09/07/2001	Purchase	7,000	12.60	10.00
12/08/2003	Purchase	10,000	22.60	10.00
26/02/2004	Purchase	12,800	30.89	10.00
15/09/2006	Purchase	12,000	137.68	10.00
	Sub-Total	**41,800**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**83,600**		



13) KARAN GANDHI

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
29/09/1997	Purchase	4,000	10.35	10.00
12/11/1998	Purchase	8,000	8.85	10.00
	Sub-Total	**12,000**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**24,000**		

14) B.G. GANDHI HUF

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
25/01/1988	Rights Issue	12,200	10.00	10.00
	Sub-Total	**12,200**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**24,400**		

15) B.G. GANDHI (SMALL) HUF

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
25/01/1988	Rights Issue	39,400	10.00	10.00
	Sub-Total	**39,400**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**78,800**		

16) B.M. GANDHI INVESTMENT CO. LLP

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
23/05/1986	IPO	1,32,150	10.00	10.00
30/12/1992	Rights Issue	1,59,500	10.00	10.00
	Sub-Total	**2,91,650**		
15/09/2006	Sale	12,000	136.32	10.00
	Sub-Total	**2,79,650**		
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each			
	Total	**5,59,300**		

17) GANDHI FINANCE CO. LLP

Date of Transaction / Allotment	Nature of Transaction	Number of Equity Shares	Consideration (Cash / other than Cash) (Rs. / Share)	Face Value (Rs.)
23/05/1986	IPO	13,780	10.00	10.00
25/01/1988	Rights Issue	5,920	10.00	10.00
30/12/1992	Rights Issue	2,47,500	10.00	10.00



	Sub-Total	**2,67,200**			
15/09/2006	Sale	12,000	-	136.32	10.00
	Sub-Total	**2,55,200**			
26/03/2008	Sub division of Face Value of Equity Shares from Rs.10/- each to Rs.5/- each				
	Total	**5,10,400**			

(j) **Confirmations from Company as per the provisions of Buyback Regulations and Act:**

(i) The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buyback;

(ii) The Company shall not raise further capital for a period of one year from the closure of the Buyback offer, except in discharge of subsisting obligations;

(iii) The Company shall not withdraw the Buyback after the draft letter of offer is filed with SEBI or the public announcement of the offer to buyback is made;

(iv) The Equity Shares bought back by the Company will be compulsorily cancelled and will not be held for re-issuance.

(v) The Company shall not buyback locked-in shares and non-transferable shares or other specified securities till the pendency of the lock-in or till the shares or other specified securities become transferable;

(vi) The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares purchased through the Buyback to the Capital Redemption Reserve account and the details of such transfer shall be disclosed in its subsequent audited balance sheet;

(vii) The Company confirms that there are no defaults subsisting in repayment of deposits, redemption of debentures or interest thereon or redemption of preference shares or payment of dividend, or repayment of any term loans or interest payable thereon to any financial institution or banking company.

(k) **Confirmations from the Board:** The Board of Directors of the Company has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion that:

(i) Immediately following the date of the Board meeting held on December 18, 2017, and the date on which the result of Members resolution passed by way of Postal Ballot ("**Postal Ballot Resolution**") will be declared, approving the Buyback, there will be no grounds on which the Company could be found unable to pay its debts;

(ii) As regards the Company's prospects for the year immediately following the date of the Board meeting held on December 18, 2017 approving the Buyback as well as for the year immediately following the date of Postal Ballot Resolution, and having regard to the Board's intention with respect to the management of Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board meeting as also from the date Postal Ballot Resolution;

(iii) In forming an opinion as aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities), as if the Company was being wound up under the provisions of the Act (to the extent applicable) and the Insolvency and Bankruptcy Code, 2016.

GANDHI SPECIAL TUBES LTD

(l) **Report addressed to the Board of Directors by the Company's Auditors on the permissible capital payment and the opinion formed by directors regarding insolvency:**

The text of the Report dated 18th December, 2017 received from **Shashikant J. Shah & Co.**, the Statutory Auditors of the Company, addressed to the Board of Directors of the Company is reproduced below:

The Board of Directors,
Gandhi Special Tubes Limited
201-204, Plaza, 2nd Floor,
55, Hughes Road,
Next to Dharam Palace,
Mumbai - 400 007
Maharashtra, India

Sub: Statutory Auditor's Report in respect of proposed buyback of equity shares by Gandhi Special Tubes Limited (the "Company") in terms of the clause (xi) of Part A of Schedule II of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, (as amended) ("Buyback Regulations")

1. This Report is issued in accordance with the terms of our engagement letter dated December 18, 2017

2. The Board of Directors of the Company have approved a proposal for buyback of Equity Shares by the Company at its meeting held on December18, 2017 in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013(the "Act") and the Buyback Regulations. We have been requested by the Management of the Company to provide a report on the accompanying statement of permissible capital payment ('Annexure A') as at March 31, 2017(hereinafter referred to as the "Statement"). This statement has been prepared by the Management, which we have initialled for the purposes of identification only.

Management's Responsibility

The preparation of the Statement in accordance with Section 68 (2)(c) of the Companies Act, 2013 and the compliance with the Buyback Regulations, is the responsibility of the Management of the Company, including the computation of the amount of the permissible capital payment, the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

Pursuant to the requirement of the Buyback Regulations, it is our responsibility to provide a reasonable assurance:

i. whether we have inquired into the state of affairs of the Company in relation to the Audited Financial Statements as at March 31, 2017;

ii. if the amount of permissible capital payment as stated in Annexure A, has been properly determined considering the Audited Financial Statements as at March 31, 2017 in accordance with Section 68(2) of the Companies Act,2013; and

iii. if the Board of Directors of the Company, in their meeting held on December 18, 2017 have formed the opinion as specified in Clause (x) of Part A of Schedule II to the Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date and from the date on which the results of the shareholders' resolution with regard to the proposed buyback are declared.

The financial statements referred above, have been audited by M/s S. V. Doshi & Co., Chartered Accountants- erstwhile auditor of the company and have issued an unmodified audit opinion in their report dated May 16, 2017.

The erstwhile auditors have confirmed in their report referred to above as follows and we have relied on the same:
"our audit of these financial statements in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of 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."

We conducted our examination of the Statement in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements Opinion

Opinion

Based on our examination and information and explanation given to us and the report of erstwhile auditor have been furnished to us by the management, we report that:

a. We have enquired into the state of affairs of the Company in relation to its audited financial statements as at and for the year ended March 31, 2017 which has been approved by the Board of Directors of the Company on May 16, 2017;

b. The amount of permissible capital payment (including premium) towards the proposed buyback of equity shares as computed in the Statement attached herewith, is properly determined in our view in accordance with Section 68 (2)(c) of the Act. The amounts of share capital and free reserves have been extracted from the audited financial statements of the Company as at and for the year ended March 31, 2017.

c. The Board of Directors of the Company, in their meeting held on December 18, 2017 have formed their opinion as specified in clause (x) of Part A of Schedule II to the Buyback Regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution dated December 18, 2017, and from the date on which the results of the shareholders' resolution with regard to the proposed buyback are declared.

Restriction on Use

This report has been issued at the request of the Company solely for use of the Company

(i) in connection with the proposed buyback of equity shares of the Company in pursuance to the provisions of Sections 68 and other applicable provisions of the Companies Act, 2013 and the Buyback Regulations,

(ii) to enable the Board of Directors of the Company to include in the explanatory statement to the notice for special resolution, public announcement, draft letter of offer, letter of offer and other documents pertaining to buyback to be sent to the shareholders of the Company or filed with (a) the Registrar of Companies, Securities and Exchange Board of India, stock exchanges, public shareholders and any other regulatory authority as per applicable law and (b) the Central Depository Services (India) Limited, National Securities Depository Limited and

(iii) for providing to the Managers, each for the purpose of extinguishment of equity shares and may not be suitable for any other purpose.

For **Shashikant J. Shah & Co.,**
Chartered Accountants
(Firm Registration No: **109996W**)

Sd/-
Nikunj Shah
[Partner]

(Membership No: 112867)
December 18, 2017
Mumbai

Annexure A

Statement of permissible capital payment (including premium) as at March 31, 2017

The amount of permissible capital payment (including premium) towards the proposed buyback of equity shares as computed in the table below is properly determined in our view in accordance with Section 68(2)(c) of the Act. The amounts of share capital and free reserves have been extracted from the audited standalone financial statements of the Company for the period ended March 31, 2017:-

Particulars as on March 31, 2017		**Amount (Rs.)**
Paid-up Share Capital (1,46,98,616 shares of Rs.5/- each)	**A**	**7,34,93,080**
Free Reserves		
- Profit and loss account balance		139,43,33,142
- Securities Premium		-
- General Reserve		30,00,00,000
Total Free Reserves	**B**	**169,43,33,142**
Total Paid- up Share Capital and Free Reserves	**A + B**	**176,78,26,222**
Maximum amount permissible for buyback under Section 68 of the Companies Act, 2013 (25% of the total paid up share capital and free reserves)		**44,19,56,556**

For **Shashikant J. Shah & Co.,**
Chartered Accountants
(Firm Registration No: **109996W**)

Sd/-
Nikunj Shah
[Partner]

(Membership No: 112867)
December 18, 2017
Mumbai



(m) For any clarifications related to the Buyback process, shareholders holding Equity Shares of the Company may contact:

Company:	Gandhi Special Tubes Limited
Contact Person:	Jeegeesha Shroff
Tel:	022-23634179
Email:	**complianceofficer@gandhitubes.com**

All the material documents referred to in the Notice and Explanatory Statement such as the Memorandum and Articles of Association of the Company, relevant Board resolution for the Buyback, the Auditors Report dated 18th December, 2017 and the audited accounts for the period from April 1, 2016 to March 31, 2017, the Auditors Report dated 16th May, 2017, are available for inspection without any fee by the shareholders at the Company's registered office during normal business hours on working days from the date of dispatch of the notice up to the last date of voting, i.e. Saturday, 27th January, 2018.

In the opinion of the Board, the proposal for Buyback is in the interest of the Company and its Members holding equity shares of the Company. The Directors, therefore, recommend the Special Resolution as set out in the accompanying Notice for approval by the Members.

None of the Directors or any Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested, either directly or indirectly in passing of the said Resolution, save and except to the extent of their respective interest as Members of the Company.

Certified to be True copy
For **GANDHI SPECIAL TUBES LIMITED**

Jeegeesha Shroff
Company Secretary & Compliance Officer
Membership No: A48091