

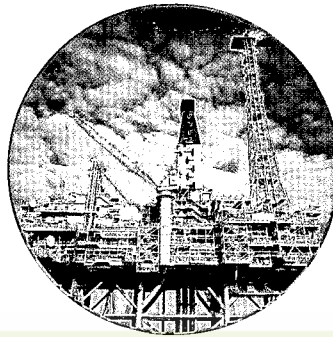
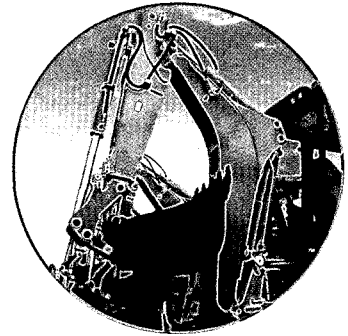
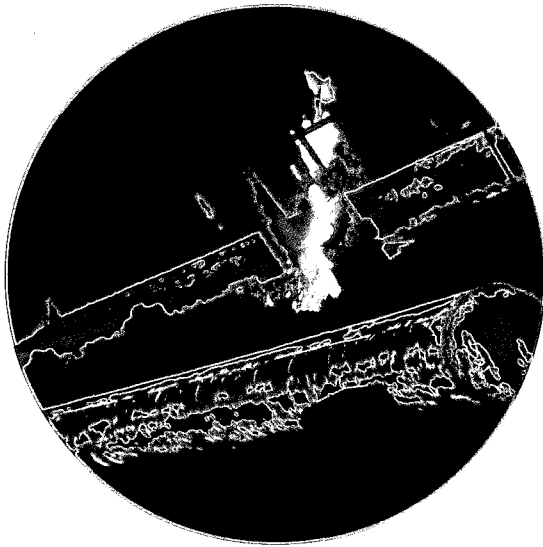
ISMT LIMITED

Solutions You Can Trust

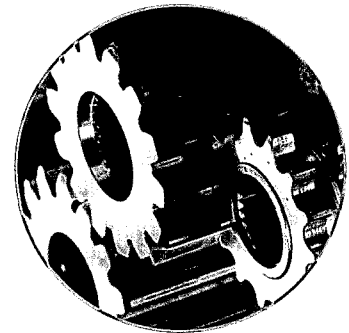
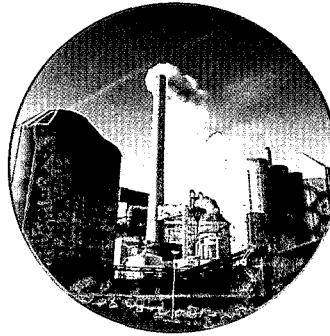


Annual Report
2008-09

ISMT



Report  junction.com



Board of Directors

S C Gupta	- Chairman
B R Taneja	- Chief Executive Officer - up to March 31, 2009
O P Kakkar	- Managing Director - up to March 31, 2009
Salil Taneja	- Chief Executive Officer - w. e. f. April 1, 2009
Rajiv Goel	- Chief Financial Officer
Nirmal Chandra	- President (Project & Product Development)
A K Jain	
J P Sureka	
Virendra Kapoor	
Vinod Sethi	- w. e. f. April 1, 2009
Gourishankar V	- IDBI Nominee - w. e. f. September 29, 2008
K D Hodavdekar	- IDBI Nominee - up to September 29, 2008
K K Rai	- ICICI Nominee - up to March 26, 2009

Company Secretary

Jayan Nair

Auditors

M/s. P G Bhagwat	J K Shah & Co
Chartered Accountants	Chartered Accountants

Advocates & Solicitors

Amarchand & Mangaldas & Suresh A. Shroff & Co.
India Law Alliance
Vinge KB - Sweden

Banks

Andhra Bank	Bank of Baroda
Bank of India	Bank of Maharashtra
ICICI Bank Limited	IDBI Bank Limited
State Bank of India	Indian Overseas Bank
IKB Deutsche Industriebank AG	Handelsbanken - Sweden

Registered Office

Lunkad Towers, Viman Nagar, Pune - 411014

Registrar & Transfer Agent

Sharepro Services (India) Pvt. Ltd

Works

MIDC Industrial Area Ahmednagar - 414111	MIDC Industrial Area Baramati - 413133	Jejuri Morgaon Road Jejuri - 412303	Structo Hydraulics AB STORFORS, Sweden
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Annual General Meeting at Hotel Le Meridien, Pune on September 30, 2009 at 11.00 a.m.

Performance Highlights

	2004-05		2005-06		2006-07		2007-08		2008-09	
	Tube	Steel	Tube	Steel	Tube	Steel	Tube	Steel	Tube	Steel
Capacity (Tonnes Per Annum)	158000	250000	158000	250000	158000	250000	158000	250000	158000	250000
Production (Tonnes)	110184	213303	135635	234707	161181	247351	162276	237914	145429	202392
Capacity Utilisation (%)	69.7%	85.3%	85.8%	93.9%	102.0%	98.9%	102.7%	95.2%	92.0%	81.0%
Sales (Tonnes)	110526	214399	132794	228078	163315	245096	159062	244684	144242	201601
Captive	11621	109091	17068	131968	17175	160985	19150	157862	16025	145394
External of Which	98905	105308	115726	96110	146140	84111	139912	86822	128217	56207
- Domestic	74878	102961	82481	95263	112833	83510	101208	86320	86422	55865
- Exports	24027	2347	33245	847	33307	601	38704	502	41795	342
Revenue (Rs. In Crore)										
Domestic	367.59	372.52	486.84	363.65	648.85	316.07	581.95	351.17	628.55	301.90
Exports	150.98	9.64	213.08	3.54	229.80	2.42	256.33	2.09	367.41	2.39
Total	518.57	382.16	699.92	367.19	878.65	318.49	838.28	353.26	995.96	304.29

Key Parameters

Rs. in Crore

	2004-05	2005-06	2006-07	2007-08	2008-09
Operations :					
- Sales	900.73	1067.11	1197.14	1191.54	1300.25
- Export Sales	160.62	216.62	232.22	258.42	369.80
- Raw Material (% of Sales)	51.3%	45.1%	44.8%	47.8%	49.5%
- Energy Cost (% of Sales)	12.3%	12.9%	13.8%	14.6%	13.1%
Profitability :					
- EBIDTA Margin	18.0%	24.3%	22.4%	18.6%	19.1%
- Net Profit Margin	3.6%	10.6%	10.8%	8.3%	4.3%
- Return on Net worth	9.4%	27.3%	28.2%	18.8%	10.6%
- Return on Avg. Capital Employed	15.9%	19.9%	18.5%	16.4%	11.7%
Finance :					
- Interest Cost (% of Sales)	10.2%	8.0%	6.4%	5.6%	6.3%
General :					
- Average Market Capitalization	164.97	888.24	1154.48	1288.92	466.90
- Share Price during the year					
- High (Rs)	41.90	112.45	124.90	140.00	68.10
- Low (Rs)	3.05	27.00	62.00	49.00	14.10
- Book Value (Rs. Per Share)	33.24	29.20	31.90	36.41	36.11
- Earning Per Share (Rs)	2.33	7.96	9.01	6.92	3.84

Five Year Financial Summary

Rs. in Crore

	2004-05	2005-06	2006-07	2007-08	2008-09
A) Profitability					
Gross Sales	1450	1813	2056	2063	2324
Net Sales & Other Income	910	1085	1201	1210	1314
Raw Material	475	497	536	570	644
Energy Cost	111	137	165	174	171
Other Direct Expenses	101	120	151	152	157
Personnel Cost	42	52	63	73	77
Administrative Expenses	17	15	17	15	14
EBIDTA	164	264	269	226	251
Finance Cost	92	86	76	67	82
Depreciation & Amortization	44	51	60	55	56
Foreign Exchange (Gain) / Loss	2	2	(5)	(22)	57
Tax	(7)	10	8	26	0
Net Profit	33	115	130	100	56
Dividend - Rs. Per Share	-	-	0.50	1.00	1.00
B) Balance Sheet					
Sources of Funds					
Net Worth	357	429	470	542	532
Term Borrowings	558	533	476	550	693
Working Capital Borrowings	158	140	141	120	247
Unsecured Loans	83	111	217	204	219
Deferred Tax Liability	-	-	-	-	15
Total	1156	1213	1304	1416	1706
Application of Funds					
Net Block & Capital Work-in-Progress	858	823	810	1021	1148
Investments	0	0	0	19	26
FC Translation Reserve	-	-	-	-	40
Current Assets	474	533	691	689	803
Current Liabilities	(273)	(242)	(257)	(327)	(314)
Net Current Assets	201	291	434	362	489
Deferred Tax Asset & Misc Expenditure	97	99	60	13	3
Total	1156	1213	1304	1416	1706

Annexure I to the Directors' Report

Information required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended on March 31, 2009.

I. Conservation of Energy**[a] Energy conservation measures taken:**

1. Lower Specific consumption in EAF achieved by improved distribution of Oxy-fuel burners and optimisation of charge mix.
2. Automation /Logic changes done in mill area to avoid the wastages and Variable Frequency drive provided in some area.
3. Conscious ongoing initiatives to improve upon Power factor at Plants, which has also resulted in rebates from MSEDCL.
4. HPMV/ HPSV street lights replaced by CFL lights.

[b] Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

1. Extensive PQF Mill trial runs conducted by the company have established huge energy savings potential, upon commissioning of the mill.
2. Rotary Hearth Furnace presently under implementation at Baramati has a lot of energy efficient features including improved burner and Recuperator design which would result into lower specific fuel consumption.
3. Better insulation of Furnace and reduction of heat loss for Material in Process Planned.

[c] Impact of measures listed in [a] & [b] above for reduction of energy consumption and consequent impact on the cost of production.

The measures listed in [a] above has resulted in reduction in the specific consumption of fuel and power. The measure listed at [b] above are under implementation.

Form A

	Current Year 2008-09	Previous Year 2007-08
Power & Fuel Consumption		
1. Electricity		
a) Purchased Units (KWH in '000)	230356	247263
Total amount (Rs. in Crore)	101.55	109.53
Rate/KWH (Rs.)	4.41	4.44
b) Own generation		
i) Through Diesel Generator		
Units (KWH)	19900	20176
Units per litre of oil/gas	2.20	2.89
Rate/KWH (Rs.)	16.51	11.77
ii) Through steam turbine/ generator Unit		
Unit per litre of oil/gas	NA	NA
Cost per unit (Rs.)	NA	NA
2. Coal		
Quantity	NA	NA
Total Cost (Rs.)	NA	NA
Average Cost (Rs.)	NA	NA
3. Furnace Oil		
Quantity (K. Ltr)	15810	18298
Total Cost (Rs. in Crore)	38.36	35.16
Average Cost (Rs. per K. Ltr)	24261	19214

	Current Year 2008-09	Previous Year 2007-08
--	-------------------------	--------------------------

4. Others: LDO/LSHS		
Quantity (K. Ltr.)	5363	5353
Total Cost (Rs. in Crore)	14.17	11.90
Average Cost (Rs. per K. Ltr)	26428	22232

Consumption Per Unit of Production**2008-09**

	Tube	Steel
Production (MT)	145429 (162276)	202392 (237914)
Electricity (KWH)	446 (428)	818 (747)
Furnace Oil (Ltr)	49 (47)	43 (45)
Coal (MT)	NA (NA)	NA (NA)
Others: LDO/LSHS (Ltr)	34 (30)	2 (2)

Figures in the brackets are for Previous Year.

Form B**A] Research & Development (R & D)**

1. Specific areas in which R & D is carried out by the Company and benefits derived therefrom:
 - i) Tool geometry analysed for varying cold drawing stresses and loads. Successfully developed in-house tooling for Pierce Rolling of High Chromium ferritic steels.
 - ii) Successful development of creep Steel manufacturing and rolling in T5, T91 & T23 grades.
 - iii) The geometrical hump design of Assel mill rolls analyzed and results implemented for better rolling and minimize defect formation.
 - iv) Simulation study carried out for production of varying cross section shapes.
 - v) Modification of Walking Hearth Furnace and Fume Extraction system carried out for better efficiency and Output.
 - vi) Developed Quench & Tempered tubes in OCTL segment.

2. Future plan of action

- i) Development of in-house Corrosion Testing Laboratory & Development of Multichannel Ultrasonic Machine.
- ii) Development of tubes to cater to newer applications and industry segment.
- iii) In-house development of tooling for the newly installed PQF line.
- iv) Continue improvements in tooling design and tooling materials for the production of improved quality product and increase productivity.

3. Expenditure on R & D**Rs. in Crore**

	2008-09	2007-08
i) Capital	6.73	2.99
ii) Recurring	1.25	0.32
iii) Total	7.98	3.31
iv) Total R & D as a % of Turnover	0.61%	0.28%

B] Technology Absorption, Adaption and Innovation

Development as mentioned in A1 above have become functional. This has helped develop in-house manpower skills and improve productivity.

and marketing of newer and value added products, which in turn would provide access to global Markets.

- ii) Marketing efforts are further supported by appointing intermediaries for Overseas sales & participation in Global Trade fairs.

C] Imported Technology: Not Applicable

- b) The information on foreign exchange earnings and outgo is contained in Note No 13(4) (II) of Schedule 21

II Foreign Exchange Earnings & Outgo

- a) Activities relating to exports, initiatives taken to increase exports substantially, development of new export market and new products through product focus strategy:

For and on behalf of the Board of Directors

- i) Product certification across key global geographies are being pursued at different levels involving manufacturing

Mumbai
August 26, 2009

S C Gupta
Chairman

Annexure II to the Directors' Report

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON MARCH 31, 2009.

Sr. No.	Name of the Employee	Designation/ Nature of Employees	Age (years)	Qualifications	Experience (Years)	Date of Commencement of Employment	Remuneration Rs.	Last Employment held
1	V Balasubramanian	Joint Managing Director (Upto 30/04/2008)	57	B. Tech (Met)	35	Oct. 01, 2003	29,08,286	Steel Authority of India Ltd
2	N Chandra	President (Projects & Product Development)	60	Graduate in Mech Engg.	40	Jan. 01, 2003	48,70,633	The Indian Seamless Metal Tubes Ltd
3	R Duda	Executive Vice President	55	B.Tech (Elect)	30	Aug. 11, 1999	26,81,410	USAID
4	R Goel	Chief Financial Officer	56	B Com (Hons), FCA & FCS	31	May 01, 1999	53,46,743	The Indian Seamless Metal Tubes Ltd
5	O P Kakkar	Managing Director	66	B.Sc. (Mech. Engg.) (Hons), PGDBM	43	June 12, 1991	62,68,004	Kalyani Steels Limited
6	N V Karbhase	Executive Vice President	58	M.Com, ACS	36	Aug. 1, 1992	25,10,648	ZF Steering Gears India Ltd.
7	D Majumdar	Director	54	BE (Met)	32	Dec. 5, 1992	26,29,893	Bihar Alloy Steels
8	B B Mathur	Director	58	B B M	35	Aug. 1, 2003	25,18,161	The Indian Seamless Metal Tubes Ltd.
9	I A K Prakash	Chief Operating Officer	44	BE (Met)	22	Feb. 1, 2005	29,13,423	Jindal Vijayanagar Steels
10	B R Taneja	Chief Executive Officer	73	B E (Mech), PGDBM	50	May 01, 1978	2,05,34,310	The Indian Seamless Metals Tubes Ltd
11	S Taneja	Joint Managing Director	42	B Sc (Engg), MBA (Fin.), Ohio, Yale, USA	19	Oct.01, 2004	50,17,433	The Indian Seamless Metal Tubes Ltd.

Notes:

1. Nature of employment is contractual for all the above employees.
2. Remuneration includes salary and allowance (contribution to Provident Fund & Superannuation), House Rent allowance, Leave Travel allowance, medical reimbursement and other allowances payable as per Rules of the Company.

For and on behalf of the Board of Directors

Mumbai
August 26, 2009

S C Gupta
Chairman

ISMT LIMITED

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of ISMT Limited will be held on Wednesday September 30, 2009 at 11:00 am at Le Meridien, RBM Road, Pune - 411 001 to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr Nirmal Chandra who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr A K Jain who retires by rotation and being eligible offers himself for re-appointment.
5. Mr V Kapoor - Director is retiring by rotation, but has not offered himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT, J. K. Shah & Co., Chartered Accountants and M/s. P.G. Bhagwat, Chartered Accountants, be and are hereby appointed as 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 of the Company on such remuneration as shall be fixed by the Board of Directors."

Special Business:

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr Vinod Sethi, be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Special Resolution:
"RESOLVED THAT, in accordance with the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof and subject to such approvals / consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr O P Kakkar as Whole Time Director designated as Managing Director of the Company, for a period of (4) four months with effect from December 1, 2008 till March 31, 2009 on the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice with the liberty to the Board of Directors (hereinafter referred to as "the Board," which term shall be deemed to include any Committee of the Board

constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Special Resolution:

"RESOLVED THAT, in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof and subject to such approvals / consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr Nirmal Chandra as Whole Time Director designated as President (Project and Product Development) of the Company, for a period of (3) three years with effect from December 1, 2008 on the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice with the liberty to the Board of Directors (hereinafter referred to as "the Board," which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT, when re-elected as director, on account of retirement by rotation, such re-election of Mr Nirmal Chandra as director shall not be deemed to constitute a break in his appointment as a Whole Time Director and that upon re-election he shall continue to hold the office of Whole Time Director as hitherto.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

10. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof and subject to such approvals / consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr Rajiv Goel as Whole Time Director designated as Chief Financial Officer of the Company, for a period of (3) three years with effect from December 1, 2008 on the terms and conditions

including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice with the liberty to the Board of Directors (hereinafter referred to as "the Board," which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT, when re-elected as director, on account of retirement by rotation, such re-election of Mr Rajiv Goel as director shall not be deemed to constitute a break in his appointment as a Whole Time Director and that upon re-election he shall continue to hold the office of Whole Time Director as hitherto.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

- 11 To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Special Resolution:

"RESOLVED THAT, in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof and subject to such approvals / consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr Salil Taneja as Whole Time Director designated as Joint Managing Director of the Company, for a period of (3) three years with effect from December 1, 2008 who has been re-designated as Chief Executive Officer w. e. f. April 01, 2009 on the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice with the liberty to the Board of Directors (hereinafter referred to as "the Board," which term shall be deemed to include any Committee of the Board constituted to exercise its powers including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT, when re-elected as director, on account of retirement by rotation, such re-election of Mr Salil Taneja as director shall not be deemed to constitute a break in his appointment as a Whole Time Director and that upon re-election he shall continue to hold the office of Whole Time Director as hitherto.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board of Directors

Mumbai
August 26, 2009

Jayan Nair
EVP & 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 HIM SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 2009 to September 30, 2009 (both days inclusive).
5. The Members can avail facility of ECS mandate / nomination in terms of the legal provisions in this regard. The necessary form can be downloaded from the Company's website "www.ismt.com".
6. The Members who have not encashed their dividend warrants for the year 2006-07, 2007-08 and interim dividend for the year 2008-09 are requested to forward the same to the Company or Registrar and Transfer Agent for revalidation. In this connection, attention of the members is invited to the provisions of Section 205C of the Companies Act, 1956, that any unpaid / unclaimed dividend for a period of seven years from the date it became due for payment will be transferred to the Investor Education and Protection Fund (IEPF) at the end of each such period as detailed below:

Sr. No	Nature of Dividend	Date of Payment	Due date to transfer to Investors Education and Protection Fund
1	Dividend 2006-07	28/11/2007	26/12/2014
2	Dividend 2007-08 (Interim)	28/11/2007	26/12/2014
3	Dividend 2007-08 (Final)	07/10/2008	05/11/2015
4	Dividend 2008-09(Interim)	21/04/2009	19/05/2016

7. Members are further requested to;

- i. Intimate changes, if any, in their registered address / bank mandate to the Registrar and Transfer Agent for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
- ii. Quote Ledger folio number / DP ID / Client ID in all the correspondence.
- iii. Intimate about consolidation of folios to the Registrar and Transfer Agent, if your shareholding is under multiple folios.