



TAMILNADU STEEL TUBES LIMITED

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25th

Annual
Report

2003 - 2004

"True Gpy"

For TAMILNADU STEEL TUBES LTD.,

A handwritten signature in black ink, appearing to be 'S. E. S.', is written over the text 'For TAMILNADU STEEL TUBES LTD.,'.

Executive Director

**TAMIL NADU STEEL TUBES LIMITED, CHENNAI****BOARD OF DIRECTORS**

Sri.Rakesh Goyal, Managing Director
Sri.M.J.Lakshmi Narasimha Rao
Sri.Mahaveer Singh
Sri.Vikram Singh

STATUTORY AUDITORS

M/s.Kumbhat & Co.,
Chartered Accountants
Chennai - 600 079.

ADVISORS : (Legal)

Sri.V.Ramachandran (Advocate)
24, Nungambakkam High Road,
Chennai - 600 034.

(Secretarial)

Sri.R.Sethuraman

BANKERS

The Jammu & Kashmir Bank Ltd., Chennai - 2.

**REGISTERED &
ADMINISTRATIVE OFFICE**

Hindustan Chamber of Commerce Building
No.15, Kondi Chetty Street
Chennai - 600 001.

WORKS

B-10, Maraimalai Nagar Industrial Complex,
Post : KATTANKULATHUR - 603 209.
Kancheepuram Dist.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

TWENTY FIFTH ANNUAL GENERAL MEETING

NOTICE :

NOTICE is hereby given that the 25th Annual General Meeting of the Company will be held at 10.00 a.m. on Monday, the 27th September 2004, at "ANNA AUDITORIUM" (A.S.I. CONVENTION CENTRE), No.18, Swamy Sivananda Salai, Chepauk, Chennai - 600 005, to transact the following business:

1. To receive, consider and adopt the Director' Report, the Audited Balance Sheet of the Company as at 31st March 2004, the Profit & Loss Account for the year ended that date and the Report of the Auditors thereon.
2. To appoint Directors:
 - a) To appoint a Director in the place of Sri Mahaveer Singh who retire by rotation at this Meeting and is proposed for re-appointment;
 - b) To appoint a Director in the place of Sri Vikram Singh, who ceases to be a Director at this Meeting and is proposed for re-appointment as a Director at this meeting by a Shareholder.
3. To appoint Auditors to the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s.Kumbhat & Co., Chartered Accountants, are proposed for re-appointment.

By order of the Board

for TAMILNADU STEEL TUBES LTD.

Date : 12.08.2004

Place: CHENNAI

M.T. ELUMALAI
Executive Director

NOTE:-

- i. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself, and the proxy need not be a member. Duly executed Proxies must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- ii. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2004 to 27.09.2004.
- iii. Members are requested to intimate any change in their addresses registered with the Company.
- iv. Members are requested to bring the copy of the Annual Report with them.
- v. No GIFTS will be distributed.

EXPLANATORY STATEMENT UNDER SEC. 173(2) OF THE COMPANIES ACT:-

Sri VIKRAM SINGH, was appointed as a Director by the Board on 29.12.2003 under SEC.260 of the Companies Act 1956. He ceases to be a Director at this General Meeting and a Shareholder having expressed with the intention to propose the appointment of Sri Vikram Singh as a Director. A Resolution is proposed for appointing him as a Director.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

DIRECTORS' REPORT :

Your Directors present the 25th Annual Report on the working of Company for the year 2003-2004.

FINANCIAL RESULTS	This Year 2003-2004	Previous Year 2002 - 2003
	(Rs. in Lakhs)	
Sales & Other Receipts	2,855.05	2,744.05
Expenditure	2,929.84	2,964.12
Materials consumed & Mfg. Expenses	2,711.97	2,778.12
Administrative Expenses	134.02	109.40
Selling & Distribution Expenses	30.39	28.78
Interest & Financial Charges	24.36	15.71
Preliminary Expenses written of	0.94	0.94
Depreciation	28.15	29.48
Loss on sale of Fixed Assets	-	1.69
(Increase) in Stock	(4.10)	(42.09)
Profit / (Loss) for the year	(70.69)	(177.97)
Provision for Taxation	-	-
Surplus / (deficit)	(70.69)	(177.97)

The trend this year also has been the same as last year and the Company has incurred losses.

EXPORT: Export for the year at FOB Value was Rs.83.00 Lacs as against Rs.87.61 Lacs in the previous year.

SICK INDUSTRIAL COMPANY:- The Company had become a Sick Industrial Company within the meaning of Clause (O) of Sec.3 of the Sick Industrial Companies' (Special Provisions) Act 1985, during the year 2000-2001 and has been registered with B.I.F.R. (Board for Industrial & Financial Reconstructions), New Delhi, Indian Bank, Chennai - 1, has been appointed as "Operating Agency" by the BIFR.

VOLUNTARY DELISTING OF THE COMPANY'S EQUITY SHARES FROM MUMBAI & AHMEDABAD STOCK EXCHANGES:- The Equity Shares of the Company were originally listed with the Stock Exchanges at Chennai, Mumbai and Ahmedabad. Since there is no adequate distribution of Shareholders in the Regions of Mumbai and Ahmedabad, and since



TAMILNADU STEEL TUBES LIMITED, CHENNAI

there was no trading or negligible trading in these regions, a special resolution was passed in the Annual General Meeting held on 28.09.2000 to "DELIST" the equity shares from Mumbai and Ahmedabad Stock Exchanges. Action on this being pursued by your Directors.

LISTING FEES:- Listing Fees Rs.6,300/- has been paid as part amount to Madras Stock Exchange, for the year 2004-2005, Rs.5,500/- as part amount to Ahmedabad Stock Exchange, for the year 2002-2003, and Rs.2,500/- as part amount to Mumbai Stock Exchange, for the year 2000-2001.

PARTICULARS IN REGARD TO CONSUMPTION OF ENERGY:- Details are furnished in the Annexure.

DIRECTORS:- Directors Sri Mahaveer Singh, and Sri Vikram Singh, who retire at this Annual General Meeting, have been proposed for re-appointment.

INDUSTRIAL RELATIONS:- Industrial Relations have continued to be good during the year.

REPORT ON CORPORATE GOVERNANCE:- Your Board of Directors have taken note of the amendments to the Listing Agreement communicated by the Stock Exchanges as prescribed by SEBI in their Letter No.SMDRP/CTR10/2000, dated 21.02.2000 amended by their Letter dated 09.03.2000 and have also noted the Schedule for implementation of the amendments.

- a) **AUDIT COMMITTEE:** Accordingly, your Directors have constituted an "Audit Committee" with effect from 01.02.2003 consisting of Mr.L.N.RAO (Director), as Chairman, and Mr.Mahaveer Singh and Mr.Vikram Singh (Directors) as its present Committee Members, having regard to Annexure - 2 under Clause - 49 of Listing Agreement, to consider matters specified in the paragraphs as well as any other matters that may be referred to the Committee under the provisions of the Corporate Governance.
- b) **SHAREHOLDERS' GRIEVANCES COMMITTEE:-** Your Directors have also constituted a "Shareholders Grievances Committee" with effect from 01.03.2004 consisting of Mr.L.N.Rao (Director), as Chairman, and Mr.Mahaveer Singh and Mr.Vikram Singh (Directors) as Committee Members, having regard to Annexure-2 under Clause-49 of Listing Agreement, to consider matters specified in the paragraphs as well as any other matters that may be referred to the Committee under the provisions of the Corporate Governance.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

DIRECTORS' RESPONSIBILITY STATEMENT:- In terms of Sec. 217 (2AA) read with Section 292A of the Companies Act 1956, we, the Directors of Tamil Nadu Steel Tubes Ltd., State in respect of Financial Year 2003-04 that;

- a) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Managing Director has not drawn any remuneration during the year.

LIST OF EMPLOYEES FALLING UNDER SEC.217 (2-A) OF THE COMPANIES' ACT 1956:-
NIL

ACKNOWLEDGEMENT:- Your Directors acknowledge and wish to place on record the support and co-operation received by the Company from Central Govt. and State Govt. and our Bankers.

By order of the Board

CHENNAI
12.08.2004

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director

L.N.RAO
Director



TAMILNADU STEEL TUBES LIMITED, CHENNAI

ANNEXURE

Form for disclosure of particulars with respect to conservation of Energy:

	2002-2003	2003-2004
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a) Purchased Unit KWH	13,39,074	11,94,966
Total / Amount	61,29,570	64,74,827
Rate / Unit	4.58	5.42
b) Own Generation		
i. Through Diesel Generator Units	33,944	20,963
Units per Ltr. of Diesel Oil	2.50	2.50
Cost / Unit	7.62	8.66
ii. Through Steam Turbine/Generator Units	-	-
per Ltr. of Fuel Oil Gas Cost / Unit	-	-
2) COAL (Specify quality & where used)		
Qty. (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3) FURNACE OIL:		
Qty. (Ltrs.)	3,02,995	2,68,016
Total Cost	38,81,491	34,59,707
Average Rate per Ltr.	12.81	12.91
4) OTHER INTERNAL GENERATION		
Qty.	-	-
Total Cost	-	-
Rate / Unit	-	-

CONSUMPTION PER UNIT PRODUCTION

Product Details : E.R.W. MS PIPES AND GALVANISED PIPES

UNIT	STANDARD	2002-2003	2003-2004
ELECTRICITY	-	109.51 Unit/M.T. of Black Pipes Production	113.99 Unit/M.T. of Black Pipes Production
FURNACE OIL	-	26.83 Ltr/M.T. of Black Pipes Galvanised	27.80 Ltr/MT of Black Pipes Galvanised
COAL OTHERS	-	-	-

By order of the Board

CHENNAI
12.08.2004

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director

L.N.RAO
Director



TAMILNADU STEEL TUBES LIMITED, CHENNAI

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

TAMILNADU STEEL TUBES LTD. believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stake holders' value. The Company's Philosophy on Corporate Governance envisages attainment of high-level transparency, accountability, and integrity in the functioning of the Company the conduct of its business, its relationship with employees, stakeholder, creditors, customers and institutional lenders. The Company places due emphasis on regulatory compliance.

2. BOARD OF DIRECTORS

A. Composition of Board

The Company's current policy is to maintain the independence of the Board, and to separate the functions of Governance and Management. The Board consists of Four Directors as on 31.03.2004.

During the period ended March 31, 2004, Thirteen (13) Board Meetings were held on the following dates viz. 01.04.2003, 30.04.03, 19.05.03, 10.06.03, 31.07.03, 16.08.03, 18.08.03, 31.10.03, 05.11.03, 26.11.03, 06.12.03, 29.12.03 and 31.01.04.

The Composition and category of members of the Board are as under.

S.No.	Name	Category
1.	Mr.Rakesh Goyal	Managing Director
2.	Mr.M.J.Lakshmi Narasimha Rao	Director
3.	Mr.Mahaveer Singh	Director
4.	Mr.Vikram Singh	Director

B. ATTENDANCE RECORD OF THE DIRECTORS

S. No.	Director	Board of Meeting attended during the period	Attendance at last A.G.M. on 26.09.2003
01.	Mr.Rakesh Goyal (MD)	13	Present
02.	Mr.M.J.Lakshminarasimha Rao	13	Present
03.	Mr.Mahaveer Singh	13	Present
04.	Mr.U.Ranjit Singh (\$)	12	Present
05.	Mr.Vikram Singh (*)	02	N.A.
	\$ Resigned w.e.f. 01.01.04		
	* Appointed w.e.f. 29.12.03		

C. DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS:-

The details of Remuneration paid during the period to the Directors are as under:

1.	Mr.Mahaveer Singh	-	Rs.48,000
2.	Mr.U.Ranjit Singh	-	Rs.28,500
3.	Mr.Vikram Singh	-	Rs.16,500



TAMILNADU STEEL TUBES LIMITED, CHENNAI

Mr. Rakesh Goyal, Managing Director, was not drawn any salary during the period. The Company pays Sitting fees of Rs.200/- to the Director Mr. M.J. Lakshmi Narasimha Rao, for each Board and Committee Meetings attended.

3. COMMITTEE OF THE BOARD

I. Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted w.e.f. 01.02.2003, as a Sub-Committee of the Board.

a. Functions of the Committee

- i. Reviewing the Company's Financial & risk management policies.
- ii. Reviewing the adequacy of Internal Control systems and the Internal Audit Reports, and their compliance thereof.
- iii. Oversight of the Company's Financial Reporting Process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- iv. Reviewing audit plans, audited and unaudited financial results and findings of the Auditors and recommends to the Board for its approval.

b. Composition of the Committee

S.No.	Names of the Committee Members	No. of Meetings held during the period	
		Held	Attended
01.	Mr. M.J. Lakshminarasimha Rao	02	02
02.	Mr. Mahaveer Singh	02	02
03.	Mr. U. Ranjit Singh (*)	02	02

* Resigned w.e.f. 01.01.04, and in his place, Sri Vikram Singh is nominated.

II. Shareholder Grievances Committee

The Directors of the Company have taken note of the amendments to the Listing Agreement Communicated by Stock Exchanges as prescribed by SEBI in their circular No. SMDRP/CTR10/2000, dt. 21.02.2000 amended by their letter dt. 09.03.2000, and have also noted the Schedule for implementation of the amendments.

Accordingly, the Company has constituted a Shareholders Grievances Committee with effect from 01.03.2004 as a Sub-Committee to the Board of Directors, consisting of Mr. M.J. Lakshmi Narasimha Rao (Director) as Chairman and Mr. Mahaveer Singh and Mr. Vikram Singh (Directors) as Committee Members, having regard to Annexure-2 under Clause-49 of Listing Agreement, to consider matters regarding redressal of shareholders' complaints/grievances, and any other matters that may be referred to the Committee under the provisions of the Corporate Governance.