



TAMILNADU STEEL TUBES LIMITED

REPORT  junction.com

*27th
Annual
Report
2005 - 2006*

For TAMILNADU STEEL TUBES LTD.,

A handwritten signature in black ink, appearing to be 'S. R. N.', is written over the text 'Executive Director'.

Executive Director

BOARD OF DIRECTORS

Sri.Rakesh Goyal, Managing Director
Sir.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.

TWENTY SEVENTH ANNUAL GENERAL MEETING**NOTICE**

NOTICE is hereby given that the 27th Annual General Meeting of the Company will be held at 10.00 a.m. on Thursday, the 28th September 2006, at "RANI SEETHAI HALL", No.603, Anna Salai, Chennai - 600 006, to transact the following business:

a. ORDINARY BUSINESS:-

1. to receive, consider and adopt the Directors' Report, the Audited Balance Sheet of the Company as at 31st March 2006, 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 Rakesh Goyal, who retire by rotation at this Meeting and is proposed for re-appointment:
 - (b) to appoint a Director in the place of Sri Mahaveer Singh who retire by rotation at this Meeting and is proposed for re-appointment 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.

b. SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special Resolution.

"To approve the re-appointment of Sri.Rakesh Goyal as Managing Director of the company without any remuneration for a further period of five years from 16.03.2006.

By Order of the Board

Date : 07.08.2006

for TAMILNADU STEEL TUBES LTD.

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 23.09.2006 to 28.09.2006.
- 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.

INTEREST OF DIRECTORS:- None of the Directors of the Company are interested in any of the Resolutions except Sri Rakesh Goyal as per proposed resolution.

EXPLANATORY STATEMENT UNDER SEC.173(2) OF THE COMPANIES ACT:-**ITEM NO.4:**

"Sri Rakesh Goyal's re-appointment as Managing Director is coming up for your approval. His re-appointment was approved by the Board at the meeting held on 16.03.2006. The same is required for the confirmation of the General Body under Section 269 read with Section 317 of the Companies Act 1956. Sri Rakesh Goyal Continues to be the Managing Director without any remuneration and the Board commends approval of the said Resolution".



DIRECTORS' REPORT

YOUR Directors present the 27th Annual Report on the working of Company for the year 2005 - 2006.

FINANCIAL RESULTS	This Year	Previous Year
	2005 - 2006	2004 - 2005
	(Rs. in Lakhs)	
Sales & Other Receipts	3,578.54	3,101.15
Expenditure	3,597.83	3,111.15
Materials Consumed & Mgf. Expenses	3,347.28	2,847.03
Administrative Expenses	153.56	173.39
Selling & Distribution Expenses	25.57	14.61
Interest & Financial Charges	45.34	26.34
Preliminary Expenses written off	0.94	0.94
Depreciation	25.14	26.59
Loss on Sale of Fixed Assets	--	0.29
(Increase) / Decrease in Stock	(48.96)	21.96
Profit / (Loss) for the year	29.66	(10.00)
Provision for Taxation	-	-
Surplus / (Deficit)	29.66	(10.00)

The trend this year has been improved as against the last few years' losses (consequently) and expected further improvement in the coming year.

EXPORT :- Export has been done during the year, at FOB value for Rs.204.62 lacs, and no Exports have been done in the previous year.

Your Company has become a Sick Industrial Company within the meaning of Clause (O) of Sec.3 of the Sick Industrial Companies (Special Provisions) Act 1985, 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" (O.A.) by BIFR, and the O.A. is in the process of preparing their report.

LISTING FEES :- Listing Fees has been paid upto date i.e. for the year 2006-07 for all the Stock Exchanges Viz. Madras, Bombay and Ahmedabad.

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

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

MANAGING DIRECTOR :- The Board of Directors has approved the reappointment of Sri Rakesh Goyal as a Managing Director for a period of 5 years from 16.03.2006 and a Resolution was passed on 16.03.2006, subject to the confirmation of the General Body.

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 Exchange as prescribed by SEBI and have also noted the Schedule for implementation of the amendments.

a) **AUDIT COMMITTEE :** Accordingly, your Directors have constituted an "Audit Committee" consisting of Mr.L.N.RAO (Director), as Chairman, 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 "Share holders' Grievances Committee" 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.

DIRECTORS' RESPONSIBILITY STATEMENT:- In terms of Sec. 217(2AA) read with Section 292A of the Companies Act 1956, we, the Directors of Tamilnadu Steel Tubes Ltd., state in respect of Financial year 2005-2006 that;

- a) in the preparation of Annual Accounts, the applicable Accounting Standards have been following along with proper explanation relating to material departures;
- b) 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 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 the Bankers.

By Order of the Board

PLACE : CHENNAI

DATE : 07.08.06

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director

L.N. RAO
DIRECTOR



ANNEXURE

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

	2004 - 2005	2005 - 2006
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased Unit KWH	10,49,077	13,24,980
Total Amount	63,93,462	67,28,479
Rate / Unit	6.09	5.08
b. Own Generation		
i. Through diesel Generator Units	22,625	35,680
Units per Ltr. of Diesel Oil	2.50	2.50
Cost / Unit	10.75	12.67
ii. Through Steam Turbine / Generator Units	-	-
Units per Ltr. of Fuel Oil Gas Cost / Unit	-	-
2. Coal (Specify quality & where used)		
Qty. (Tonnes)	-	-
Total Cost	-	-
Average	-	-
3. FURNACE OIL:		
Qty. (Ltrs.)	2,61,416	3,13,190
Total Cost	36,55,367	58,75,477
Average Rate per Ltr.	13.98	18.76
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	2004-2005	2005-2006
ELECTRICITY	-	132.88 unit / M.T. OF BLACK PIPES PRODUCTION	128.77 UNIT / M.T. OF BLACK PIPES PRODUCTION
FURNACE OIL	-	35.91 LTR / MT OF BLACK PIPES GALVANISED	35.45 LTR / MT OF BLACK PIPES GALVANISED
COAL OTHERS	-	-	-

By Order of the Board

PLACE : CHENNAI
DATE : 07.08.06

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director

L.N. RAO
DIRECTOR



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 holder's 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 31.03.2006.

During the period ended March 31, 2006 Ten (10) Board Meeting were held on the following dates viz. 30.04.05, 30.07.05, 09.08.05, 22.08.05, 31.10.05, 12.11.05, 31.01.06, 10.02.06, 20.02.06 and 16.03.06.

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 Meeting attended during the period	Attendance at last A.G.M. on 28.09.2005
01.	Mr. Rakesh Goyal (M.D)	10	Present
02.	Mr. M.J. Lakshminarasimha Rao	10	Present
03.	Mr. Mahaveer Singh	10	Present
04.	Mr. Vikram Singh	10	Present

C. DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS:

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

1.	Mr. Mahaveer Singh	-	Rs.1,12,000
2.	Mr. Vikram Singh	-	Rs. 71,000