



*TAMILNADU STEEL
TUBES LIMITED*

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**28TH
ANNUAL
REPORT
2006 - 2007**



TAMILNADU 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 and 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 LTD., CHENNAI-1 TWENTY EIGHTH ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Company will be held at 10.00 a.m. on Friday, the 28th September 2007, at "RANI SEETHAI HALL", No.603, Anna Salai, Chennai - 600 006, to transact the following business :

ORDINARY BUSINESS

1. to receive, consider and adopt the Directors Report, the Audited Balance Sheet of the Company as at 31st March 2007, 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 L.N. Rao, who retires by rotation at this Meeting, being eligible and is proposed for re-appointment.

b) to appoint a Director in the place of Sri Vikram Singh who retires by rotation at this Meeting, being eligible and is proposed for re-appointment.

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 : 31.07.2007

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 22.09.2007 to 28.09.2007.
- 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.

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DIRECTORS' REPORT

YOUR Directors present the 28th Annual Report on the working of the Company for the financial year 2006 - 2007.

	This year 2006-2007	Previous Year 2005-2006
FINANCIAL RESULTS		
	(Rs. in Lakhs)	
Sales & Other Receipts	4,829.95	3,578.54
Expenditure	4,770.57	3,597.83
Materials consumed & Mfg. Expenses	4,440.83	3,347.28
Administrative Expenses	211.53	153.56
Selling & Distribution Expenses	24.65	25.57
Interest & Financial Charges	67.99	45.34
Preliminary Expenses written off	0.94	0.94
Depreciation	24.61	25.14
Loss on Sale of fixed Assets	---	--
(Increase / Decrease in Stock	(89.05)	(48.96)
Profit / (Loss) for the year	148.43	29.66
Provision for Taxation	---	---
Surplus / (deficit)	148.43	29.66

The trend indicates continuous improvement in operations and expected further improvement in the coming year.

EXPORT : Export has been done during the year, at FOB value for Rs.82.13 Lacs only, as against Rs.204.02 Lacs in the previous year. The fall in exports is due to unremunerative overseas pricing and fall in Dollar (\$) Prices.

Your 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, and has been registered with B.I.F.R. (Board for Industrial and Financial Reconstructions), New Delhi. Indian Bank, Chennai-1, appointed as Operating



Agency (O.A.) by BIFR, submitted their O.A. Report on Rehabilitation Scheme, to BIFR. The Hon'ble BIFR after examining the final report at their final hearing, passed

orders sanctioning the Rehabilitation Scheme by allowing certain concessions. As per the sanctioned scheme, the Company is acting on it by complying necessary formalities and regularly submitting Compliance Reports periodically therefor.

LISTING FEES : Listing Fees has been paid upto date i.e. for the year 2007-08 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 L.N. Rao and Sri Vikram Singh, who retire by rotation 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 and have also notes the Schedule for implementation of the amendments.

a) **AUDIT COMMITTEE :** 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 "Shareholders' 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 a 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 2006-07 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 the Bankers.

By Order of the Board

Chennai
31.07.2007

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director



ANNEXURE

Forms for disclosure of particulars with respect to conservation of Energy

	2005-2006	2006-2007
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased Unit KWH	13,24,980	14,92,812
Total Amount	67,28,479	74,44,924
Rate / Unit	5.08	4.99
b. Own Generation		
i. Through Diesel Generator Units	35,680	36,265
Units per Ltr. of Diesel Oil	2.50	2.50
Cost / Unit	12.67	14.48
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 Rate	---	---
3. FURNACE OIL	3,13,190	3,15,401
Qty. (Ltrs)	58,75,477	64,14,199
Total Cost	18.76	20.34
Average Rate per Ltr.		
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	2005-2006	2006-2007
ELECTRICITY	---	128.77 UNIT/M.T. OF BLACK PIPES PRODUCTION	137.59 UNIT / M.T. OF BLACK PIPES PRODUCTION
FURNACE OIL	---	35.45 LTR/MT OF BLACK PIPES GALVANIZED	32.57 LTR/MT OF BLACK PIPES GALVANIZED
COAL OTHERS	---	---	---

By Order of the Board

Chennai
31.07.2007**RAKESH GOYAL**
Managing Director**MAHAVEER SINGH**
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 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, stakeholders, 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 31.03.2007.

During the period ended 31st March 2007, 9 (Nine) Board Meetings were held on the following dates viz. 29.04.2006, 10.05.06, 31.07.06, 07.08.06, 21.08.06, 31.10.06, 16.11.06, 30.01.2007 and 10.02.2007.

The Composition and Category of Members of the Board are as under:

S.No.	Names	Category
01.	Mr.Rakesh Goyal	Managing Director
02.	Mr.M.J.Lakshmi Narasimha Rao	Director (Independent)
03.	Mr. Mahaveer Singh	Director (Non-independent)
04.	Mr.Vikram Singh	Director (Non-Independent)

None of these Directors/Managing Director, are as a Member / Chair-person of any other Boards or Board committees.

B. ATTENDANCE RECORD OF THE DIRECTORS

S.No.	Names	Board Meetings Attended during the period	Attendance at last AGM on 28.09.06
01.	Mr.Rakesh Goyal (MD)	09	Present
02.	Mr.M.J.Lakshmi Narasimha Rao	09	Present
03.	Mr. Mahaveer Singh	09	Present
04.	Mr.Vikram Singh	09	Present

DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS

1.	Mr. Mahaveer Singh	-	Rs.	1,19,000
2.	Mr.Vikram Singh	-	Rs.	81,710

Mr.Rakesh Goyal, Managing Director, has not drawn any salary during the period. The Company pays sitting Fees of Rs.200/- to the Director Mr. MJ Lakshmi Narasimha Rao, for each Board Meeting and Committee Meeting attended.