



**TAMILNADU STEEL
TUBES LIMITED**

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**29th Annual Report
2007-2008**

**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 P.R.Shankar

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 NINTH ANNUAL GENERAL MEETING

NOTICE:-

NOTICE is hereby given that the 29th Annual General Meeting of the Company will be held at 10.00 a.m. on Monday, the 29th September 2008, 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 2008, the Profit and 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 place of Sri Mahaveer Singh, who retire by rotation at this meeting, being eligible and is proposed for re-appointment
 - b) to appoint a Director in place of Mr MJ Lakshmi Narasimha Rao, who retire 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.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications, the following Resolution as a "Special Resolution" to meet the Liability to the tune of Rs.250.00 Lacs (Rupees Two Crores and Fifty Lacs) as submitted before the BIFR :-

"RESOLVED to raise funds to the tune of Rs.250.00 Lacs, i.e. Rupees Two Crores and Fifty Lacs, and to be utilized for the purpose of Company's repayment of its statutory liabilities".

"FURTHER RESOLVED that a part of Rs.250.00 Lacs be mobilized from Unsecured Creditors and/or by Issue of Equity Shares on "Preferential" basis, and



TAMILNADU STEEL TUBES LIMITED, CHENNAI

thus to recommend to the General Body, the passing of this Resolution subject to approval of CLB (Company Law Board) and SEBI”.

By Order of the Board

for TAMILNADU STEEL TUBES LTD.

Date : 21 .07.2008

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 Regd. 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 22.09.2008 to 29.09.2008 (both days inclusive).
- 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.

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT 1956 :

To Meet the Liability to the tune of Rs.250.00 Lacs (Rupees Two Crores and Fifty Lacs) as submitted before the BIFR :- The Board was discussing about the Company's progress, present financial position and its liabilities and the ways and means to meet out the same, in accordance with the submission before the BIFR, and as such, a Resolution was passed by the Board of Directors at their Meeting held on 21.07.08. The same is required for the confirmation of the General Body at the ensuing Annual General Meeting to be held on 29.09.2008

By Order of the Board

for TAMILNADU STEEL TUBES LTD.

Date : 21 .07.2008

Place: CHENNAI

M.T.ELUMALAI

Executive Director



TAMILNADU STEEL TUBES LIMITED, CHENNAI

DIRECTORS' REPORT :-

YOUR Directors present the 29th Annual Report on the working of the Company for the Financial Year 2007-2008.

	This Year 2007-2008	Previous Year 2006-2007
FINANCIAL RESULTS :-		
	(Rupees in Lacs)	
Sales & Other Receipts	7,515.14	4,829.95
Expenditure	6,828.70	4,770.57
Material consumed and Mfg. Expenses	6,461.41	4,440.83
Administrative Expenses	261.83	211.53
Selling & Distribution Expenses	34.94	24.65
Interest & Financial Charges	44.37	67.99
Preliminary Expenses written off	0.94	0.94
Depreciation	25.21	24.61
Loss on Sale of Fixed Assets	--	--
(Increase)/Decrease in Stock	21.27	(89.05)
Profit / (Loss) for the year	665.18	148.43
Provision for Taxation	--	--
Surplus / (Deficit)	664.88	147.97

The trend indicates better improvement in operations and further more improvement is expected in the coming year.

EXPORT:- No Export has been done during the year. However, Export has been done at FOB Value for Rs.82.13 Lacs in the previous year. The fall in Exports is due to un-remunerative overseas pricing and fall/variations in Dollar(\$) prices.

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 BIFR (Board for Industrial & Financial Reconstructions), New Delhi. Indian Bank (HO), Chennai-1 appointed as "Operating Agency" (O.A), by 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 (SS), the company is acting on it by complying necessary formalities and regularly submitting Compliance Reports / Progress Reports periodically therefore.



In view of the present status of the Company, the Company has submitted the Modified Draft Rehabilitation Scheme (MDRS) Proposal to the Hon'ble BIFR, for inclusion of certain liabilities and requested to accept MDRS, and the same was also allowed by the Hon'ble BIFR.. Hence, the Company has submitted the necessary MDRS proposal to the O.A. (Operating Agency) viz. Indian Bank, and the process is going on.

LISTING FEES: Listing Fees has been paid up to date for the year 2008-09 for all the Stock Exchanges viz. Madras(Regional) Mumbai and Ahmedabad.

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

DIRECTORS: Sri Mahaveer Singh, and Sri MJ Lakshmi Narasimha Rao, 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 noted the Schedule for implementation of the Amendments.

- a) **AUDIT COMMITTEE :-** Your Directors have constituted an Audit Committee consisting of Sri MJ Lakshmi Narasimha 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 the 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 MJ 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 the 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.
- c) **DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE:** As per Clause 49-IV(G)(ia), of the Listing Agreement, (Amended) vide SEBI Circular dt. 08.04.2008, the following disclosures are made:-



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All the Directors of the Company, viz. Mr Rakesh Goyal, Managing Director, Mr. M.J. Lakshmi Narasimha Rao, Mr Mahaveer Singh, and Mr Vikram Singh, Directors, are not related to each other, and they are also not having any interest in any other companies.

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 2007-08 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(2A) 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., State Govt., and the Bankers.

By Order of the Board

CHENNAI
21.07.2008

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director



TAMILNADU STEEL TUBES LIMITED, CHENNAI

ANNEXURE

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

	2006-2007	2007-2008
A. POWER & FUEL CONSUMPTION :		
1. ELECTRICITY		
a) Purchased Unit KWH	14,92,812	17,21,592
Total Amount	74,44,924	83,05,457
Rate / Unit	4.99	4.82
b) Own Generation		
i. Through Diesel Generator Units	36,265	47,706
Units per Ltr. of Diesel Oil	2.50	2.50
Cost / Unit	14.48	13.46
ii. Through Steam Turbine/Generator Units	-	-
Units per Ltr. of Fuel Oil Gas Cost/Unit	-	-
2. COAL (Specify quality and where used)		
Qty. (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. FURNACE OIL		
Qty. (Ltrs.)	3,15,401	3,69,009
Total Cost	64,14,199	7,56,981
Average Rate per Ltr.	20.34	23.73
4. OTHER INTERNAL GENERATION		
Qty.	-	-
Total Cost	-	-
Rate / Unit	-	-

B. CONSUMPTION PER UNIT PRODUCTION

PRODUCT DETAILS : E.R.W. MS PIPES AND GALVANIZED PIPES

UNIT	STANDARD	2006-2007	2007-2008
ELECTRICITY	---	137.59 UNIT/M.T. OF BLACK PIPES PRODUCTION	114.12 UNIT/M.T. OF BLACK PIPES PRODUCTION
FURNACE OIL	---	32.57 LTR/M.T. OF BLACK PIPES GALVANIZED	27.46 LTR/M.T. OF BLACK PIPES GALVANIZED
COAL OTHERS	---	---	---

By Order of the Board

CHENNAI
21.07.2008RAKESH GOYAL
Managing DirectorMAHAVEER SINGH
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 stakeholders 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 31.03.2008.

During the period ended 31st March 2008, 6 (Six) Board Meetings were held on the following dates viz. 30.04.07, 19.05.07, 31.07.07, 31.10.07, 31.01.2008 and 13.03.2008.

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 28.09.07
01.	Mr Rakesh Goyal	06	Present
02.	Mr M.J.Lakshmi Narasimha Rao	04	Present
03.	Mr Mahaveer Singh	06	Present
04.	Mr Vikram Singh	06	Present

C. DETAILS OF REMUNERATION PAID TO ALL DIRECTORS

01.	Mr Mahaveer Singh	-	Rs. 1,31,000
02.	Mr Vikram Singh	-	Rs. 1,08,200

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 M.J.Lakshmi Narasimha Rao, for each Board Meeting and Committee Meeting attended.