



**TAMILNADU STEEL
TUBES LIMITED**

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**30th Annual Report
2008-2009**

**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 & C-13,
Maraimalai Nagar, Industrial Complex,
Post : KATTANKULATHUR - 603 209,
Kancheepuram Dist.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

THIRTIETH ANNUAL GENERAL MEETING

NOTICE :-

NOTICE is hereby given that the 30th Annual General Meeting of the Company will be held at 10.00 a.m. on Tuesday, the 29th September 2009, 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 Balance Sheet of the company as at 31st March 2009, the Profit and Loss Account for the year ended that date, and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director/s:
to appoint a Director in place of Sri Vikram Singh, 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:

4. Remuneration to Managing Director, Mr Rakesh Goyal :-

To consider and if thought fit, to pass with or without modifications, the following Resolution as an "Ordinary Resolution"

RESOLVED THAT subject to Sections 309 to 311 and Schedule XIII and other applicable provisions of the Companies Act 1956, Sri Rakesh Goyal, Managing Director, be and is hereby paid the following Remuneration and perquisites with effect from 1st April 2009, as recommended by the Remuneration Committee, during the currency of his tenure, (i.e.) up to 15.03.2011.

- a) Salary: Rs.1,50,000/-(Rupees One Lac Fifty Thousand) per month, including other allowances as may be admissible;
- b) Leave Salary as per rules of the Company;
- c) Contribution to P.F. as per rules of the Company ;
- d) Gratuity as per Gratuity Rules payable at the rate not exceeding Half-a-Month's Salary for each completed year of Service ;
- e) House Rent Rs. 50,000/- per month ;
- f) Fees of Clubs subject to a maximum of two Clubs;
- g) Medical Reimbursement of the expenses incurred for self & family – maximum amount is Rs.1,00,000/- per year.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

- h) Leave Travel Concession (LTC) for self and family once in a year subject to a ceiling of one month's salary. [Executive Air Fare/First Class A/C Rail fare, Actuals to cover stay in Hotels and Cost of Local Conveyance] ;
- i) Telephone at Residence.

5. Appointment of Sri Indersain Goyal as Vice – President (Operations) :-

To consider and if thought fit, to pass with or without modifications, the following Resolution as a "Special Resolution".

RESOLVED that Sri Indersain Goyal, be and is hereby appointed as "Vice President (Operations)" of the Company with effect from 20.07.2009 on a consolidated payment of Rs.1,00,000/- (Rupees One Lac) per month as decided by the Board.

FURTHER RESOLVED that Mr.Indersain Goyal/Vice President (Operations) be and is hereby authorized to sign the Letters/Correspondences etc. of the company wherever necessary on behalf of the company.

FURTHER RESOLVED that the matter be brought before the ensuing Annual General Meeting to be held on 29.09.2009 for its confirmation and authorized Mr.Mahaveer Singh / Director, to issue Notice for obtaining approval from the Shareholders for the appointment of Vice President (Operations).

By Order of the Board

For TAMILNADU STEEL TUBES LTD.

Place: CHENNAI
Date : 20.07.2009

MAHAVEER SINGH
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 22.09.2009 to 29.09.2009 (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.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

INTEREST OF DIRECTORS :-

None of the Directors of the Company are interested in any of the Resolutions except Sri Rakesh Goyal, Managing Director.

EXPLANATORY STATEMENT U/S 173(2) of the Companies Act 1956, for the items No.4&5 of the Notice for the 30th Annual General Meeting to be held on 29.09.2009

Item No. 4.

The Board of Directors at their Meeting held on 20.07.2009 approved for the payment of Remuneration to Managing Director, Mr Rakesh Goyal, payable during the currency of his tenure, i.e. up to 15.03.2011, with effect from 1st April 2009. The Remuneration recommended is within the frame work of Schedule XIII of the Companies Act 1956. Sri Rakesh Goyal has been associated with the Company since 1993 and has made significant contributions to the progress of the Company. He is in-charge of the day-to-day operations of the Company and his experience and expertise would be of immense value of the Company.

Item No. 5

The Company is in need of an experienced personality to boost the Company's Production in order to cop-up with the present market conditions, and to withstand in the competitive Steel Industry. The Board of Directors felt it desirable to avail the services of Sri Indersain Goyal - Founder, Chairman of the Company and since retired with effect from 28.04.1999, and he has been associated with the Company. He is the most experienced personality and a thorough knowledge in this Steel Pipes/Tubes field for more than 3 decades. In view of his vast experience and expertise, the Board of Directors decided for the appointment of Sri Indersain Goyal, as "Vice President (Operations)" of the Company. However, as Sri Indersain Goyal being a relative to the Managing Director, the appointment may be made by way of Special Resolution in the ensuing Annual General Meeting, in conformity with Sec.314 of the Companies Act 1956. Accordingly, the Board of Directors at their Meeting held on 20.07.2009 approved the appointment of Sri Indersain Goyal, as "Vice President (Operations)", and as such, the matter be brought before the ensuing AGM to be held on 29.09.2009 for its confirmation.

By Order of the Board

For **TAMILNADU STEEL TUBES LTD.**

Place: CHENNAI
Date : 20.07.2009

MAHAVEER SINGH
Director



TAMILNADU STEEL TUBES LIMITED, CHENNAI

DIRECTORS' REPORT

YOUR Directors present the 30th Annual Report on the working of the Company for the Financial Year 2008-2009.

This Year Previous Year
2008-2009 2007-2008
(Rupees in Lacs)

FINANCIAL RESULTS :-

Sales & Other Receipts	6,314.20	7,515.14
Expenditure	6,016.13	6,828.70
Material consumed and Mfg. Expenses	5,472.77	6,461.41
Administrative Expenses	382.00	261.83
Selling & Distribution Expenses	94.92	34.94
Interest & Financial Charges	30.46	44.37
Preliminary Expenses written off	15.75	0.94
Depreciation	20.22	25.21
Loss on Sale of Fixed Assets	--	--
(Increase)/Decrease in Stock	16.05	21.27
Profit / (Loss) for the year	282.02	665.18
Provision for Taxation	--	--
Surplus / (Deficit)	281.45	664.88

The trend indicates better improvement in operations in spite of global recession and fall in demand. Improvement is expected in the coming year with revival of economy.

EXPORT:- No Export has been done during the year as well as 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 therefor.

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.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

LISTING FEES: Listing Fees has been paid up to date for the year 2009-10 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: Mr Vikram Singh, Director, who retire by rotation at this Annual General Meeting, has 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 (Independent Director) as Chairman, Mr Mahaveer Singh and Mr Vikram Singh (Independent/Non-Executive 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:- All the Directors of the Company, viz. Mr Rakesh Goyal, Managing Director, Mr.MJ 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.

REPORT ON MANAGEMENT DISCUSSION & ANALYSIS (MD & A) :

This Report in detail is included in "Report on Corporate Governance" annexed in this Annual Report.



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 Tamilnadu Steel Tubes Ltd., state in respect of Financial Year 2008-09 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.

On Behalf of the Board

CHENNAI
20.07.2009

RAKESH GOYAL
Managing Director



TAMILNADU STEEL TUBES LIMITED, CHENNAI

ANNEXURE

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

A. POWER & FUEL CONSUMPTION :

	2007-2008	2008-2009
1. ELECTRICITY		
a) Purchased Unit KWH :	17,21,592	12,59,616
Total Amount :	83,05,457	64,56,918
Rate / Unit :	4.82	5.13
b) Own Generation		
i. Through Diesel Generator Units :	47,706	2,46,378
Units per Ltr. of Diesel Oil :	2.50	2.50
Cost / Unit :	13.46	13.75
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./MTs) :	3,69,009 Ltrs	194.964 MT
Total Cost :	7,56,981	52,80,156
Average Rate per Ltr./Kg. :	23.73/Ltr.	27.08/Kg.
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	2007-2008	2008-2009
ELECTRICITY	-	114.12 UNIT/M.T. OF BLACK PIPES PRODUCTION	105.60 UNIT/M.T. OF BLACK PIPES PRODUCTION
FURNACE OIL	-	27.46 LTR/M.T. OF BLACK PIPES GALVANIZED	18.03 Kg./M.T. OF BLACK PIPES GALVANIZED
COAL OTHERS	-	-	-

By Order of the Board

CHENNAI
20.07.2009

RAKESH GOYAL
Managing Director

MAHAVEER 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 31.03.2009. [The Chairman of the company was Mr Indersain Goyal, from 1979 onwards and he resigned and demitted his office as Chairman of the company from 28.04.1999. Subsequently, the company has not filled the post of chairman till date]

During the period ended 31st March 2009, 10 (Ten) Board Meetings were held on the following dates viz. 30.04.08, 21.05.08, 16.06.08, 21.07.08, 31.07.08, 26.08.08, 31.10.08, 17.11.08, 31.01.2009 and 20.02.2009, presided by Sri MJ Lakshminarasimha Rao, excepting for Meetings held on 16.06.08, 31.07.08 & 20.02.09 which were presided by Mr. Mahaveer Singh.

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 (Independent)
04.	Mr Vikram Singh	Director (Independent)

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

B. PECUNIARY RELATIONSHIP [as per Clause 49(IV)(E)(i)]

Non Executive Directors/Independent Directors are committed to the high level of Corporate Governance and as such, they do not have any material pecuniary relationship with the Company.

C. ATTENDANCE RECORD OF THE DIRECTORS

S.No.	Names	Board Meetings Attended during the period	Attendance at last AGM on 29.09.08
01	Mr Rakesh Goyal	10	Present
02.	Mr M.J.Lakshmi Narasimha Rao	07	Present
03.	Mr Mahaveer Singh	10	Present
04.	Mr Vikram Singh	10	Present