



**TAMILNADU STEEL
TUBES LIMITED**

**31ST Annual Report
2009-2010**



TAMILNADU STEEL TUBES LIMITED

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

ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS AS ON 31.03.2010

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
Senior Advocate
24, Nungambakkam High Road,
Chennai – 600 034.

SECRETARIAL:

Sri. P.R. SHANKAR

BANKERS

THE JAMMU AND KASHMIR BANK LTD.,
Chennai – 600 002.

WORKS

B-10 & C-13,
Maraimalai Nagar, Industrial Complex,
Post : KATTANKULATHUR - 603 209,
Kancheepuram Dist.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

THIRTY FIRST ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Company will be held at 10.00 a.m. on Wednesday, the 29th September 2010, 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 2010, 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:
 - a) to appoint a Director in place of Sri MJ Lakshmi Narasimha Rao, who retire by rotation at this Meeting, being eligible and is proposed for re-appointment ;
 - b) 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 ;
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.

Place : CHENNAI
Date : 26.06.2010.

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 22.09.2010 to 29.09.2010 (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

DIRECTORS' REPORT

YOUR Directors present the 31st Annual Report on the working of the Company for the Financial Year 2009-2010.

This Year 2009-2010	Previous Year 2008-2009
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FINANCIAL RESULTS :-

(Rupees in Lacs)

Sales & Other Receipts	7,276.89	6,314.20
Expenditure	7,348.45	6,016.13
Material consumed and Mfg. Expenses	6,291.37	5,472.77
Administrative Expenses	422.44	382.00
Selling & Distribution Expenses	418.92	94.92
Interest & Financial Charges	48.52	30.46
Preliminary Expenses written off	-	15.75
Depreciation	19.45	20.22
(Increase)/Decrease in Stock	(68.91)	16.05
Profit / (Loss) for the year	(2.65)	282.02
Provision for Taxation	358.46	0.58
Surplus / (Deficit)	(361.11)	281.44

The trend indicates fall in operational results due to global recession, fall in demand, and violent fluctuations in Steel Prices. 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.

LISTING FEES: Listing Fees has been paid up to date for the year 2010-11 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 M.J. Lakshmi Narasimha Rao, & Mr Mahaveer Singh, Directors, 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 (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.

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 2009-10 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 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;

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
26.06.2010

RAKESH GOYAL
Managing Director

ANNEXURE

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

2009-2010 2008-2009 2009-2010

A. POWER & FUEL CONSUMPTION :

1. ELECTRICITY	a) Purchased Unit KWH	Total Amount	Rate / Unit	b) Own Generation	i. Through Diesel Generator Units	Units per Ltr. of Diesel Oil	Cost / Unit	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)	Total Cost	Average Rate per Ltr./Kg.	4. OTHER INTERNAL GENERATION	Qty.	Total Cost	Rate / Unit
	12,59,616	64,56,918	5.13		2,46,378	2.50	13.75								194.964 MT.	52,80,156	27.08/Kg.				
	12,89,873	69,67,088	5.40		2,96,740	2.50	13.86								326.350 MT.	94,15,678	28.85/Kg.				

B. CONSUMPTION PER UNIT PRODUCTION

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

UNIT STANDARD 2008-2009 2009-2010

ELECTRICITY - 105.60 UNIT/M.T. OF BLACK PIPES PRODUCTION 105.65 UNIT/M.T. OF BLACK PIPES PRODUCTION

FURNACE OIL - 18.03 Kg./M.T. OF BLACK PIPES GALVANIZED 28.64 Kg./M.T. OF BLACK PIPES GALVANIZED

COAL OTHERS - -

By Order of the Board

CHENNAI 26.06.2010 RAKESH GOVAL 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 26.06.2010.

During the period ended 31st March 2010, 8 (Eight) Board Meetings were held on the following dates viz. 30.04.09, 15.05.09, 15.06.09, 20.07.09, 31.07.09, 31.10.09, 30.01.10, and on 17.02.2010, presided by Sri MJ Lakshminarasimha Rao, Director.

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 29.09.2009
01.	Mr Rakesh Goyal	08	Present
02.	Mr M.J.Lakshmi Narasimha Rao	08	--
03.	Mr Mahaveer Singh	08	Present
04.	Mr Vikram Singh	08	Present



D. DETAILS OF REMUNERATION PAID TO DIRECTORS :

01.	Mr Rakesh Goyal	-	Rs. 18,00,000
02.	Mr Mahaveer Singh	-	Rs. 2,20,800
03.	Mr Vikram Singh	-	Rs. 1,82,781

The Company pays Sitting Fees of Rs.200/- to the Director Mr MJ Lakshmi Narasimha Rao, for each Board Meeting and Committee Meeting attended. No sitting fees were paid to Directors Mr Mahaveer Singh and Mr Vikram Singh.

E. CODE OF CONDUCT & ETHICS

The Company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code has been circulated to all the members of the Board and Senior Management. The Board of Directors and Senior Management Personnel have affirmed their compliance with the Code and a declaration along with certificate of compliance appears in the annexure to the Corporate Governance Report.

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 overview responsibilities, an Audit Committee has been constituted as a Sub-Committee of the Board.

a) Functions of the Committee :

- Reviewing the Company's Financial and Risk Management Policies.
- Reviewing the adequacy of Internal Control Systems and Internal Audit Reports, and their Compliance thereof.
- 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.
- Reviewing Audit plans, audited and unaudited financial results and finding of 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.Lakshmi Narasimha Rao (Chairman)	04	04
02.	Mr Mahaveer Singh	04	04
03.	Mr Vikram Singh	04	04

Mr Mahaveer Singh and Mr Vikram Singh (both Independent Directors/Non Executive Directors on the Board) are Members of the Audit Committee, and Mr M. J Lakshmi Narasimha Rao, (Independent Director) is the Chairman of the Audit Committee. Dates of Audit Committee Meeting held: 30.04.09, 31.07.09, 31.10.09 & 30.01.2010.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

II - SHAREHOLDERS' GRIEVANCES COMMITTEE

The Company has constituted a Shareholders' Grievances Committee as a Sub-Committee to the Board of Directors, consisting of Mr MJ Lakshmi Narasimha Rao (Independent Director) as Chairman, and Mr Mahaveer Singh and Mr Vikram Singh (both Independent/ Non-Executive Directors) as Committee Members, having regard to Annexure-2 under Clause 49 of the Listing Agreement, to consider matters regarding redressal of Shareholders' complaints/grievances, and any other matters that may be considered necessary in relation to the shareholders of the company under the provisions of the Corporate Governance. Grievances Committee E-mail ID: tntshare@yahoo.in

4. GENERAL BODY MEETING

Venue and time of the last three Annual General Meetings as under:

Fin. Year	Date	Time	Venue
2006-2007	28.09.2007	10.00 a.m.	Rani Seethai Hall 603, Anna Salai, Chennai - 6
2007-2008	29.09.2008	10.00 a.m.	Rani Seethai Hall 603, Anna Salai, Chennai - 6
2008-2009	29.09.2009	10.00 a.m.	Rani Seethai Hall 603, Anna Salai, Chennai - 6

All the Resolutions including the "Special Resolutions" (wherever applicable), set out in the respective Notices were passed by the Shareholders. The Company shall comply with the requirements relating to postal ballots as and when necessary.

5. DISCLOSURES:

a) Related Party Transactions :- As the Company do not have any transactions with related parties except Salary to Managing Director (MD) and Loans taken from Managing Director, his relatives, as indicated in the "Notes on Accounts", the further disclosure on this subject may not apply to us at present.

b) Disclosures of Accounting Treatment :-

The Accounting Standards are being followed by the Company in accordance with Indian GAAP, provisions of the Companies Act 1956, and comply in material aspects with the Accounting Standards notified U/S 211(3C) of the Act read with companies (Accounting) Standard Rules, 2006. There is no change in the Accounting Standard & Policies.

Transactions related to "Accounting" during the period are disclosed under Heading "Notes to the Financial Statements" attached to the Accounts in the Annual Report. During the last three years period, there was no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authorities for non compliance of any other matter related to Capital Market.

c) C.E.O./C.F.O. Certification :- A Certificate from the Managing Director of the Company was placed before the Board, which is also furnished as Annexure to this Report.

d) Number of Shares/Convertible Instruments held by Non-Executive Directors as per Clause 49(IV)(E)(iv) of the Listing Agreement :- None of the Executive/Non-Executive Directors of the company are holding shares/convertible debentures.



6. REPORT ON MANAGEMENT DISCUSSION & ANALYSIS (MD & AR) :

a) **Industry Structure & Developments:-** The Steel Industry has been going through a major recession during the recent years. However, the Steel Markets have shown signs of recovery. With the current trend of prices, the Steel Companies hope to leave the worst behind and come up with positive results in the coming years.

b) **Opportunities & Threats :-** During the period, even with the severe pressure on volume and price realization, your company has been able to post a substantial increase in its turnover. With the Steel Markets firming up, your Company hopes to achieve a much higher turnover in the years to come. Your company is well positioned to take advantage of attractive growth opportunities by offering wide range of products to suit the needs of the consumer in the Steel Industry.

c) **Performance (Product-wise) :** Your Company has been endeavoring to set new landmarks in the field of "In-House" product development - E.R.W. Black & Galvanized Steel Tubes/ Pipes - in the Steel Market.

d) **Outlook :-** Your Company will seek attractive opportunities in other growth areas in the Steel Sector in the coming years.

e) **Risks and Concerns :-** Your Company is exposed to the normal Industry Risk Factors, and manages these risks by following prudent business and risk management practices.

f) **Adequacy of Internal Control :-** Your Company maintains a system of internal control, including suitable monitoring procedures. The internal auditors regularly conduct review of the financial and operating controls. Any significant issues, are brought to the attention of the Audit Committee of the Board.

g) **Financial Performance (Operational Performance):-** 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.

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h) **Human Resources :-** The Company continued to have cordial and harmonious relationship with its Employees during the period.

7. MEANS OF COMMUNICATIONS

The Quarterly Results are communicated to all Stock Exchanges whereby the Company's Shares are Listed as soon as the same are approved and taken on record by the Board of Directors of the Company. Further, the Results are published in Local Dailies such as "MAKKAL KURAL" (Tamil) and "TRINITY MIRROR" (English).