



TAMILNADU STEEL TUBES LIMITED



**32ND ANNUAL REPORT
2010-2011**



TAMILNADU STEEL TUBES LIMITED

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

ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS AS ON 31.03.2011

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

&

SECRETARIAL

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

Sri. P.R. SHANKAR

BANKERS :

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

WORKS :

B-10 & C-13,
Maraimalai Nagar, Industrial Complex
M.M. NAGAR - 603 209
Kancheepuram Dist.



THIRTY SECOND ANNUAL GENERAL MEETING

NOTICE :

NOTICE is hereby given that the 32nd Annual General Meeting of the Company will be held at 10.00 a.m. on Thursday, the 29th September 2011, 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 2011, 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 Vikram Singh, who retire by rotation at this Meeting, being eligible and is proposed for re-appointment ;

b) 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 ;

3. To appoint Auditors - M/s. Abhay Jain & Co., Chartered Accountants, Chennai-1 as Statutory Auditors to the Company in the place of M/s. Kumbhat & Co., to hold Office until the conclusion of the next Annual General Meeting, and to fix their remuneration. Consent has been received from the previous Auditors M/s. Kumbhat & Co., Chennai-79.

SPECIAL BUSINESS:

4. Re-Appointment of Managing Director Mr Rakesh Goyal :- To consider and if thought fit, to pass with or without modifications, the following Resolution as a "Special Resolution".

RESOLVED to approve the re-appointment of Sri Rakesh Goyal, as Managing Director, for a further period of 5 years from 16th March 2011 without any revision in his remuneration".

RESOLVED FURTHER that the matter be brought before the ensuing Annual General Meeting for obtaining approval of the Shareholders for the re-appointment of Managing Director.

5. Miss. Saachi Goyal, Executive(Trainee)/H.R.-Confirmation of Appointment:- To consider and if thought fit, to pass with or without modifications, the following Resolution as a "Special Resolution".

RESOLVED that the Services of Miss Saachi Goyal, who underwent a training for a period of one year from 01.04.10 to 31.03.2011 be and is hereby confirmed and appointed her permanently as "Executive/H.R" of the Company with effect from 01.04.11 on a consolidated payment of Rs. 40,000/- (Rupees Forty Thousand) per month as decided by the Board.

FURTHER RESOLVED that the matter be placed before the ensuing Annual General Meeting as a "Special Resolution" with appropriate Explanatory Statement.

6. To Sell/Lease, the Company's Factory Surplus Land about 3.5 Acres situated at C-13, Industrial Complex, MM Nagar-603 209, Kancheepuram Dist.:-

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

RESOLVED to let the Company's Factory Surplus Land about 3.5 Acres, situated at C-13, Industrial Complex, MM Nagar-603 209, Kancheepuram Dist., under "Lease" or to "Sell" to Mrs Durga Devi Goyal, W/o Sri Indersain Goyal, 18, Murrays Gate Road, Alwarpet, Chennai-18, in view of the "Sickness" of the Company, in accordance with the norms of the Company and other Statutory compliances like Shareholders' approval in the A.G.M.

RESOLVED FURTHER that the consideration amount as well as Interest Free amount towards the said Lease/Sale of the Factory Land, be utilized by the Company for its developments in the competitive Market in Steel Industry and to overcome the present difficult situation being faced by the Company [i.e. without any financial assistance either from any Financial Institutions or from Banks]

FURTHER RESOLVED that the matter be placed before the ensuing Annual General Meeting as a "Special Resolution" with appropriate Explanatory Statement.

By Order of the Board

for **TAMILNADU STEEL TUBES LTD.**

Place: CHENNAI

Date : 30.05.2011

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 22.09.2011 to 29.09.2011 (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.

Explanatory Statement U/S 173(2) of the Companies Act 1956:- For the items No.4 to 6 of the Notice for the 32nd Annual General Meeting to be held on 29.09.2011

Item No. 4.

"Sri Rakesh Goyal's re-appointment as "Managing Director" is coming up for approval of the Shareholders. His Re-appointment for a further period of 5 years (16.03.11 to 15.03.2016) was approved at the Meeting of the Board of Directors of the Company held on 09.02.2011. The same is required for the confirmation of the General Body – i.e in the ensuing Annual General Meeting to be held on 29.09.2011, under Section 317 of the Companies Act 1956. Sri Rakesh Goyal continues to be the Managing Director and without any revision in his remuneration. The Board commends approval of the said Resolution."

No other Directors (except Sri Rakesh Goyal) are interested in the above Resolution.

Item No. 5.

The Company is in need of a person to boost the Company's Production in order to cope-up with the present market conditions, and to withstand in the competitive Steel Industry. The Board of Directors felt it desirable to appoint a prominent person and as such, the Board of Directors decided for the appointment of Miss Saachi Goyal, as "Executive (Trainee)/HR" of the Company and as such, appointed her as Trainee for one year from 01.04.2010 onwards, by passing resolution at the Meeting of the Board of Directors held on 15.05.2010, and her services would be confirmed and permanent from 01.04.2011 onwards subject to passing necessary resolution at the appropriate time.

However, as Miss Saachi Goyal being a relative (daughter) to the Managing Director, the appointment/confirmation 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 14.05.2011 approved the confirmation and appointment of Miss Saachi Goyal, as Executive/H.R. and as such, the matter be brought before the ensuing AGM to be held on 29.09.2011 for its confirmation.

No other Directors (except Sri Rakesh Goyal) are interested in the above Resolution.

Item No. 6.

The Company is running/managing with great difficulty without any Financial Assistance either from Financial Institutions or from any Banks in the prevailing competitive Market conditions. In the meantime, an offer letter has been received from Mrs Durga Devi Goyal, W/o Sri Indersain Goyal, No.18, Murrays Gate Road, Alwarpet, Chennai-18, offering for the "Purchase" or to get "Lease" about 3.5 Acres of company's surplus Land situated at C-13, Industrial Complex, MM Nagar. In order to meet the present financial commitments of the Company, and in the absence of any Working Capital facility from any Banks/Financial Institutions at present, the Board of Directors decided and accepted the said offer to Sell/Lease out the surplus Lands about 3.5 Acres of the Company situated at C-13, Industrial Complex, MM Nagar-603 209, Kancheepuram Dist., to Mrs Durga Devi Goyal, W/o Sri Indersain Goyal, No.18, Murrays Gate Road, Alwarpet, Chennai-18, and the proceeds may be utilized for the company's developmental purpose. Accordingly, the Board of Directors passed a Resolution at their Meeting held on 30.05.2011.

Since Mrs Durga Devi Goyal being a relative (mother) to the Managing Director, the above Sale/Lease of Land may be made by way of Special Resolution in the ensuing Annual General Meeting, in conformity with Sec. 314 of the Companies Act 1956. Pursuant to the resolution passed by Board of Directors at their Meeting held on 30.05.2011 with regard to this Sale/Lease of Factory Land, the matter be brought before the ensuing AGM to be held on 29.09.2011 for its confirmation by the Shareholders.

No other Directors (except Sri Rakesh Goyal) are interested in the above Resolution.

By Order of the Board

for **TAMILNADU STEEL TUBES LTD.**

Place: CHENNAI
Date : 30 .05.2011

MAHAVEER SINGH
Director

TAMILNADU STEEL TUBES LTD.,
15, Kondi Chetty Street, CHENNAI-600 001

ADDENDUM TO NOTICE Dt. 30.05.2011

M/s Khumbat & Co., Chartered Accountants, Retiring Auditors of the Company, in their letter dt. 23.08.2011 addressed to the Board of Directors of the Company, have expressed that they are not seeking to be reappointed as Statutory Auditors to the Company at the ensuing Annual General Meeting. The Company has also received a Special Notice from a Shareholder. In view of the shortage of time to comply with certain formalities, the said letter received from the Retiring Auditors M/s Khumbat & Co. will be read out at the ensuing Annual General Meeting with the approval of the Shareholders.

By Order of the Board

for TAMILNADU STEEL TUBES LTD.

Sd/-

MAHAVEER SINGH

Director

Place : CHENNAI

Date : 26.08.2011

DIRECTORS' REPORT

YOUR Directors present the 32nd Annual Report on the working of the Company for the Financial Year 2010-2011.

This Year Previous Year
2010-2011 2009-2010
(Rupees in Lacs)

FINANCIAL RESULTS :-

Sales & Other Receipts	7,760.20	7,276.89
Expenditure	7,827.77	7,348.45
Material consumed and Mfg. Expenses	6960.08	6,291.37
Administrative Expenses	490.20	422.44
Selling & Distribution Expenses	252.09	418.92
Interest & Financial Charges	62.83	48.52
Depreciation	21.61	19.45
(Increase)/Decrease in Stock	(65.41)	(68.91)
Profit / (Loss) for the year	(2.16)	(2.65)
Provision for Taxation	--	358.46
Surplus / (Deficit)	0.87	(361.11)

The trend indicates a slight improvement in the operational results in spite of fall in global recession, fall in demand, and violent fluctuations in Steel Prices. Further 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 absence 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 non statutory 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 2011-12 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 & Mr M.J. Lakshmi Narasimha Rao, 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 VikramSingh, Directors, are not related to each other, and they are also not having any interest in in any other Companies.

REPORT ON MANAGEMENT DISCUSSION & ANALYSIS (MD&AR) : 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 2010-11 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;

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
30.05.2011

RAKESH GOYAL
Managing Director

ADDENDUM TO THE DIRECTORS' REPORT: The following replies are furnished to the Qualificatory remarks of the Auditors under relevant paragraphs of the Annexure to the Auditor's Report:

Unpaid Dividend for the years 1994-95 & 95-96 : The Auditors observed that the Unpaid Dividend of Rs.2.64 Lacs remains in the company without remitting into IE & PF. On the basis of the observation, the Company has arranged for making payment to IE & PF before the ensuing Annual General Meeting of the Company to be held on 29.09.2011 though the Company has included this amount in the MDRS proposal which is still pending before the Hon'ble BIFR.



ANNEXURE

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

	2009-2010	2010-2011
A. POWER & FUEL CONSUMPTION :		
1. ELECTRICITY		
a) Purchased Unit KWH	12,89,873	13,22,908
Total Amount	69,67,088	68,87,371
Rate / Unit	5.40	5.21
b) Own Generation		
i. Through Diesel Generator Units	2,96,740	3,09,355
Units per Ltr. of Diesel Oil	2.50	2.50
Cost / Unit	13.86	15.80
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)	326.350 MT.	297.900 MT.
Total Cost	94,15,678	97,90,432
Average Rate per Ltr./Kg.	28.85 / Kg.	32.86 / 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	2009-2010	2010-2011
ELECTRICITY	-	105.65 UNIT/M.T. OF BLACK PIPES PRODUCTION	110.28 UNIT/M.T. OF BLACK PIPES PRODUCTION
FURNACE OIL	-	28.64 Kg/M.T. OF BLACK PIPES GALVANIZED	26.59 Kg./M.T. OF BLACK PIPES GALVANIZED
COAL OTHERS	-	-	-

By Order of the Board

CHENNAI
30.05.2011RAKESH GOYAL
Managing DirectorMAHAVEER 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 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 4 (Four) Directors as on 30.05.2011.

During the period ended 31st March 2011, 5 (Five) Board Meetings were held on the following dates viz. 15.05.10, 26.06.10, 06.08.10, 03.11.2010, and on 09.02.2011, pre- sided by Sri MJ Lakshmi Narasimha 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 29.09.2010
01	Mr Rakesh Goyal	05	Present
02.	Mr M.J.Lakshmi Narasimha Rao	05	--
03.	Mr Mahaveer Singh	05	Present
04.	Mr Vikram Singh	05	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