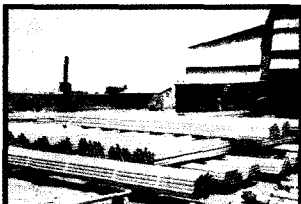




# TAMILNADU STEEL TUBES LIMITED

33<sup>rd</sup> ANNUAL REPORT 2011-2012



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# TAMILNADU STEEL TUBES LIMITED

Registered Office No.15, Kondi Chetty Street,  
Hindustan Chamber of Commerce Building, Chennai- 600 001.  
Phones: 2538 5653 / 2538 5673 / 2538 5733 ; Fax: 091-44-2538 7352  
e-mail: [tnstl@vsnl.net](mailto:tnstl@vsnl.net) website: [www.tamilnadusteeltubesltd.com](http://www.tamilnadusteeltubesltd.com)

## ANNUAL REPORT 2011-2012

### BOARD OF DIRECTORS AS ON 31.03.2012

Sri. RAKESH GOYAL  
Managing Director

Sri. M.J. LAKSHMI NARASIMHA RAO

Sri. MAHAVEER SINGH

Sri. VIKRAM SINGH

Sri. PRADIP KUMAR DUBEY

COMPANY SECRETARY

:

Mr PRAKASH CHANDRA PANDA  
Company Secretary  
CHENNAI – 600 001.

#### ADVISOR:-

LEGAL

:

Mr P.R. SHANKAR, Advocate  
High Court of Madras  
CHENNAI – 600 104.

STATUTORY AUDITORS

:

M/s ABHAY JAIN & CO.  
Chartered Accountants  
CHENNAI - 600 001

COST AUDITORS

:

Mrs LATHA VENKATESH  
Cost Accountant  
CHENNAI - 600 001

BANKERS

:

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

CITY UNION BANK LTD.  
CHENNAI - 600 001

WORKS

:

Plot : B-10  
Maraimalai Nagar, Industrial Complex,  
M. M. NAGAR - 603 209  
Kancheepuram Dist.



**THIRTY THIRD ANNUAL GENERAL MEETING****NOTICE :**

**NOTICE** is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Company will be held at 10.00 a.m. on Saturday, the 29<sup>th</sup> September 2012, at No. 143, "SIR PITTI THIYAGARAYA COMMUNITY CENTRE, G.N. Chetty Road, T.Nagar, Chennai-600 017, to transact the following business:

**ORDINARY BUSINESS:**

**1. To receive, consider and adopt the Balance Sheet** of the company as at 31<sup>st</sup> March 2012, the Statement of Profit and Loss 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 Mahaveer Singh, who retires by rotation at this Meeting and being eligible, is proposed for re-appointment ;

b) to appoint a Director in place of Sri Pradip Kumar Dubey, who retires by rotation at this Meeting and being eligible, 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 Abhay Jain & Co. Chartered Accountants are proposed for re-appointment.

By Order of the Board

for **TAMILNADU STEEL TUBES LTD.**

Sd/-

**MAHAVEER SINGH**

Director

Place: CHENNAI

Date : 29.06..2012

**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 22.09.2012 to 29.09.2012 (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:-**

Mr Pradip Kumar Dubey, was appointed as an Independent Director by the Board on 07.11.2011 under Sec.260 of the Companies Act 1956. He ceases to be a Director at this General Meeting and a Shareholder having expressed with the intention to propose the appointment of Sri Pradip Kumar Dubey as a Director, a Resolution is proposed for appointing a Director. He is a Graduate with more than 15 years experience and he is not disqualified to act as a Director.

**DIRECTORS' REPORT**

**Your** Directors present the 33<sup>rd</sup> Annual Report on the working of the Company for the Year 2011-2012..

**RESULTS :-**
**( Rupees in Lacs)**

Particulars	This Year	Previous Year
Revenue from Operations & other Income	8,088.60	7,760.20
Cost of Material consumed	7,364.27	6687.75
Purchase of Stock in Trade	128.78	229.39
Changes in inventories of Finished Goods	(112.48)	(65.41)
Payment to Employees	88.46	72.99
Financial Expenses	79.65	231.25
Depreciation	21.56	21.61
Amortization Expenses	-	-
Other Expenses	422.63	584.78
Exceptional items	-	-
Extraordinary items	-	-
Profit before Tax	95.73	(2.16)
Current Tax	26.75	-
Deferred Tax	(2.05)	3.03
Profit / (Loss) for the period	71.03	0.87

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 Mahaveer Singh & Mr Pradip Kumar Dubey, Directors, who retires 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 Pradip Kumar Dubey (Independent/Non-Executive Director), Mr Mahaveer Singh and Mr Vikram Singh (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, Mr Vikram Singh, Mr Pradip Kumar Dubey, 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 & 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 2011-12 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

Sd/-

**RAKESH GOYAL**  
Managing Director

PLACE : CHENNAI  
DATE : 29.06.2012

**ANNEXURE**
**Form for disclosure of particulars with respect to conservation of Energy:**
**A. POWER & FUEL CONSUMPTION :**

	2011-2012	2010-2011
<b>1. ELECTRICITY</b>		
a) Purchased Unit KWH :	13,22,908	12,55,408
Total Amount :	68,87,371	70,33,551
Rate / Unit :	5.21	5.60
b) Own Generation	-	-
i. Through Diesel Generator Units :	3,09,355	2,60,585
Units per Ltr. of Diesel Oil :	2.50	2.50
Cost / Unit :	15.80	17.36
ii. Through Steam Turbine/Generator Units :	-	-
Units per Ltr. of Fuel Oil Gas Cost/Unit :	-	-
<b>2. COAL (Specify quality and where used)</b> :	-	-
Qty. (Tonnes) :	-	-
Total Cost :	-	-
Average Rate :	-	-
<b>3. FURNACE OIL</b>	-	-
Qty. (Ltrs./MTs) :	297.900 MT.	295.049MT.
Total Cost :	97,90,432	133,88,650
Average Rate per Ltr./Kg. :	32.86 / Kg.	45.38 / Kg.
<b>4. OTHER INTERNAL GENERATION</b>	-	-
Qty. :	-	-
Total Cost :	-	-
Rate / Unit :	-	-

**B. CONSUMPTION PER UNIT PRODUCTION**
**PRODUCT DETAILS : E.R.W. MS PIPES AND GALVANIZED PIPES**

UNIT	STANDARD	2010-2011	2011-2012
ELECTRICITY	110.28 UNIT/M.T. OF BLACK PIPES PRODUCTION	105.28 UNIT/M.T. OF BLACK PIPES PRODUCTION	
FURNACE OIL	26.59 LTR/M.T. OF BLACK PIPES GALVANIZED	33.44 Kg./M.T. OF BLACK PIPES GALVANIZED	
COAL OTHERS	-	-	

By Order of the Board

 PLACE : CHENNAI  
 DATE : 29.06.2012

 Sd/-  
**RAKESH GOYAL**  
 Managing Director

 Sd/-  
**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 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 5 (Five) Directors as on 29.06.2012.

During the period ended 31<sup>st</sup> March 2012, Nine ( 9 ) Board Meetings were held on the following dates viz.14.05.11, 30.05.11, 13.07.11, 13.08.11, 26.08.11, 08.10.11, 07.11.11, 11.02.2012 and on 28.03.2012, presided by Sri MJ Lakshmi Narasimha Rao, Director, excepting on 08.10.2011 when Sri Vikram Singh/Director, was presided.

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
05.	Mr Pradip Kumar Dubey	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 29.09.2011
01	Mr Rakesh Goyal	09	Present
02.	Mr M.J.Lakshmi Narasimha Rao	08	--
03.	Mr Mahaveer Singh	09	Present
04.	Mr Vikram Singh	09	Present
05.	Mr Pradip Kumar Dubey[fr.07.11.11]	02	--

**D. DETAILS OF REMUNERATION PAID TO DIRECTORS:**

01.	Mr Rakesh Goyal	-	Rs. 18,00,000
02.	Mr Mahaveer Singh	-	Rs. 5,52,000
03.	Mr Vikram Singh	-	Rs. 2,64,667

The Company pays Sitting Fees of Rs.200/- to the Director Mr MJ Lakshmi Narasimha Rao, and Mr Pradip Kumar Dubey, for each Board Meeting and Committee Meetings 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 :**

- i) Reviewing the Company's Financial and Risk Management Policies.
- ii) Reviewing the adequacy of Internal Control Systems and Internal Audit Reports, and their Compliance thereof.
- iii) 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.
- iv) 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
04.	Mr Pradip Kumar Dubey	04	01

Mr Vikram Singh (Non Executive Director) and Mr Pradip Kumar Dubey, Mr Mahaveer 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: 30.04.11, 30.07.11, 07.11.11 & 18.01.2012.