



**TAMILNADU STEEL  
TUBES LIMITED**

**30<sup>th</sup> Annual Report  
2008-2009**



**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 30<sup>th</sup> Annual General Meeting of the Company will be held at 10.00 a.m. on Tuesday, the 29<sup>th</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> 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

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### 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 30<sup>th</sup> 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 1<sup>st</sup> 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 30<sup>th</sup> 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 :-

	This Year 2008-2009	Previous Year 2007-2008
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

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**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

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**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





**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

**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 31<sup>st</sup> 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

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

01.	Mr Mahaveer Singh	-	Rs . 1,62,000
02.	Mr Vikram Singh	-	Rs. 1,35,200

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 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 :**

- 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	03
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: 30.04.08, 21.07.08, 31.10.08 & 31.01.09



## 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
2005-2006	28.09.2006	10.00 a.m.	RANI SEETHAI HALL 603, Anna Salai, Chennai – 6
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

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 any related parties, the 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.

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.

**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).



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## 8. GENERAL SHAREHOLDERS' INFORMATION

### a) Annual General Meeting

Date & Time : 29.09.2009, Tuesday, 10.00 a.m.  
Venue : Rani Seethai Hall  
603, Anna Salai, Chennai-600 006

### b) Tentative Financial Calendar for the Fin. Year 2009-2010

Financial Reporting for the  
Quarter Ended : 30.06.2009 : July 2009  
Quarter Ended : 30.09.2009 : October 2009  
Quarter Ended : 31.12.2009 : January 2010  
Quarter Ended : 31.03.2010 : April 2010

### c) Date of Book Closure

: 22.09.2009 to 29.09.2009  
(Both days inclusive)

### d) Dividend Payment Date

: Not applicable

### e) Listing on Stock Exchanges

: 1. Madras Stock Exchange Ltd. (Regional)  
2. Bombay Stock Exchange Ltd.  
3. Ahmedabad Stock Exchange Ltd.

### f) Registrar & Transfer Agents

: The Company is having their own in-house Shares Dept.

### g) Share Transfer System

: All the Share Transfers are done in physical form within 30 days from the date of receipt of Share Transfer Requests.

### h) Shareholding Pattern as on 31.03.2009

S.No.	Category	No. of Shares Held	% of Share Holdings
01.	Indian Promoters	9,90,600	19.33
02.	Mutual Funds	70,600	1.38
03.	Private Corporate Bodies	10,00,000	19.51
04.	Indian Public	30,63,600	59.78
	<b>Total</b>	<b>51,24,800</b>	<b>100.00</b>

### i) Distribution of Shareholding as on 31.03.2009

No. of Shares	Share Holders		Total No. of Shares	Percentage of Holding
	Number	%		
1 to 5,000	14,357	99.62	23,91,700	46.67
5,001 to 10,000	22	0.15	1,70,590	3.33
10,001 to 20,000	12	0.08	1,74,000	3.40
20,001 to 30,000	2	0.01	51,400	1.00
30,001 to 40,000	2	0.01	80,000	1.56
40,001 to 50,000	1	0.01	50,000	0.98
50,001 to 1,00,000	6	0.05	4,67,100	9.11
above 1,00,000	10	0.07	17,40,010	33.95
<b>TOTAL</b>	<b>14,412</b>	<b>100.00</b>	<b>51,24,800</b>	<b>100.00</b>

**j) Dematerialization of Shares :-**

The Company has approached CDSL and NSDL and the necessary action for dematting is in the process.

**k) Re-Appointment of Director/s (As per Clause 49 (IV)(G)(i) of the Listing Agreement) :**

-----  
**Mr. VIKRAM SINGH**  
-----

- |  |   |   |
|--|---|---|
| 1. Brief Resume of Directors   | : | 46 Years<br>B.A..   |
| 2. Nature of his expertise in specific functional areas  | : | An experienced Technician particularly in ERW Tube Manufacturing, and has more than 20 years experience in this Industry. |
| 3. Name of Companies in which the person also holds the Directorship and the Membership of Committees of Board | : | -Nil-   |
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**l) Address for Correspondence**

For any assistance with regard to Share Transfers, Transmission, issue of Duplicate Certificates, Change of Address, Non-receipt of Annual Reports etc., Investors are requested to write to the Regd. Office of the Company, viz. Tamilnadu Steel Tubes Ltd., Hindustan Chamber of Commerce Bldg., No. 15, Kondi Chetty Street, Chennai-600 001.

- m) Plant Location** : B-10, Maraimalai Nagar Industrial Complex  
Kattankulathur (Post) – 603 209  
Kancheepuram District., Tamil Nadu.

**9. C.E.O. / C.F.O. CERTIFICATION :**

[ As per Clause-49 (V) of the Listing Agreement ]

**CERTIFICATE**

This is to certify that to the best of our knowledge and belief,

a) We have reviewed the Balance Sheet of the Company as at 31<sup>st</sup> March 2009, the Profit & Loss Account and all its Schedules and Notes on Accounts as well as the Cash Flow Statements for the year ended that date, and the Directors' Report ;

b) these Statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading ;

c) these statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and/or applicable laws and regulations ;

d) we are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company; and they have also disclosed to the Auditors and the Audit Committee and confirm them to be adequate;

e) there is no instances of significant fraud involving management or the significant role of employees in the Company's internal control systems, to be disclosed to the Auditors as well as the Audit Committee ;



## TAMILNADU STEEL TUBES LIMITED, CHENNAI

f) we have indicated to the Auditors, the Audit Committee and in the Notes on Accounts as to the Accounting Policies being followed by the company during the year, and there were no changes in the Accounting Policies.

Place : Chennai  
Date : 20.07.2009

**RAKESH GOYAL**  
MANAGING DIRECTOR

**10. Declaration regarding compliance by Board Members and Senior Management Personnel with the Code of Conduct & Ethics : [As per Clause 49(I)(D)(ii) of Listing Agreement]**

This is to inform you that the company has adopted a Code of Conduct & Ethics applicable to all the Members of the Board of Directors and Senior Management Personnel of the Company. I confirm that the company in respect of the financial year ended March 31, 2009 received from all the Members of the Board of Directors and Senior Management Personnel of the Company, a declaration of compliance with the Code of Conduct and Ethics as applicable to them.

Place : Chennai  
Date : 20.07.2009

**RAKESH GOYAL**  
MANAGING DIRECTOR

**11. NON MANDATORY REQUIREMENTS**

The Directors have not at the moment concentrated on "Non-Mandatory" requirements of the Stock Exchanges.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Tamilnadu Steel Tubes Limited, Chennai.

We have examined the compliance of conditions of corporate governance by Tamilnadu Steel Tubes Limited, for the year ended on 31<sup>st</sup> March 2009, as Stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For KUMBHAT & co.,**  
**Chartered Accountants**

Place : Chennai  
Date : 20.07.2009

**(AJIT KUMBHAT)**  
Partner





**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
TAMILNADU STEEL TUBES LIMITED., CHENNAI**

We have audited the attached Balance Sheet of Tamil Nadu Steels Tubes Ltd., Chennai as at 31<sup>st</sup> March 2009 and also the profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about the financial statements, whether the same are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

2. Further to our comments in the annexure referred to in paragraph "1" above, we state that:
- a) We have obtained all the informations and explanations which, to the best of our Knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts, as required by law been kept by the Company so far as it appears from our examination of those books (and proper return adequate for the purposes of our audit have been received from the branches not visited by us.)
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Profit and Loss Account and Balance Sheet, referred to in Report comply with the applicable Accounting Standards referred to in Sub- Section 3 (c) of section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that, none of the directors are disqualified as on 31<sup>st</sup> March 2009 from being appointed as directors in terms of clause (g) of sub - section (1) of Section 274 of the companies Act, 1956.



## TAMILNADU STEEL TUBES LIMITED, CHENNAI

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- f) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act 1956, in the manner so required and give true and fair view.
- i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March, 2009 and
- ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
- iii) In the case of the Cash Flow Statement , of the cash flow for the year ended on that date.

**For KUMBHAT & CO.,  
Chartered Accountants**

Place: Chennai  
Date : 20.07.2009

**(AJIT KUMBHAT)**  
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

(This is the Annexure referred to in our Report of even date)

In terms of the Information and Explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. These fixed assets have been physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification. None of the fixed assets are revalued during the year. No substantial part of fixed assets has been disposed of during the year, which will affect its status as going concern.
- (ii) The stock of Inventory has been physically verified during the year by the Management at reasonable intervals. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company has maintained proper records of inventory.
- (iii) (A) The Company has taken unsecured loans from 9 other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (a) The Maximum amount involved during the previous year was Rs.2.02 Crores and the year end balance of loans taken from such parties was Rs.1.09 Crores.
  - (b) In our opinion, the terms and conditions whereof are not prejudicial to the interest of the company.
  - (c) The company is regular in repaying the principal and interest as stipulated.
- (B) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 .
- (iv) In our opinion, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- (v) The company has not entered into any transactions in the previous financial year with respect to parties which need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
- (vi) The company has not accepted deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.

- (vii) In our opinion and according to information & explanation given to us, the company has in house Internal Audit System commensurate with the size & nature of its business.
- (viii) The company has maintained cost records prescribed by The Central Government under Section-209(1) (d) of the Act for any of its products.
- (ix) a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate authorities, except in following cases:

S.No	Nature Of dues pending	Rs (In Lacs)
1.	SALES TAX DUES: TNGST (For the year 2000-01 & 2001-02)	47.07
2.	UNCLAIMED DIVIDEND (Not deposited with RBI)	2.64

(b) The following statutory dues have not been deposited on account of dispute:

S.No	Nature Of Disputed Statutory dues	Rs (In Lacs)	Forum where the dispute is pending
1.	INCOME TAX DUES i) A.Y 1990-91 to 2000-01  ii) A.Y 1997-1998	164.09  38.22	Appeal Pending before the Hon'ble High Court, Chennai  Appeal Pending before the Hon'ble High Court, Chennai.
2.	SERVICE TAX DUES: (From Nov' 1997 to June'1998)	1.65	Pending for inclusion in modified draft rehabilitation scheme before BIFR

- (x) The Company has Accumulated Losses to the extent of Rs. 6.54 Crores as on 31.3.2009, the said losses exceed 50% of net worth of the company. However the company has not incurred cash losses during the financial year covered by our audit report and in the immediately preceding financial year.
- (xi) The Company entered in to an O.T.S. (One Time Settlement) with its Bankers viz. The Jammu & Kashmir Bank Ltd., whereby the Bankers have directed the Company to pay a sum of Rs.10 Crores, with interest, within the stipulated period, and if there is no violation in this condition, they may reduce the liability from Rs.15.09 Crores to Rs.10 Crores after full and final payment. Accordingly, the company has agreed for this O.T.S. proposal and so far paid a sum of Rs.8.56 Crores.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit fund, Nidhi or Mutual benefit fund / Society.



## TAMILNADU STEEL TUBES LIMITED, CHENNAI

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- (xiv) The Company is not dealing in or trading in Shares, Securities, Debentures and other investments.
- (xv) The Company has not given guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments and vice versa.
- (xviii) The Company has not made preferential allotment of shares to Parties and Companies covered in the register maintained under section 301 of the Companies Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) During the audit, carried out by us, any fraud on or by the company has not been noticed or reported during the year under report.

**For KUMBHAT & CO  
Chartered Accountant**

Place: Chennai  
Date: 20.07.2009

**(AJIT KUMBHAT)**  
Partner



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## BALANCE SHEET AS AT 31ST MARCH 2009

Description	Schedule	Figures as at 31.03.2009 (Rs.)	Figures as at 31.03.2008 (Rs.)
<b>SHARE HOLDER'S FUNDS :</b>			
A) SHARE CAPITAL	A	51,248,000	51,248,000
B) RESERVES & SURPLUS	B	10,992,120	10,992,120
<b>LOAN FUNDS:</b>			
A) SECURED LOAN	C	33,033,407	52,287,131
B) UNSECURED LOAN	D	10,922,076	18,786,918
<b>TOTAL</b>		<b>106,195,603</b>	<b>133,314,169</b>
<b>FIXED ASSETS</b>			
Gross Block	E	75,483,685	72,664,554
Less : Depreciation		61,003,349	59,005,745
Net Block		14,480,336	13,658,809
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	F	41,449,064	55,536,697
Sundry Debtors		42,642,932	62,936,302
Cash & Bank Balances		3,964,150	7,192,856
Loans & Advances		14,078,908	16,095,112
		102,135,054	141,760,967
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	52,932,923	108,768,812
Provisions		22,871,015	8,440,864
		75,803,938	117,209,676
<b>Net Current Asset</b>		26,331,116	24,551,292
<b>MISCELLANEOUS EXPENDITURE</b>			
	H	-	1,575,310
<b>PROFIT AND LOSS A/C</b>		65,384,151	93,528,758
<b>TOTAL</b>		<b>106,195,603</b>	<b>133,314,169</b>

For KUMBHAT & CO.,  
Chartered Accountants

(AJIT KUMBHAT)  
Partner

RAKESH GOYAL  
Managing Director

MAHAVEER SINGH  
Director

Place : CHENNAI  
Date : 20.07.2009



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH 2009

	Schedule	Figures as on 31.03.2009 (Rs.)	Figures as on 31.03.2008 (Rs.)
Sales and other receipts	I	631,420,187	751,514,497
Increase in Stock	J	(1,605,061)	(2,126,645)
<b>Total Income (A)</b>		<b>629,815,126</b>	<b>749,387,852</b>
Materials consumed and Manufacturing Expenses		547,277,298	646,140,621
Administrative Expenses	K	38,200,117	26,182,500
Selling and Distribution Expenses		9,492,432	3,493,772
Interest and Financial Charges		3,045,561	4,437,450
Preliminary Expenses Written off		1,575,310	94,497
Depreciation		2,022,281	2,521,254
<b>Total Expenditure (B)</b>		<b>601,612,999</b>	<b>682,870,094</b>
<b>Net Profit for the Year (A) - (B)</b>		<b>28,202,127</b>	<b>66,517,758</b>
Less: Provision for FBT		57,520	29,713
<b>Surplus/(Loss) for the year</b>		<b>28,144,607</b>	<b>66,488,046</b>
Add: Balance of Profit & Loss a/c. Brought forward		(93,528,758)	(160,016,804)
<b>Balance Carried forward to Balance Sheet</b>		<b>(65,384,151)</b>	<b>(93,528,758)</b>

For KUMBHAT & CO.,  
Chartered Accountants

(AJIT KUMBHAT)  
Partner

RAKESH GOYAL  
Managing Director

MAHAVEER SINGH  
Director

Place : CHENNAI  
Date : 20.07.2009



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.09

	Figures as on 31.03.2009 (Rs.)	Figures as on 31.03.2008 (Rs.)
<b><u>SCHEDULE A:</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>AUTHORISED CAPITAL</u></b>		
40,000 6% redeemable cumulative preference shares of Rs.100 each	4,000,000	4,000,000
11,000,000 Equity Shares of Rs.10 each	110,000,000	110,000,000
	<b>114,000,000</b>	<b>114,000,000</b>
<b><u>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</u></b>		
5,124,800 Equity Shares of Rs.10/- each fully paid	51,248,000	51,248,000
	<b>51,248,000</b>	<b>51,248,000</b>
<b><u>SCHEDULE B:</u></b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b><u>CAPITAL RESERVE</u></b>		
Reserve State Subsidy	1,178,000	
Forfeited Shares	1,999,888	3,177,888
		<b>3,177,888</b>
<b><u>GENERAL RESERVE</u></b>		
Balance as per previous Balance Sheet	7,814,232	7,814,232
<b>TOTAL</b>	<b>10,992,120</b>	<b>10,992,120</b>





# TAMILNADU STEEL TUBES LIMITED, CHENNAI

	Figures as on 31.03.2009 (Rs.)	Figures as on 31.03.2008 (Rs.)
<b><u>SCHEDULE C:</u></b>		
<b><u>SECURED LOANS:</u></b>		
<b>FROM BANKS</b>	32,250,001	51,931,566
(Secured by hypothecation of Stock-in-trade, Stores, Spares & Consumables, Book debts & Receivables, both present & future and further secured by residual charge on Fixed Assets)		
HDFC - CAR LOAN	783,406	355,565.00
(Secured by hypothecation of car under hire purchase agreement)		
	<b>33,033,407</b>	<b>52,287,131</b>
<b><u>SCHEDULE D:</u></b>		
<b><u>UNSECURED LOANS:</u></b>		
FROM DIRECTORS & RELATIVES	8,150,475	14,444,474
OTHERS	2,771,601	4,342,444
	<b>10,922,076</b>	<b>18,786,918</b>
<b><u>SCHEDULE F:</u></b>		
<b><u>CURRENT ASSETS, LOANS AND ADVANCES:</u></b>		
<b><u>CURRENT ASSETS</u></b>		
<b>INVENTORIES</b>		
(As taken, Valued & Certified by the Management)		
RAW MATERIALS (At Cost)	10,575,515	20,212,143
STORES & SPARES (At Cost)	6,721,119	9,567,064
FINISHED GOODS (At Cost or Market Price whichever is lower)	23,802,085	25,028,945
OTHER GOODS (At Realisable value)	350,345	728,546
	<b>41,449,064</b>	<b>55,536,698</b>
<b>SUNDRY DEBTORS</b>		
Sundry Debtors - Less than six months	11,694,048	51,303,815
Other	30,948,884	11,632,487
	<b>42,642,932</b>	<b>62,936,302</b>
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	196,425	401,868
Balance with scheduled Banks:		
- In Current Accounts	3,767,725	2,589,423
- In Fixed Deposits & Cash Certificates	-	4,201,565
	<b>3,964,150</b>	<b>7,192,856</b>

**TAMILNADU STEEL TUBES LIMITED, CHENNAI****SCHEDULE 'E' : SCHEDULE OF FIXED ASSETS AS AT 31.03.2009**

S. No.	Particulars	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As at 31.03.2008	Additions	Deletions	As at 31.03.2009	Upto 31.3.2008	For the year	Written Back	Upto 31.3.2009	As at 31.3.2009	As at 31.3.2008
1.	Land		873,810	1,587,332	-	2,461,142	-	-	-	-	2,461,142	873,810
2.	Building	3.34%	5,558,549	225,054	-	5,783,603	3,921,280	185,656	-	4,106,936	1,676,667	1,637,269
3.	Plant & Machinery	4.75%	60,483,014	-	-	60,483,014	50,373,121	1,674,564	-	52,047,685	8,435,329	10,109,893
4.	Office Equipment	4.75%	646,695	56,316	-	703,011	485,059	9,665	-	494,724	208,287	161,636
5.	Electrical Installation	4.75%	2,740,573	-	-	2,740,573	2,740,573	-	-	2,740,573	-	-
6.	Furniture & Fittings	6.33%	376,617	6,400	-	383,017	307,521	10,774	-	318,295	64,722	69,096
7.	Vehicles	9.50%	622,050	879,357	24,677	1,476,730	83,064	116,535	24,677	174,922	1,301,808	538,986
8.	Air Conditioners & Water Cooler	4.75%	432,428	57,707	-	490,135	193,737	17,151	-	210,888	279,247	238,691
9.	Computer	16.21%	930,818	31,642	-	962,460	901,390	7,936	-	909,326	53,134	29,428
	<b>Total</b>		<b>72,664,554</b>	<b>2,843,808</b>	<b>24,677</b>	<b>75,483,685</b>	<b>59,005,745</b>	<b>2,022,281</b>	<b>24,677</b>	<b>61,003,349</b>	<b>14,480,336</b>	<b>13,658,809</b>

Note: Depreciation has been provided for the single shift on the basis of SLM at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

Figures as on  
31.03.2009  
(Rs.)

Figures as on  
31.03.2008  
(Rs.)

## LOANS & ADVANCES

Cenvat credit receivable a/c	183,773	216,663
TDS receivable	87,998	69,025
Advance-FBT	65,500	59,000
Advance recoverable in Cash or In kind or for value to be received	483,145	569,182
Advance -others	-	150,000
Interest receivable ht service	-	-
Input service tax	153,796	-
Prepaid expenses	242,428	403,800
Other receivables	9,939,687	12,152,149
Deposits	2,922,581	2,475,293
<b>D</b>	<b>14,078,908</b>	<b>16,095,112</b>
<b>TOTAL A + B+C+D</b>	<b>102,135,054</b>	<b>141,760,968</b>

## SCHEDULE G:

### CURRENT LIABILITIES & PROVISIONS

#### **A** CURRENT LIABILITIES

SUNDRY CREDITORS	41,765,417	94,967,920
DEPOSITS TRADE SECURITY	300,002	350,002
TAX DEDUCTED AT SOURCE PAYABLE	133,434	331,252
OTHER LIABILITIES	10,734,070	13,119,638
<b>(A)</b>	<b>52,932,923</b>	<b>108,768,812</b>

#### **B** PROVISIONS

FOR GRATUITY	2,395,575	2,322,031
FOR TAXATION (97-98 & BLOCK ASST.)	20,417,920	6,089,120
FOR -FBT	57,520	29,713
<b>(B)</b>	<b>22,871,015</b>	<b>8,440,864</b>
<b>TOTAL (A) + (B)</b>	<b>75,803,938</b>	<b>117,209,676</b>

## SCHEDULE H:

### MISCELLANEOUS EXPENDITURE

(To the extent not written off)

OPENING BALANCE	1,575,310	1,669,807
LESS:W/O DURING THE YEAR	1,575,310	94,497
CLOSING BALANCE	-	<b>1,575,310</b>



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## SCHEDULES OF PROFIT & LOSS A/C AS AT 31.03.2009

	Figures as on 31.03.2009 (Rs.)	Figures as on 31.03.2008 (Rs.)
<b><u>SCHEDULE I:</u></b>		
<b><u>SALES AND OTHER RECEIPTS</u></b>		
SALES	630,429,768	717,757,108
OTHERS-INTEREST RECEIPTS	83,726	75,375
EXPORT INCENTIVE	-	63,644
SALE OF SCRAP	38,556	-
PROFIT ON SALE OF FIXED ASSETS	1,923	-
INSURANCE COLLECTED	213,793	179,425
CANARA BANK CLAIM RECD	652,421	384,181
INTEREST W/BACK -J&K CC 03	-	33,054,764
	<b>631,420,187</b>	<b>751,514,497</b>
<b><u>SCHEDULE J:</u></b>		
<b><u>INCREASE/DECREASE IN STOCK:</u></b>		
CLOSING STOCK		
- FINISHED GOODS	23,802,085	25,028,945
- OTHER GOODS	350,345	728,546
	<b>24,152,430</b>	<b>25,757,491</b>
<b><u>LESS: OPENING STOCK</u></b>		
- FINISHED GOODS	25,028,945	27,113,687
- OTHER GOODS	728,546	770,449
	<b>25,757,491</b>	<b>27,884,136</b>
	<b>-1,605,061</b>	<b>-2,126,645</b>
<b><u>SCHEDULE K:</u></b>		
<b><u>ADMINISTRATIVE EXPENSES:</u></b>		
SALARIES, WAGES & RELATIVE EXPENSES	5,258,832	3,803,151
RENT, RATES, TAXES, INSURANCE & FEES	26,716,328	18,441,038
POSTAGE, TELEPHONE & TELEX CHARGES	365,487	348,589
TRAVELLING & CONVEYANCE EXPENSES	617,694	276,204
DIRECTOR'S REMUNERATION	344,580	276,780
PROFESSIONAL & SERVICE CHARGES	196,094	243,462
AUDIT FEES	114,537	81,216
REPAIRS & MAINTENANCE	820,444	1,269,307
GENERAL EXPENSES	3,664,891	1,442,753
	<b>38,098,887</b>	<b>26,182,500</b>

**Notes to the Financial Statements:****A. Significant Accounting Policies:****1. BASIS OF ACCOUNTING:**

The financial statements are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, referred to in section 211(3C) of Companies Act, 1956.

**2. ACCOUNTING OF SALES:**

Sales have been accounted net of sales tax & Excise duty as required by Accounting Standard – 9 of The Institute of Chartered Accountants of India except the Consignment Sales, which includes excise duty.

**3. FIXED ASSETS & DEPRECIATION:**

- (i) Fixed Assets include all expenditure of capital nature and are stated at cost of acquisition, installation and commissioning less depreciation.
- (ii) Depreciation has been provided on the basis of straight line method at the rates and in the manner specified in Schedule XIV of the Act.

**4. VALUATION OF INVENTORIES:**

- (i) Raw Materials : At Cost
- (ii) Stores & Spares : At Estimated Cost
- (iii) Finished Goods : At Cost or Market Price whichever is lower
- (iv) Scrap : At Net Realizable Value.

**5. LIABILITY RECOGNITION:**

Provision is made in accounts in respect of all liabilities relating to the period under review which has become known till date the accounts are prepared for authentication by the Board of Directors and which have material effect on the position stated in the Balance Sheet. Claims and Debts not acknowledged / accepted by the company are not recognized but disclosure is made by way of notes on accounts.

**B. NOTES ON ACCOUNTS :****1. CONTINGENT LIABILITES :**

- (a) The SAIL has claimed a sum of Rs.1.62 crores. Sales tax and the same has been countered as disputed claim as per Ministry of Industry notification 90/88 and according to the information and explanation given to us, the case is still pending before the Hon'ble High Court of Madras.
- (b) The SAIL has also claimed a sum of Rs.16.85 lacs and the case is pending before the Hon'ble High Court of Madras.
- (c) The Joint Director General of Foreign Trade Office had claimed a sum of Rs.25.48 lacs for some discrepancies in the Advance licences and the same is disputed.



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## 2. QUANTITATIVE PARTICULARS :

	Year ended 31/03/2009 M.T.	Year ended 31/03/2008 M.T.
<b>(A) IN RESPECT OF FINISHED GOODS</b>		
Licensed Capacity	35,000	35,000
Installed Capacity	35,000	35,000
Opening Stock	666	850
Actual Production	12459	15529
Purchases / Job Work	391	390
Turnover Value – Rs. 613861122/- (Previous Year Rs. 699731219/-)	16,489	16,103
Closing Stock	684	666

## **(B) CONSUMPTION OF RAW MATERIAL**

	Year ended 31/03/2009 Rs.	M.T.	Year ended 31/03/2008 Rs.	M.T.
H.R. Coils	426,486,922	11902	47,44,76,373	15088
Zinc	51,217,982	611	10,90,22,400	734
Sockets	822,996		19,58,603	
	<b>478,527,900</b>		<b>58,54,57,376</b>	

## 3. VALUE OF RAW MATERIALS CONSUMED :

	Year ended 31/03/2009 Rs.	%	Year ended 31/03/2008 Rs.	%
Imported	NIL	0	NIL	0
Indigenous	478,527,900	100	585,457,376	100

## 4. EARNINGS IN FOREIGN EXCHANGE :

	Year ended 31/03/2009	Year ended 31/03/2008
Export at F.O.B Value	NIL	NIL

## 5. PAYMENT TO DIRECTORS :

	Year ended 31/03/2009 Rs.	Year ended 31/03/2008 Rs.
Remuneration (Incl. Bonus)	297200	259300
Contribution to P.F / ESI	18720	18720
Sitting Fees	2200	1400
HRA	Nil	Nil

6. No Employee of the company draws salary exceeding Rs. 2,00,000/- P.M.

**7. REMUNERATION TO AUDITORS :**

	<b>Year ended 31/03/2009 Rs.</b>	<b>Year ended 31/03/2008 Rs.</b>
Towards Statutory Audit	38605	39326
Towards Tax Audit	16545	16854
(Including Service Tax)	55150	56180

8. Other liabilities include Rs. 2,64,370/- towards Dividend Payable for the year 1993 – 94 which remains unpaid for more than 7 years.

9. Closing Balance of Sundry Debtors as on 31.03.2009 are subject to confirmation.

10. Closing Balance of Sundry Creditors as on 31.03.2009 are subject to confirmation.

	<b>Year ended 31/03/2009 Rs.</b>	<b>Year ended 31/03/2008 Rs.</b>
11. Earnings per Share		
Profit as per Profit & Loss A/c (A)	2,81,44,608	6,65,17,759
Weighted Avg No of Equity Shares (B)	51,24,800	51,24,800
Weighted Avg EPS (in Rs) A/B	<b>5.49</b>	<b>12.97</b>

**12. Deferred Taxation :**

The Company has not recognized any deferred tax liability as required by the AS 22 in the books of account on account of huge unabsorbed business and depreciation losses.

**13. Segment Information :**

The Company is principally engaged in the business of manufacture of only steel pipes and hence there are no other reportable segments as per Accounting Standard 17 issued by the ICAI on 'Segment Reporting'.

14. Figures are rounded off to nearest Rupee.

15. Previous year figures are re-grouped / re- arranged wherever necessary.

**For KUMBHAT & CO.,  
Chartered Accountants**

**(AJIT KUMBHAT)**  
Partner

**RAKESH GOYAL**  
Managing Director

**MAHAVEER SINGH**  
Director

Place : Chennai  
Date : 20.07.2009



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st MARCH 2009

	Figures as on 31.03.2009 (Rs)	Figures as on 31.03.2008 (Rs)
<b><u>OPERATING ACTIVITIES:</u></b>		
PROFIT BEFORE TAX	28,202,127	66,517,759
<b><u>ADJUSTMENT FOR:</u></b>		
DEPRECIATION	2,022,281	2,521,254
OTHER AMORTIZATION	1,575,310	94,497
FRINGE BENEFIT TAX	-	-
INTEREST PAID	2,982,470	4,437,450
	6,580,061	7,053,201
	34,782,188	73,570,960
<b><u>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES:</u></b>		
<b><u>ADJUSTMENT FOR:</u></b>		
INVENTORIES	14,087,633	18,542,308
DEBTORS	20,293,370	(18,345,249)
ADVANCES	2,016,204	5,628,601
CURRENT LIABILITIES & PROVISION	(41,463,258)	(20,082,882)
	(5,066,051)	(14,257,222)
	29,716,137	59,313,738
<b><u>CASH FLOW FROM OPERATING ACTIVITIES:</u></b>		
INTEREST PAID	2,982,470	4,437,450
<b><u>NET CASH FLOW (A):</u></b>	<b>26,733,667</b>	<b>54,876,288</b>
<b><u>INVESTING ACTIVITIES:</u></b>		
PURCHASE OF ASSETS	(2,843,808)	(2,847,265)
PROCEEDS OF SALE OF ASSETS	-	-
	(2,843,808)	(2,847,265)
<b><u>NET CASH FLOW (B):</u></b>	<b>(2,843,808)</b>	<b>(2,847,265)</b>
<b><u>FINANCING ACTIVITIES:</u></b>		
Increase / Decrease in Share Capital	-	-
Net Loans Raised /paid	(27,118,566)	(50,371,483)
	(27,118,566)	(50,371,483)
<b><u>NET CASH FLOW (C):</u></b>	<b>(27,118,566)</b>	<b>(50,371,483)</b>
<b><u>NET CASH INFLOW /OUTFLOW (A+B+C):</u></b>	<b>(3,228,707)</b>	<b>1,657,540</b>
OPENING CASH & CASH EQUIVALENTS(D)	7,192,856	5,535,317
CLOSING CASH & CASH EQUIVALENTS(E)	3,964,150	7,192,856
<b><u>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS: (E-D)</u></b>	<b>(3,228,707)</b>	<b>1,657,540</b>

For KUMBHAT & CO.,  
Chartered Accountants

(AJIT KUMBHAT)  
Partner

RAKESH GOYAL  
Managing Director)

MAHAVEER SINGH  
Director





**AUDITORS CERTIFICATE**

We have examined the above Cash flow statement of Tamilnadu Steel Tubes Limited for the year ended 31<sup>st</sup> March 2009 which is based on and in agreement with the audited accounts for the relevant financial year. According to the information and explanation given to us, the aforesaid cash flow statement, prepared by the company, is in accordance with requirements of clause 32 of the listing agreement with the stock exchange.

For **KUMBHAT & CO.,**  
**Chartered Accountants**

Place: Chennai  
Date : 20.07.2009

**(AJIT KUMBHAT)**  
Partner



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(As per part IV to Schedule VI to the Companies Act, 1956)

### I. Registration Details:

Registration No. 

7	8	8	7
---	---	---	---

 State Code 

1	8
---	---

Balance Sheet 

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue 

N	I	L
---	---	---

 Rights Issue 

N	I	L
---	---	---

Bonus Issue 

N	I	L
---	---	---

 Private Placement 

N	I	L
---	---	---

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 

1	0	6	1	9	6
---	---	---	---	---	---

 Total Assets 

1	0	6	1	9	6
---	---	---	---	---	---

#### Sources of Funds

Paid up Capital 

5	1	2	4	8
---	---	---	---	---

 Reserves & Surplus 

1	0	9	9	2
---	---	---	---	---

Secured Loans 

3	3	0	3	3
---	---	---	---	---

 Unsecured Loans 

1	0	9	2	2
---	---	---	---	---

#### Application of Funds

Fixed Assets 

1	3	1	9	9
---	---	---	---	---

 Investment 

N	I	L
---	---	---

Net Current Assets 

2	6	4	9	4
---	---	---	---	---

 Miscellaneous Expenditure 

N	I	L
---	---	---

Accumulated Losses 

6	6	5	0	3
---	---	---	---	---

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover 

6	3	0	4	3	0
---	---	---	---	---	---

 Total Expenditure 

6	0	2	7	3	2
---	---	---	---	---	---

Profit Before Tax 

2	7	0	8	3
---	---	---	---	---

 Profit After Tax 

2	7	0	2	6
---	---	---	---	---

EPS in Rs. 

5	2	8
---	---	---

 Dividend Rate 

N	I	L
---	---	---

### V. Generic Name of Three Principal Products / Services of Company (as per Monetary Terms)

Item Code (ITC Code) 

3	1	3	0	8	0	0	2
---	---	---	---	---	---	---	---

Product Description 

S	T	E	E	L	T	U	B	E	S
---	---	---	---	---	---	---	---	---	---

For KUMBHAT & CO.,  
Chartered Accountants

AJIT KUMBHAT  
Partner

MAHAVEER SINGH  
Director

Place : CHENNAI  
Date : 20.07.2009



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

Members are requested to quote their Folio Number here :

Folio No.....

I/We ..... of ..... in the district of ..... being a member(s) of the above named company hereby appoint Mr..... or failing Mr..... of ..... in the District of ..... as my/our proxy and to vote for me/us on my / our behalf at the Thirtieth Annual General Meeting of the Company to be held at Rani Seethai Hall, No.603, Anna Salai, Chennai - 600 006 on Tuesday, the 30<sup>th</sup> September 2009, at 10.00 a.m and at any adjournment thereof.

Signed this ..... day of ..... 2009.

Full Name (s) .....

For Office Use only

No. of Shares :

Proxy No.

### NOTES :

1. The Proxy to be valid should be deposited at the registered office of the Company at Hindustan Chamber of Commerce Building, No.15, Kondi Chetty Street, Chennai - 600 001, not later than 48 Hrs. before the time fixed for the meeting.
2. The proxy should be duly stamped.

### TAMILNADU STEEL TUBES LIMITED

Registered Office : Hindustan Chamber of Commerce Building  
No.15, Kondi Chetty Street, Chennai - 1.

### ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of the Members :

Folio No :

I hereby record my presence at the 30<sup>th</sup> Annual General Meeting held at Rani Seethai Hall, No.603, Anna Salai, Chennai - 600 006, on Tuesday the 29<sup>th</sup> September, 2009 at 10.00 a.m.

Signature of the Member of Proxy :

Members are requested to quote their Folio Number here :

Folio No. :

**BOOK-POST  
PRINTED MATTER**

If Undelivered Please Return to :

**TAMIL NADU STEEL TUBES LTD.,**

Regd., Office : Hindustan Chamber of Commerce Bldg.

15, Kondi Chetty Street,

Chennai - 600 001.