



# TAMILNADU STEEL TUBES LIMITED



**32<sup>ND</sup> 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

&

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

SECRETARIAL

Sri. P.R. SHANKAR

BANKERS :

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

WORKS :

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



THIRTY SECOND ANNUAL GENERAL MEETING

NOTICE :

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Company will be held at 10.00 a.m. on Thursday, the 29<sup>th</sup> 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 31<sup>st</sup> 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 16<sup>th</sup> 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 32<sup>nd</sup> 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 32<sup>nd</sup> 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
<b>A. POWER &amp; FUEL CONSUMPTION :</b>		
<b>1. ELECTRICITY</b>		
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	-	-
<b>2. COAL (Specify quality and where used)</b>		
Qty. (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
<b>3. FURNACE OIL</b>		
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.
<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	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  
30.05.2011

**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 4 (Four) Directors as on 30.05.2011.

During the period ended 31<sup>st</sup> 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

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	04
02.	Mr Mahaveer Singh	04	04
03.	Mr Vikram Singh	04	04

Mr Mahaveer Singh and Mr Vikram Singh (both Independent Directors/Non Executive Directors on the Board) are Members of the Audit Committee, and Mr M J Lakshmi Narasimha Rao, (Independent Director) is the Chairman of the Audit Committee. Dates of Audit Committee Meeting held: 30.04.10, 31.07.10, 30.10.10 & 31.01.2011.

#### **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](mailto:tntshare@yahoo.in) The company is also having website address (i.e) [www.tnt.com](http://www.tnt.com) in compliance of the Directions of SEBI / Stock Exchanges.

**4. GENERAL BODY MEETING**

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

Fin. Year	Date	Time	Venue
2007-2008	29.09.2008	10.00 a.m.	RANI SEETHAI HALL 603, Anna Salai, Chennai – 6
2008-2009	29.09.2009	10.00 a.m.	RANI SEETHAI HALL 603, Anna Salai, Chennai – 6
2009-2010	29.09.2010	10.00 a.m.	RANI SEETHAI HALL 603, Anna Salai, Chennai – 6

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

**5. DISCLOSURES:**

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

**b) Disclosures of Accounting Treatment :-**

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

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

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

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

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

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

**b) Opportunities & Threats :-** During the period, even with the severe pressure on volume and price realization, your company has been able to post a substantial increase in its

turnover. With the Steel Markets firming up, your Company hopes to achieve a much higher turnover in the years to come. Your company is well positioned to take advantage of attractive growth opportunities by offering wide range of products to suit the needs of the consumer in the Steel Industry

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

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

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

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

**g) Financial Performance (Operational Performance):-** YOUR Company has become a "Sick" Industrial Company within the meaning of Clause (O) of Sec.3 of the Sick Industrial Companies (Special Provisions) Act 1985, and has been Registered with BIFR (Board for Industrial & Financial Reconstructions), New Delhi. Indian Bank (HO), Chennai-1 appointed as "Operating Agency" (O.A), by BIFR. The Hon'ble BIFR after examining the final report at their final hearing, passed Orders sanctioning the Rehabilitation Scheme by allowing certain concessions. As per the Sanctioned Scheme (SS), the company is acting on it by complying necessary formalities and regularly submitting Compliance Reports / Progress Reports periodically therefor.

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.

**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).

**8. GENERAL SHAREHOLDERS' INFORMATION**
**a) Annual General Meeting**

Date & Time : 29.09.2011, Thursday, 10.00 a.m.  
 Venue : Rani Seethai Hall  
 603, Anna Salai, Chennai-600 006

**b) Tentative Financial Calender for the Fin. Year 2011-2012**

Financial Reporting for the	<u>On or Before</u>
Quarter Ended : 30.06.2011	14.08.2011
Quarter Ended : 30.09.2011	15.11.2011
Quarter Ended : 31.12.2011	15.02.2012
Quarter Ended : 31.03.2012	15.05.2012

**c) Date of Book Closure**

: 22.09.2011 to 29.09.2011  
 (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 31.03.2011**

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 31.03.2011**

No. of Shares	Share Holders		Total No. of Shares	Percentage of Holding
	Number	%		
1 to 5,000	14,300	99.62	23,91,700	46.67
5,001 to 10,000	22	0.16	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	0.04	4,67,100	9.11
above 1,00,000	10	0.07	17,40,010	33.95
<b>TOTAL</b>	<b>14,355</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	Mr.M.J.LAKSHMI NARASIMHA RAO
1. Brief Resume of Directors :	48 Years B.A..	73 Years B.Com., (Hons), FCA
2. Nature of his expertise in specific functional areas :	An experienced Technician particularly in ERW Tube Manufacturing, and has more than 24 years experience in this Industry.	Chartered Accountant and had held several positions in TIIC and now he is in Public Practice.
3. Name of Companies in which the person also holds the Directorship and the Membership of Committees of Board :	-Nil-	-Nil-

**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) Company's C.I.N.**

(Corporate Identity Number)

: U27110TN1979PLC007887

**n) Plant Location**

: B-10, Maraimalai Nagar Industrial Complex  
M.M. NAGAR – 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 2011, 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 ;

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 : 30.05.2011

Sd/-  
**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 ]**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the Financial Year Ended 31.03.2011.

Place : Chennai  
Date : 30.05.2011

Sd/-  
**RAKESH GOYAL**  
MANAGING DIRECTOR

**11. NON MANDTORY 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 2011, 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  
FRN.:001609S

Place : Chennai  
Date : 30.05.2011

(AJIT KUMBHAT)  
Partner  
M.No 19582

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

We have audited the attached Balance Sheet of M/S. TAMILNADU STEEL TUBES LIMITED, CHENNAI, as at 31st March 2011 and the related Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. 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 have 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 whether the financial statements 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 estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) order, 2003 as amended by the companies (Auditors' Report)(amendment)order,2004 issued by the Central Government of India in terms of sub-section 4A of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanation given to us during the course of the audit, we enclose in the Annexure a statement of matters specified in paragraph 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of those books;

c) The Balance Sheet, Profit and loss Account and the Cash Flow Statement dealt with by report are in agreement with the books of accounts;

d) In our opinion and to the best of our information the Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report complies with the accounting standards as referred to in Section 211(3C) of the Companies Act, 1956.

e) On the basis of written representation received from the directors, as on 31st March 2011 and taken on record by the board of directors, we report that none of the Directors are disqualified as on March 31st, 2011 from being appointed as a director in terms of section 274(1) (g) of Companies Act, 1956.

3. In our opinion and to the best of our information and according to the explanations given to us, and



**Subject to:**

**Note No.2 of Notes forming part of accounts regarding provision of stamp duty payable on immovable property charged to Profit and Loss Account in earlier year and remaining unpaid as on date of balance sheet and**

**Note No.5 of Notes forming part of accounts regarding non-confirmation of bank term loan balances/OTS (One Time Settlement) liabilities from a bank.**

the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

- i. In the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2011; and
- ii. In the case of 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  
FRN. 001609S**

**Place: Chennai  
Date: 30.05.2011**

**(AJIT KUMBHAT)  
Partner  
M.No.19582**

**ANNEXURE TO THE AUDITORS' REPORT**

(This is the Annexure referred to in para 1 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) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. The Fixed Assets have been physically verified by the management during the period.
- (b) According to the information and explanations given to us, Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the available records. In our opinion the frequency of such physical verification is reasonable having regard to the size of the company and the nature of its assets. None of the Fixed Assets have been revalued during the year.
- (c.) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) According to the information and explanations given to us, 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) According to the information and explanations given to us, the Company has taken unsecured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956.
  - (i) The Maximum amount involved during the year was Rs 42 Lakhs and the year end balance of loans taken from such party was Rs.42 Lakhs.
  - (ii) In our opinion, the terms and conditions whereof are not prejudicial to the interest of the company.
  - (iii) The company is regular in repaying the principal as stipulated. This is an interest-free loan.
- (b) According to the information and explanations given to us, 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 (Act).
- (iv) In our opinion and according to the information and explanations given to us, there were adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase fixed assets and for the sale of goods and service. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and material and sale of goods, materials and services made in pursuance of contracts or arrangement required to be entered in the

register maintained under section 301 of the Companies Act, 1956 (1 of 1956), aggregating during the year of Rupees Five Lakhs or more in respect of each party.

- (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 thereunder.
- (vii) In our opinion and according to information & explanation given to us, the company has "In-House" Internal Audit System commensurate with the size and nature of its business.
- (viii) The company has maintained cost records prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
- (ix) (a) According to the records of the company, The Company is generally 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	TNGST SALES TAX DUES(For the year 2000-01& 2001-02)	13.85
2	UNCLAIMED DIVIDEND1994-95 & 95-96 (Not deposited with IE & PF)	2.64

- (b) According to the information and explanations given to us, no disputed amounts payable in respect of statutory dues were outstanding as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they become payable except in following cases:

S.No	Nature Of Disputed Statutory dues	Amount (Rs. in Lacs)	Forum where the dispute is pending
1	INCOME TAX DUES: i) Block Assessment ii) AY 1997-1998 iii) AY1999-2000 iv) AY 2000-2001	164.09 40.09 88.22 257.06	Appeal pending before the Hon'ble Madras High Court
2	SERVICE TAX DUES: (From Nov. 1997 to June 1998)	1.65	Pending for inclusion in Modified Draft Rehabilitation Scheme (MDRS) before BIFR
3	Sales Tax Dues(Including interest and penalty) i) AY 2004-05 ii) AY 2005-06 iii) AY 2006-07	6.44 5.84 4.04	Appeal pending before Appellate Assistant Commissioner of Commercial Taxes, Chennai

- (x) The Company has Accumulated Losses as on 31.03.2011, 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) According to the records of the company examined by us and the information and explanations given by the management, 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.10 Crores as principal and a sum of Rs.2.34 Crores as interest.
- (xii) According to the records of the company examined by us and the information explanation given to us, 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 provision of any special statute applicable to chit fund / nidhi / mutual fund / societies are not applicable to the company.
- (xiv) The Company is not dealing in or trading in Shares, Securities, Debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) According to the information and explanations given to us and on the overall examination of the Source and Application of the Funds of the company, we report that no funds raised on short-term basis have been used for long-term investments by the company.
- (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 by way of Public Issue during the year.
- (xxi) During the course of our examination of the books and records of the company carried in accordance with the generally accepted auditing practices in India, and according to information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year, nor we have been informed of such case by the management.

Place : Chennai  
Date : 30.05.2011

**For Kumbhat & Co.,**  
**Chartered Accountants.**  
(Firm Registration No: 001609S)

**(AJIT KUMBHAT)**  
Partner  
M.NO.19582

**BALANCE SHEET AS AT 31ST MARCH 2011**

DESCRIPTION	SCH	AMOUNTS AS AT	AMOUNTS AS AT
		31.03.2011	31.03.2010
		(Rs.)	(Rs.)
<b>SOURCES OF FUNDS</b>			
<b>I. SHARE HOLDERS' FUNDS :</b>			
A) Share Capital	A	51,248,000	51,248,000
B) Reserves & Surplus	B	3,177,888	3,177,888
<b>II. LOAN FUNDS:</b>			
A) Secured Loan	C	20,555,694	30,331,328
B) Unsecured Loan	D	20,117,110	6,101,532
III. Deferred Tax Liability (Net)		1,015,564	1,318,188
<b>TOTAL</b>		<b>96,114,256</b>	<b>92,176,936</b>
<b>APPLICATION OF FUNDS :</b>			
<b>I. FIXED ASSETS</b>			
Gross Block	E	80,433,171	76,387,048
Less: Accumulated Depreciation		65,086,384	62,947,963
Net Block		<b>15,346,787</b>	<b>13,439,085</b>
<b>II. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	F	65,504,575	60,056,583
Sundry Debtors		96,473,650	79,113,842
Cash & Bank Balances		221,040	173,215
Loans & Advances		10,355,523	8,084,417
		<b>172,554,789</b>	<b>147,428,057</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	128,241,281	105,156,251
Provisions		57,140,571	57,215,009
		<b>185,381,852</b>	<b>162,371,260</b>
Net Current Asset		(12,827,065)	(14,943,203)
III PROFIT AND LOSS A/C	H	93,594,534	93,681,054
<b>TOTAL</b>		<b>96,114,256</b>	<b>92,176,936</b>

SCHEDULES A TO H, SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORM PART OF THIS BALANCE SHEET.

VIDE OUR REPORT OF EVEN DATE ATTACHED

For and on Behalf of the Board

For **KUMBHAT & CO.,**  
CHARTERED ACCOUNTANTS.  
FRN 001609S

**(AJIT KUMBHAT)**  
Partner  
M.NO.19582

**RAKESH GOYAL**  
Managing Director

**MAHAVEER SINGH**  
Director

Place : Chennai  
Date : 30.05.2011



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2011

Particulars	SCH	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
<b>INCOME:</b>			
Gross Sales	1	884,799,715	817,534,614
<b>LESS :</b>			
Excise Duties and Taxes on Sales		109,471,450	90,157,336
Net Sales		775,328,265	727,377,278
Other Income	2	691,675	311,505
Increase in Stock	3	6,540,650	6,891,209
<b>TOTAL INCOME</b>		<b>782,560,590</b>	<b>734,579,992</b>
<b>EXPENDITURE:</b>			
Materials consumed and Manufacturing Expenses	4	696,007,588	629,136,719
Administrative Expenses	5	49,019,799	42,244,070
Selling and Distribution Expenses	6	25,208,796	41,891,809
		770,236,183	713,272,598
<b>PROFIT BEFORE INTEREST &amp; DEPRECIATION</b>		12,324,407	21,307,394
FINANCE COST-Current Year	7	6,283,338	4,852,039
FINANCE COST-Prior Year		4,096,297	14,775,774
<b>PROFIT BEFORE DEPRECIATION &amp; TAX</b>		1,944,772	1,679,581
DEPRECIATION	E	2,160,876	1,944,614
<b>PROFIT/LOSS BEFORE TAX</b>		(216,104)	(265,033)
LESS: PROVISION FOR DEFERRED TAX LIABILITY		-	1,318,188
PROVISION FOR TAXATION - Current Year		-	-
PROVISION FOR TAXATION - Prior Years		-	34,527,914
ADD: DEFFERED TAX ASSET		302624	-
<b>NET PROFIT(+)/ LOSS(-) FOR THE YEAR</b>		86,520	(36,111,135)
ADD: B/F FROM PREVIOUS YEAR		(101,495,286)	(65,384,151)
<b>BALANCE C/O TO BALANCE SHEET</b>		<b>(101,408,766)</b>	<b>(101,495,286)</b>
Earnings Per Share (Face Value Rs.10/- per Share)		0.02	(7.05)

SCHEDULES 1 TO 7 and Schedule 'E', SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORM PART OF THIS PROFIT & LOSS ACCOUNT

VIDE OUR REPORT OF EVEN DATE ATTACHED

For and on Behalf of the Board

For **KUMBHAT & CO.,**  
CHARTERED ACCOUNTANTS.  
FRN 001609S

**(AJIT KUMBHAT)**  
Partner  
M.NO.19582

**RAKESH GOYAL**  
Managing Director

**MAHAVEER SINGH**  
Director

Place : Chennai  
Date : 30.05.2011





**SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2011**

	AMOUNTS AS ON 31.03.11 (Rs.)	AMOUNTS AS ON 31.03.10 (Rs.)
<b>SCHEDULE A:</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</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>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
5,124,800 Equity Shares of Rs.10/- each fully paid (Previous year 51,24,800 equity shares of Rs.10/ each)	51,248,000	51,248,000
	<b>51,248,000</b>	<b>51,248,000</b>
<b>SCHEDULE B:</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Reserve State Subsidy	1,178,000	
Forfeited Shares	1,999,888	3,177,888
<b>GENERAL RESERVE</b>		
Balance as per previous Balance Sheet	7,814,232	7,814,232
Less: Transferred To Profit and Loss A/c	7,814,232	7,814,232
<b>TOTAL</b>	<b>3,177,888</b>	<b>3,177,888</b>
<b>SCHEDULE C:</b>		
<b>SECURED LOANS: FROM BANKS</b>		
i. From Banks ( 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)	17,880,001	29,529,589
ii. HDFC Car Loans Less: Unmatured financial Charges ( Secured by hypothecation of Motor Car Under Hire Purchase Agreement),	3,010,887 335,194	801,739
	<b>20,555,694</b>	<b>30,331,328</b>
<b>SCHEDULE D:</b>		
<b>UNSECURED LOANS:</b>		
From Directors & Relatives	4,171,927	4,101,532
Intercorporate Loans	15,945,183	2,000,000
	<b>20,117,110</b>	<b>6,101,532</b>



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## SCHEDULE : 'E' SCHEDULE OF FIXED ASSETS AS AT 31.03.2011

S.No.	PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK					
		Rate	AS AT 31.03.2010	ADDITIONS	DELETIONS	AS AT 31.3.2011	UPTO 1.4.2010	FOR THE YEAR	WRITTEN BACK	UPTO 31.03.11	AS AT 31.03.11	AS AT 31.3.2010
1	LAND		2,461,142	-	-	2,461,142	-	-	-	2,461,142	2,461,142	
2	BUILDING	3.34%	5,783,603	-	-	5,783,603	4,300,108	193,172	-	4,493,281	1,290,322	1,483,495
3	PLANT & MACHINERY	4.75%	60,513,014	-	-	60,513,014	53,566,760	1,506,367	-	55,073,128	5,439,886	6,946,254
4	OFFICE EQUIPMENT	4.75%	812,274	34,170	-	846,444	507,966	15,953	-	523,918	322,526	304,308
5	ELECTRICAL INSTALLATION	4.75%	2,740,573	-	-	2,740,573	2,740,573	-	-	2,740,573	-	-
6	FURNITURE & FITTINGS	6.33%	383,017	-	-	383,017	322,669	4,374	-	327,043	55,974	60,348
7	VEHICLES	9.50%	2,101,857	3,986,284	62,582	6,025,559	357,112	398,123	22,455	732,780	5,292,779	1,744,745
8	AIR CONDITIONERS & WATER COOLER	4.75%	569,040	43,635	-	612,675	226,511	18,257	-	244,768	367,907	342,529
9	COMPUTER	16.21%	1,022,528	44,616	-	1,067,144	926,264	24,630	-	950,894	116,250	96,264
	<b>TOTAL</b>		<b>76,387,048</b>	<b>4,108,705</b>	<b>62,582</b>	<b>80,433,171</b>	<b>62,947,963</b>	<b>2,160,876</b>	<b>22,455</b>	<b>65,086,384</b>	<b>15,346,787</b>	<b>13,439,085</b>

Previous Year Figures (FY 2009-10

75,483,685

903,363

76,387,048

61,003,349

1,944,614

62,947,963

13,439,085

14,480,336

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.

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2011**

	Amounts as on 31.03.11	Amounts as on 31.03.10
	(Rs.)	(Rs.)
<b>SCHEDULE F:</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	25,777,013	25,231,023
Stores & Spares	2,143,273	3,781,921
Finished Goods	37,443,170	30,880,024
Other Goods	141,119	163,615
<b>A</b>	<b>65,504,575</b>	<b>60,056,583</b>
<b>SUNDRY DEBTORS</b>		
Sundry Debtors (Unsecured and Considered Good)		
- Debts outstanding for a period exceeding 6 months	1,235,253	3,629,616
- Other Debts	95,238,397	75,484,226
<b>B</b>	<b>96,473,650</b>	<b>79,113,842</b>
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	101,242	116,102
Balance with scheduled Banks-In Current Accounts	119,798	57,113
<b>C</b>	<b>221,040</b>	<b>173,215</b>
<b><u>LOANS &amp; ADVANCES</u></b>		
(Unsecured and Considered Good)		
(Advances recoverable in Cash or in Kind or for Value to be received)		
Advances with Government and public bodies	1,684,598	1,380,786
Advances recoverable in Cash or in Kind or for Value to be received	5,313,266	3,331,265
Prepaid Expenses	150,384	259,840
Other Receivables	436,932	496,350
Receivable From ICICI (Gabson)	4,890	4,890
Other Deposits	2,765,453	2,611,286
<b>D</b>	<b>10,355,523</b>	<b>8,084,417</b>
<b>TOTAL A + B+C+D</b>	<b>172,554,789</b>	<b>147,428,057</b>

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2011**

	AMOUNTS AS ON 31.03.11 (Rs.)	AMOUNTS AS ON 31.03.10 (Rs.)
<b><u>SCHEDULE G:</u></b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>A <u>CURRENT LIABILITIES</u></b>		
Sundry Creditors		
- Total outstanding dues of micro and small enterprises	NIL	NIL
- Other Creditors	59,116,246	47,028,595
Deposits Trade Security	24,631,550	16,182,550
Advances from Debtors	817,579	236,854
Temporary overdraft - City Union Bank	-	1,927,794
Tax deducted at source payable	1,386,348	1,087,393
Other liabilities	42,289,559	38,693,065
<b>(A)</b>	<b><u>128,241,281</u></b>	<b><u>105,156,251</u></b>
<b>B <u>PROVISIONS</u></b>		
For gratuity	2,194,737	2,269,175
For taxation	54,945,834	54,945,834
<b>(B)</b>	<b><u>57,140,571</u></b>	<b><u>57,215,009</u></b>
<b>TOTAL (A) + (B)</b>	<b><u>185,381,852</u></b>	<b><u>162,371,260</u></b>

**SCHEDULE H:**
**PROFIT AND LOSS A/C**

Balance as per P&L appropriation A/c	101,408,766	101,495,286
Less: Adjusted against general reserve	7,814,232	7,814,232
	<b><u>93,594,534</u></b>	<b><u>93,681,054</u></b>

**SCHEDULES OF PROFIT & LOSS A/C AS AT 31.03.2011**

	Year ended 31.03.11 (Rs.)	Year ended 31.03.10 (Rs.)
<b>SCHEDULE 1:</b>		
<b>SALES AND OTHER RECEIPTS</b>		
<b>SALES</b>		
- Black Pipes	100,553,311	71,518,982
- GI Pipe	536,783,469	567,462,565
- Zinc	14,602,989	9,067,323
- HR Coils etc.,	9,134,306	8,548,544
Job work (Material)	1,275,558	-
Job work (Labour charges) (TDS Rs. Nil PY Rs. Nil)	1,263,929	-
Consignment sales	116,770,240	74,205,790
(Less): Sales Compensation	1,120,720	1,425,926
Turnover Discount	3,936,817	2,000,000
Sales Return		(3,425,926)
	<b>775,328,265</b>	<b>727,377,278</b>
<b>SCHEDULE 2:</b>		
<b>OTHER INCOME</b>		
Interest Receipts (TDS Rs. 6083/- PY Rs. 13250/-)	68,034	68,197
Insurance claim received	203,775	73,285
Sundry Balance W/Back	419,866	168,023
Sundry Income	-	2,000
	<b>691,675</b>	<b>311,505</b>
<b>SCHEDULE 3:</b>		
<b>INCREASE/DECREASE IN STOCK:</b>		
<b>CLOSING STOCK</b>		
- Finished goods	37,443,170	30,880,024
- Other goods	141,119	163,615
	<b>37,584,289</b>	<b>31,043,639</b>
<b>LESS: OPENING STOCK</b>		
- Finished goods	30,880,024	23,802,085
- Other goods	163,615	350,345
	<b>31,043,639</b>	<b>24,152,430</b>
	<b>6,540,650</b>	<b>6,891,209</b>
<b>SCHEDULE 4:</b>		
<b>CONSUMPTION OF RAW MATERIALS &amp; COMPONENTS</b>		
Opening stock of raw materials		
- Raw Material	19,052,439	2,409,411
- Socket	478,534	1,570,009
- Zinc	5,700,050	6,596,095
	<b>25,231,023</b>	<b>10,575,515</b>
<b>ADD:</b>		
Purchases-Indigenous	629,107,084	586,609,502
<b>Direct Expenses</b>		
Carriage Inwards	3,497,575	6,646,499
Coolie & Cartage Exps	199,220	107,785
Water Expenses	-	20,812
Handling Charges	-	10,709
Brokerage & Comm N. ( For R.Material)	4,770,380	-
	<b>8,467,175</b>	<b>6,785,805</b>



	Year ended 31.03.11 (Rs.)	Year ended 31.03.10 (Rs.)
<b>LESS: CLOSING STOCK OF RAW MATERIALS &amp; COMPONENTS</b>		
Raw Material	18,543,223	19,052,439
Socket	606,152	478,534
Zinc	6,627,638	5,700,050
	25,777,013	25,231,023
<b>CONSUMPTION OF MATERIAL</b>	<b>637,028,269</b>	<b>578,739,799</b>
<b>MANUFACTURING EXPENSES:</b>		
Labour Charges	11,286,125	9,226,208
Consumption of stores	28,550,639	23,839,861
Power & Fuel	11,843,777	11,314,762
	51,680,541	44,380,831
<b>EMPLOYEES' COST</b>		
Salaries & wages	5,256,146	4,091,342
Bonus	233,406	230,084
ESI	272,415	184,587
Provident Fund	382,792	394,392
Gratuity	63,778	102,038
Others	1,090,241	1,013,646
	7,298,778	6,016,089
	696,007,588	629,136,719
<b>SCHEDULE 5:</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Director's remuneration	2,294,867	2,205,981
Professional & Service Charge	506,104	266,420
Audit Fees	50,000	50,000
Rent	305,748	305,748
Rates & Taxes	20,970,199	30,869,868
Travelling & Conveyance Expenses	785,678	587,617
Donation Expenses	123,691	1,020,954
Repairs to building	4,565,508	818,463
Repairs to machinery	2,554,617	1,186,878
Interest on Sales Tax (SAIL)	7,780,865	-
General Expenses	9,082,522	4,932,141
	49,019,799	42,244,070
<b>SCHEDULE 6:</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Carriage outward	4,345,100	2,179,356
Brokerage & Commission	19,174,981	17,259,161
Bad debts written off	56,508	21,348,415
Other Expenses	1,632,207	1,104,877
	25,208,796	41,891,809
<b>SCHEDULE 7:</b>		
<b>FINANCE COST</b>		
Interest paid to J & K	1,343,255	3,223,814
Interest paid to parties	4,692,596	1,452,007
Other Expenses	247,487	176,218
	6,283,338	4,852,039



ACCOUNTS FOR THE YEAR ENDED 31.03.2011

SIGNIFICANT ACCOUNTING POLICIES

**ACCOUNTING CONVENTION:**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting as a going concern with revenues recognized and provision made for all known and ascertained liabilities and losses to comply in all material respects with the applicable accounting principles in India, the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

**FIXED ASSETS:**

Fixed assets are stated at cost of acquisition (or revalued amounts, as the case may be) less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**BORROWING COSTS:**

The Company does not have any Borrowing Costs attributable to the acquisition or construction of qualifying assets. All the other borrowing costs are charged to revenue. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

**DEPRECIATION:**

- i) Depreciation on Fixed Assets is provided on Straight Line Method at the rates based on the estimated useful life of the assets, estimated by the management which is in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.
- ii) Fixed Assets costing below Rs. 5,000/- are fully depreciated in the year of acquisition.
- iii) Depreciation on fixed assets / disposed off during the year is provided on pro-rata basis with respect to date of acquisition / disposal.

**INVENTORIES:**

Inventories held by the company have been valued as under:

- (i) Raw Materials - At Cost or Realisable value whichever is lower.
- (ii) Work in Progress - Raw Material cost & estimated Process cost
- (iii) Finished Stock - At cost or realisable price whichever is lower.
- (iv) Scrap - Net realizable value, if any

Cost of inventories comprises all cost of purchase, direct costs and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the Weighted Average Cost.



REVENUE RECOGNITION:

- a) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- b) The company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- c) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.

TAXES ON INCOME:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

RETIREMENT BENEFITS:

- a) Contribution to Provident Fund and other recognised funds is charged to Profit and Loss Account.
- b) Liability for Leave Encashment is provided for as and when the entitlement is ascertained.
- c) In respect of gratuity, the Company offers a non-contributory defined benefit plan to its employees. The liability for the same as at year end is provided for on the basis of actuarial valuation.

31.03.2010		31.03.2011		31.03.2011		31.03.2011	
Rs.	(In M.Tone)	Rs.	(In M.Tone)	Rs.	(In M.Tone)	Rs.	(In M.Tone)
822508	248	7525473	408	408	408	408	408
822508	1344	9221610	1344	1344	1344	1344	1344
1304687	0	1304687	0	0	0	0	0
1304687		1304687		1304687		1304687	



**(Notes forming part of accounts for the year ended 31<sup>st</sup> March 2011)**

1. The Company has been declared by the Board for Industrial Financial Reconstruction as a Sick Industrial company with in the meaning of Sec 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985.
2. Provision for Rates & Taxes(Under Current Liabilities) includes a sum of Rs.3,08,44,000/- being Stamp Duty payable on acquisition of factory land situated at Maraimalai Nagar, Industrial Estate, Chengleput Taluk, Kanchipuram Dist. which was charged as Revenue Expenses in the previous financial year.
3. Rates and Taxes includes a sum of Rs.1,77,48,576/- towards liability payable to SAIL as per the terms of Memorandum of Compromise between SAIL and the company. This also includes towards customs duty of Rs 25,30,550/- as per JDGFT letter F.No.04/88/40/00090/AM00 Dated 08.03.2011
4. General Expenses(Under Admin. expenses) includes a sum of Rs.49,40,604/- towards interest on customs duty as per JDGFT letter F.No.04/88/40/00090/AM00 Dated 08.03.2011
5. The Company has paid in full the agreed liability of Rs.10 crores as per the One Time Settlement(OTS) entered into with Jammu & Kashmir Bank Ltd, together with interest.and the Company is in the process of obtaining closure letter/NOC from the bank. The company has paid as part of the settlement during the year an interest of Rs.54.39 lacs to Jammu and Kashmir Bank which includes prior period interest of Rs.40.96 lacs  
  
The balances of Rs.1.44 crores in Capital Loan account and Rs. 0.35 crores in Packing Credit account due to Jammu & Kashmir Bank are not yet confirmed.
6. The Company is in the process of appointing a Full Time Company Secretary.
7. Other liabilities include Rs. 2,64,370/- towards Dividend Payable for the year 1993 – 94 which remains unpaid .

**8. Contingent Liabilities**

Appeals for Sales Tax Dues(Including interest and penalty) that are pending before Appellate Assistant Commissioner of Commercial Taxes, Chennai as follows:

Assessment Year	Amount(In Lacs)
i) AY 2004-05	Rs.6.44
ii) AY 2005-06	Rs.5.84
iii) AY 2006-07	Rs.4.04

<b>9 Audit Fees (Excl. Service Tax):</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Fees for Statutory Audit	35000	35000
For Tax Audit	<u>15000</u>	<u>15000</u>
	<u>50000</u>	<u>50000</u>

		<b>31.03.2011</b>		<b>31.03.2010</b>
<b>10 Turnover:</b>	<b>(In M.Tons)</b>	<b>Rs.</b>	<b>(In M.Tons)</b>	<b>Rs.</b>
a) Black Pipes	4028	151834773	2434	82335096
b) GI Pipe	11662	597216710	13414	627426315
c) Others	0	26276782	0	<u>17615867</u>
		<u>775328265</u>		<u>727377278</u>

11	<b>Opening Stock of finished Goods:</b>	(In M.Tons)	Rs.	(In M.Tons)	Rs.
	a) Black Pipes	444	14,099,625	521	16,572,160
	b) GI Pipes	454	16,780,399	173	7,229,925
	c) Others	0	-	0	-
			30,880,024		23,802,085
12	<b>Closing Stock of Finished Goods:</b>				
	a) Black Pipes	633	24,854,216	444	14,099,625
	b) GI Pipes	276	12,588,954	454	16,780,399
	c) Others	0	-	0	-
			37,443,170		30,880,024
13	<b>Installed Capacity</b>		<b>M.Tons</b>		<b>M.Tons</b>
	As certified by the management		35,000		35,000
14	<b>Actual Production:</b>		<b>M.Tons</b>		<b>M.Tons</b>
	a) Black Pipes		3597		1773
	b) GI Pipes		11484		13696
15	<b>DIRECT PURCHASE OF BLACK PIPE</b>		620		583
16	<b>Consumption of Raw Materials and Components:</b>				
		<b>M.Tons</b>	<b>Rs.</b>	<b>M.Tons</b>	<b>Rs.</b>
	a) H.R. Coils	14801	525671962	15017	482001363
	b) Zinc	630	69690079	710	75560489
	c) Others	-	41666228	-	21177947
			637028269		578739799
	Less: Adjustment for work-in-progress		0		0
			637028269		578739799
17	<b>CIF VALUE OF IMPORTS</b>		<b>NIL</b>		<b>NIL</b>

**18 AMOUNT SPENT IN FOREIGN CURRENCY**

Raw Material	NIL	NIL
Others	NIL	NIL

**19 Earnings in Foreign Exchange**  
 (FOB value of materials exported)

NIL NIL

**20 VALUE OF RAW MATERIALS AND COMPONENTS :**

	%	Rs.	%	Rs.
a. Indigenous	100%	637028269	100%	578739799
b. Imported	0%	0	0%	0
	100%	637028269	100%	578739799

**21 PAYMENT TO DIRECTORS**

Remuneration to Managing director	1800000	1800000
Remuneration to Directors (Incl. Bonus)	493067	403581
Contribution to P.F / ESI	28080	28080
Sitting Fees (no sitting fees were paid to the Managing Director)	1800	2400
HRA	NIL	NIL

22. The Company has addressed letters to the suppliers and service providers seeking information from them as to whether they fall under the categories of "Micro, Small and Medium Enterprises". The Company is yet to receive replies from them.

23. Balances in parties account and with banks are subject to confirmation. In the opinion of the Management, the Current Assets, Loans & Advances would realize atleast to the extent stated in the balance sheet.

**24 Deferred Tax Liability as at 31st March , 2011 comprise the following :**

Deferred Tax Liability on Account of

	31.03.2011	31.03.2010
1. Fixed Assets	1744601	2089481
2. Others	729037	771293
Net Deferred Tax Liability	<u>1015564</u>	<u>1318188</u>

**25. 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 on 'Segment Reporting'.



26. A. Related Party Transactions

Nature of Transactions	Period	Key Managerial personnel (Rs.)	Relatives of Key Managerial personnel (Rs.)	Total (Rs.)
Director's Remuneration	FY10-11	2,324,447		2,324,447
	FY09-10	2,234,061		2,234,061
Salary	FY10-11		480000	4,80,000
Interest paid on Trade Deposits	FY10-11		656228	6,56,228
Lease Rent	FY10-11		280551	2,80,551
	FY09-10		34298	34,298
Loans Taken	FY10-11	4,171,927		4,171,927
	FY09-10	4,101,532		4,101,532
Trade Deposits Taken	FY10-11		7831548	7831548
	FY09-10		3182548	3182548

B. Related Party Disclosure:

Nature of relationship

- i) Holding Company
- ii) Subsidiaries
- iii) Key Managerial personnel
- iv) Relatives of Key Managerial personnel

Name

- NIL
- NIL
- RAKESH GOYAL
- MAHAVEER SINGH
- DURGADEVI GOYAL
- DRISHYA GOYAL
- SAATVIK GOYAL
- SAACHI GOYAL
- INDERSAIN GOYAL
- RAKESH GOYAL - HUF
- INDERSAIN GOYAL HUF S
- INDERSAIN GOYAL & SONS (HUF)

27	<b>Earnings per Share</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	Profit after tax	86520	(36111135)
	No. of equity shares	5124800	5124800
	Basic and Diluted Earning per share(Rs)	0.02	(7.05)
	Face Value (Rs)	10	10

28 Previous Year's figures have been regrouped wherever necessary to confirm to current year's classification.

Figures have been rounded off to the nearest rupee.

VIDE OUR REPORT OF EVEN DATE ATTACHED

For and on Behalf of the Board

For **KUMBHAT & CO.,**  
**CHARTERED ACCOUNTANTS.**  
 FRN 001609S

**(AJIT KUMBHAT)**  
 Partner  
 M.NO.19582

**RAKESH GOYAL**  
 Managing Director

**MAHAVEER SINGH**  
 Director

Place : Chennai  
 Date : 30.05.2011



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st MARCH 2011

	Amounts as on 31.03.2011 (Rs)	Amounts as on 31.03.2010 (Rs)
<b>OPERATING ACTIVITIES:</b>		
Profit before tax	(216,104)	(265,033)
<b>ADJUSTMENT FOR:</b>		
Depreciation	2,160,876	1,944,614
Loss on sale of assets	11,636	
Interest paid	6,251,205	4,791,172
	<u>8,207,613</u>	<u>6,735,786</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES:</b>		
<b>ADJUSTMENT FOR:</b>		
Inventories	(5,447,992)	(18,607,519)
Debtors	(17,359,808)	(36,114,152)
Advances	(2,271,106)	8,815,700
Current liabilities & provision	23,010,593	78,910,807
Provision for taxation - Current Year / Prior Year	Nil	(34,527,914)
	<u>(2,068,313)</u>	<u>(1,523,078)</u>
	6,139,300	4,947,675
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
INTEREST PAID	6,251,205	4,791,172
<b>NET CASH FLOW (A):</b>	<u>(111,905)</u>	<u>156,503</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of Assets	(4,108,705)	(903,363)
Sale of Assets	28,491	
<b>NET CASH FLOW (B):</b>	<u>(4,080,214)</u>	<u>(903,363)</u>
<b>FINANCING ACTIVITIES:</b>		
Increase / Decrease in Share Capital		
Net Loans Raised /paid	4,239,945	(3,044,075)
<b>NET CASH FLOW (C):</b>	<u>4,239,945</u>	<u>(3,044,075)</u>
<b>NET CASH INFLOW /OUTFLOW (A+B+C):</b>	<u>47,826</u>	<u>(3,790,935)</u>
Opening Cash & Cash Equivalents (D)	173,215	3,964,150
Closing Cash & Cash Equivalents (E)	221,040	173,215
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS: (E-D)</b>	<u>47,826</u>	<u>(3,790,935)</u>

VIDE OUR REPORT OF EVEN DATE ATTACHED

FOR KUMBHAT&CO.,  
Chartered Accountants

For and on Behalf of the Board

(AJIT KUMBHAT)  
PARTNER  
M.NO 19582

RAKESH GOYAL  
(MANAGING DIRECTOR)

MAHAVEER SINGH  
(DIRECTOR)

PLACE : CHENNAI  
DATE : 30.05.2011



**AUDITORS' CERTIFICATE**

We have examined the above Cash flow statement of Tamilnadu Steel Tubes Limited for the year ended 31<sup>st</sup> March 2011 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 Exchanges.

For **KUMBHAT & CO.,**  
**Chartered Accountants**  
**FRN.:001609S**

Place: Chennai  
Date : 30.05.2011

**(AJIT KUMBHAT)**  
Partner  
M.No 19582



# TAMILNADU STEEL TUBES LIMITED, CHENNAI

## ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011 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. U27110TN1979PLC007887 State Code 1 8  
BALANCE SHEET DATE 3 1 0 3 2 0 1 1

### 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 Thousands)

Total Liabilities 9 6 1 1 4 Total Assets 9 6 1 1 4

#### SOURCES OF FUNDS

Paid up Capital 5 1 2 4 8 Reserve & Surplus 3 1 7 8  
Secured Loans 2 0 5 5 6 Unsecured Loan 2 0 1 1 7  
Deferred Tax Liability 1 0 1 6

#### Application of Funds

Net Fixed Assets 1 5 3 4 7 Investments N I L  
Net Current Assets - 1 2 8 2 7 Misc. Expenditure 9 3 5 9 4

### IV. Performance of company (Amount in Thousands)

Total Income 7 8 2 5 6 1 Total Expenditure 7 8 2 7 7 7  
Profit (+)/Loss(-) Before Tax ( 2 1 6 ) Profit (+)/ Loss (-) After Tax 8 7  
Earnings Per Share 0 . 0 2 Dividend Rate 0 %

### V. Generic Names Of Three Principal Products/Services of the Company

(As per monetary terms)

Item Code No. (ITC Code) 3 1 3 0 8 0 0 2

Major Product Description : S T E E L T U B E S

VIDE OUR REPORT OF EVEN DATE ATTACHED  
For **KUMBHAT & Co.**,  
Chartered Accounts  
FRN. 0016095

FOR AND ON BEHALF OF THE BOARD

**(AJIT KUMBHAT)**  
Partner  
M.No.19582

**RAKESH GOYAL**  
(Managing Director)

**MAHAVEER SINGH**  
(Director)

Place : Chennai  
Date : 30.05.2011



TAMILNADU STEEL TUBES LIMITED, CHENNAI

PROXY FORM

Folio No.....

Name :.....

I/we,.....resident of.....in the District of.....being the Member/s of M/s Tamilnadu Steel Tubes Ltd., hereby appoint Mr/Mrs .....resident of .....in the District of..... as my/our Proxy to vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Thursday, the 29th September 2011, at 10.00 a.m., at Rani Seethai Hall, No.603, Anna Salai, Chennai-600 006, and at any adjournment thereof.

Signed this.....day of .....2011.

Signature of the Proxy:.....

Name & Address:.....

.....

Pl. affix  
Re.1/-  
Rev.Stamp

Signature of the Shareholder/s

Note:-

The Proxy duly completed and signed should be deposited at the Regd. Office of the Company at No. 15, Kondi Chetty Street, Chennai-600 001, not later than 48 Hours before the time fixed for the Meeting.

TAMILNADU STEEL TUBES LTD.

Regd. office: 15, Kondi Chetty Street, Chennai-600001

ATTENDANCE SLIP - CUM - ENTRY PASS

(Please fill this attendance slip and hand it over at the entrance of the Meeting Hall)

Name & Address of the Shareholder:

Regd. Folio No.,..... No. of Shares :.....

I hereby record my presence at the 32nd Annual General Meeting of the Company, held on Thursday, the 29th September 2011, at 10.00 a.m. at Rani Seethai Hall, No.603, Anna Salai, Chennai-600 006.

Proxy's/Shareholder's Name in Block Letters

Signature of the Proxy/Shareholder



**BOOK-POST  
PRINTED MATTER**

**To**

If Undelivered Please Return to:

**TAMILNADU STEEL TUBES LTD.,**

Regd. Office : Hindustan Chamber of Commerce Bldg.  
15, Kondi Chetty Street,  
Chennai - 600 001.