



**TAMILNADU STEEL
TUBES LIMITED**

**31ST Annual Report
2009-2010**



TAMILNADU STEEL TUBES LIMITED

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



ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS AS ON 31.03.2010

Sri. RAKESH GOYAL,
Managing Director

Sri. M.J. LAKSHMI NARASIMHA RAO

Sri. MAHAVEER SINGH

Sri. VIKRAM SINGH

STATUTORY AUDITORS

M/S. KUMBHAT & CO.,
Chartered Accountants
Chennai – 600 079.

ADVISORS : (LEGAL)

&

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

SECRETARIAL:

Sri. P.R. SHANKAR

BANKERS

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

WORKS

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



TAMILNADU STEEL TUBES LIMITED, CHENNAI

THIRTY FIRST ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Company will be held at 10.00 a.m. on Wednesday, the 29th September 2010, at "RANI SEETHAI HALL", No. 603, Anna Salai, Chennai-600 006, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the company as at 31st March 2010, the Profit and Loss Account for the year ended that date, and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director/s:
 - a) to appoint a Director in place of Sri MJ Lakshmi Narasimha Rao, who retire by rotation at this Meeting, being eligible and is proposed for re-appointment ;
 - b) to appoint a Director in place of Sri Mahaveer Singh, who retire by rotation at this Meeting, being eligible and is proposed for re-appointment ;
3. To appoint Auditors to the Company to hold Office until the conclusion of the next Annual General Meeting, and to fix their remuneration. M/s Kumbhat & Co. Chartered Accountants, are proposed for re-appointment.

By Order of the Board

for TAMILNADU STEEL TUBES LTD.

Place : CHENNAI
Date : 26.06.2010.

MAHAVEER SINGH
Director

NOTE :-

- i. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself, and the proxy need not be a Member. Duly executed Proxies must be deposited at the Regd. Office of the Company not less than 48 Hours before the time fixed for the Meeting.
- ii. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2010 to 29.09.2010 (both days inclusive).
- iii. Members are requested to intimate any change in their addresses registered with the Company.
- iv. Members are requested to bring the copy of the Annual Report with them.
- v. No Gifts will be distributed.



DIRECTORS' REPORT

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

This Year
2009-2010

Previous Year
2008-2009

FINANCIAL RESULTS :-

(Rupees in Lacs)

	This Year 2009-2010	Previous Year 2008-2009
Sales & Other Receipts	7,276.89	6,314.20
Expenditure	7,348.45	6,016.13
Material consumed and Mfg. Expenses	6,291.37	5,472.77
Administrative Expenses	422.44	382.00
Selling & Distribution Expenses	418.92	94.92
Interest & Financial Charges	48.52	30.46
Preliminary Expenses written off	-	15.75
Depreciation	19.45	20.22
(Increase)/Decrease in Stock	(68.91)	16.05
Profit / (Loss) for the year	(2.65)	282.02
Provision for Taxation	358.46	0.58
Surplus / (Deficit)	(361.11)	281.44

The trend indicates fall in operational results due to global recession, fall in demand, and violent fluctuations in Steel Prices. Improvement is expected in the coming year with revival of economy.

EXPORT:- No Export has been done during the year as well as in the previous year. The fall in Exports is due to un-remunerative overseas pricing and fall/variations in Dollar (\$) prices.

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

In view of the present status of the Company, the Company has submitted the Modified Draft Rehabilitation Scheme (MDRS) Proposal to the Hon'ble BIFR, for inclusion of certain liabilities and requested to accept MDRS, and the same was also allowed by the Hon'ble BIFR. Hence, the Company has submitted the necessary MDRS proposal to the O.A. (Operating Agency) viz. Indian Bank, and the process is going on.

LISTING FEES: Listing Fees has been paid up to date for the year 2010-11 for all the Stock Exchanges viz. Madras(Regional) Mumbai and Ahmedabad.

PARTICULARS IN REGARD TO CONSUMPTION OF ENERGY: Details are furnished in the Annexure.

DIRECTORS: Mr M.J. Lakshmi Narasimha Rao, & Mr Mahaveer Singh, Directors, who retire by rotation at this Annual General Meeting, have been proposed for re-appointment

INDUSTRIAL RELATIONS: Industrial Relations have continued to be good during the year.



REPORT ON CORPORATE GOVERNANCE :- Your Board of Directors have taken note of the amendments to the Listing Agreement communicated by the Stock Exchanges as prescribed by SEBI and have also noted the Schedule for implementation of the Amendments.

a) **AUDIT COMMITTEE:-** Your Directors have constituted an Audit Committee consisting of Sri MJ Lakshmi Narasimha Rao (Independent Director) as Chairman, Mr Mahaveer Singh and Mr Vikram Singh (Independent/Non-Executive Directors) as its present Committee Members, having regard to Annexure-2 under Clause 49 of the Listing Agreement, to consider matters specified in the paragraphs as well as any other matters that may be referred to the Committee under the provisions of the Corporate Governance.

b) **SHAREHOLDERS' GRIEVANCES COMMITTEE:** - Your Directors have also constituted a "Shareholders' Grievances Committee" consisting of Mr MJ Lakshmi Narasimha Rao (Director) as Chairman, and Mr Mahaveer Singh and Mr Vikram Singh (Directors) as Committee Members, having regard to Annexure-2 under Clause-49 of the Listing Agreement, to consider matters specified in the paragraphs as well as any other matters that may be referred to the committee under the provisions of the Corporate Governance.

c) **DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE:** As per Clause 49-IV (G)(ia), of the Listing Agreement, (Amended) vide SEBI Circular dt. 08.04.2008:- All the Directors of the Company, viz. Mr Rakesh Goyal, Managing Director, Mr. MJ Lakshmi Narasimha Rao, Mr Mahaveer Singh, and Mr Vikram Singh, Directors, are not related to each other, and they are also not having any interest in any other Companies.

REPORT ON MANAGEMENT DISCUSSION & ANALYSIS (MD & A) :

This Report in detail is included in "Report on Corporate Governance" annexed in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT :- In terms of Sec.217(2AA) read with Section 292A of the Companies Act 1956, we, the Directors of Tamilnadu Steel Tubes Ltd., state in respect of Financial Year 2009-10 that ;

- a) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures ;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and of the Profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;
- d) the Directors have prepared the Annual Accounts on a "going concern" basis;

LIST OF EMPLOYEES FALLING UNDER SEC. 217(2A) OF THE COMPANIES ACT 1956 :- Nil

ACKNOWLEDGEMENT:- Your Directors acknowledge and wish to place on record the support and co-operation received by the Company from Central Govt., State Govt., and the Bankers.

On Behalf of the Board

CHENNAI
26.06.2010

RAKESH GOYAL
Managing Director



ANNEXURE

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

A. POWER & FUEL CONSUMPTION :

	2008-2009	2009-2010
1. ELECTRICITY	12,59,616	12,89,873
a) Purchased Unit KWH	64,56,918	69,67,088
Rate / Unit	5.13	5.40
b) Own Generation	2,46,378	2,96,740
i. Through Diesel Generator Units	2,50	2,50
Units per Ltr. of Diesel Oil	13.75	13.86
Cost / Unit	-	-
ii. Through Steam Turbine/Generator Units	-	-
Units per Ltr. of Fuel Oil Gas Cost/Unit	-	-
2. COAL (Specify quality and where used)	-	-
Qty. (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. FURNACE OIL	194,964 MT.	326,350 MT.
Qty. (Ltrs./MTs)	52,80,156	94,15,678
Total Cost	27.08/Kg.	28.85/Kg.
Average Rate per Ltr./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 2008-2009 2009-2010

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

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

COAL OTHERS - -

By Order of the Board

CHENNAI 26.06.2010
 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 26.06.2010.

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

The composition and Category of Members of the Board are as under:

S.No.	Names	Category
01.	Mr Rakesh Goyal	Managing Director
02.	Mr M.J.Lakshmi Narasimha Rao	Director (Independent)
03.	Mr Mahaveer Singh	Director (Independent)
04.	Mr Vikram Singh	Director (Independent)

None of these Directors/Managing Director, are as a Member/Chair-Person of any other Boards or Board Committees.

B. PECUNIARY RELATIONSHIP [as per Clause 49(IV)(E)(i)]

Non Executive Directors/Independent Directors are committed to the high level of Corporate Governance and as such, they do not have any material pecuniary relationship with the Company.

C. ATTENDANCE RECORD OF THE DIRECTORS

S.No.	Names	Board Meetings Attended during the period	Attendance at last AGM on 29.09.2009
01.	Mr Rakesh Goyal	08	Present
02.	Mr M.J.Lakshmi Narasimha Rao	08	--
03.	Mr Mahaveer Singh	08	Present
04.	Mr Vikram Singh	08	Present



D. DETAILS OF REMUNERATION PAID TO DIRECTORS :

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

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

E. CODE OF CONDUCT & ETHICS

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

3. COMMITTEE OF THE BOARD

I - AUDIT COMMITTEE

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's overview responsibilities, an Audit Committee has been constituted as a Sub-Committee of the Board.

a) Functions of the Committee :

- 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: 30.04.09, 31.07.09, 31.10.09 & 30.01.2010.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

II - SHAREHOLDERS' GRIEVANCES COMMITTEE

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

4. GENERAL BODY MEETING

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

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

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

5. DISCLOSURES:

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

b) Disclosures of Accounting Treatment :-

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

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

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

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



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

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

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

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

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

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

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

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

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).



8. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting

Date & Time : 29.09.2010, Wednesday, 10.00 a.m.
Venue : Rani Seethai Hall
603, Anna Salai, Chennai-600 006

b) Tentative Financial Calender for the Fin. Year 2010-2011

Financial Reporting for the	On or Before
Quarter Ended : 30.06.2010	14.08. 2010
Quarter Ended : 30.09.2010	15.11. 2010
Quarter Ended : 31.12.2010	15.02. 2011
Quarter Ended : 31.03.2011	15.05. 2011

c) Date of Book Closure : 22.09.2010 to 29.09.2010
(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 31.03.2010

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
Total		51,24,800	100.00



TAMILNADU STEEL TUBES LIMITED, CHENNAI

i) Distribution of Shareholding as on 31.03.2010

No. of Shares	Share Holders		Total No. of Shares	Percentage of Holding
	Number	%		
1 to 5,000	14,355	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
TOTAL	14,410	100.00	51,24,800	100.00

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 Listing Agreement)

	Mr. LAKSHMI NARASIMHA RAO	Mr. MAHAVEER SINGH
1. Brief Resume of Directors :	72 Years B.Com.(Hons.)	52 Years B.A.
2. Nature of his expertise in specific functional areas :	Chartered Accountant and had held several positions in TIIC and now he is in Public Practice.	An experienced Technician particularly in ERW Tube Manufacturing, and has more than 22 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-	-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) 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 31st March 2010, 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 instance 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 : 26.06.2010

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, 2010 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 : 26.06.2010

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 31st March 2010, 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 there of, 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 not the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KUMBHAT & Co.,
Chartered Accountants
(AJIT KUMBHAT) Partner
Date : 26.06.2010.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

AUDITOR'S 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 31st March 2010 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.

Further to our comments in the annexure above, we state that:

- a) We have obtained all the information 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 31st March 2010 from being appointed as directors in terms of clause (g) of sub – section (1) of Section 274 of the companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us, and Subject to :

Note no.2 of Notes forming part of accounts regarding charging of Stamp Duty on land (Rs. 3.08 Crores) acquisition to Profit and Loss Account, 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.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

- i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2010 and
- ii) In the case of the Profit and Loss Account, of the Loss 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
(Firm Registration No: 001609S)**

**Place: Chennai
Date: 26.06.2010.**

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



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) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

b) According to the information and explanations given to us, 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.

c) In our opinion, No substantial part of fixed assets has been disposed of during the year, which will affect its status as going concern.

(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) The Company has taken unsecured loans from 9 other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(i) The Maximum amount involved during the year was Rs 86 Lakhs and the year end balance of loans taken from such parties was Rs. 73 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. These are interest-free loans.

(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 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. 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, 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) 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)	30.46
2	UNCLAIMED DIVIDEND1993-94 (Not deposited with I.P.F.) According to the explanation given, the Company is in the process of revalidating the related dividend warrants)	2.64

(b) According to the information and explanations given to us, the following statutory dues have not been deposited on account of dispute:

S.No	Nature Of Disputed Statutory dues	Amount (Rupees in Lacs)	Forum where the dispute is pending
1	INCOME TAX DUES: i) AY 1990-91 to 2000-01 ii) AY 1997-1998	164.09 38.22	Appeal pending before the Hon'ble Madras High Court. 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 before BIFR

(x) The Company has Accumulated Losses as on 31.3.2010, 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.9.48 Crores as principal and a sum of Rs.1.79 Crores as interest and is in the process of settling the O.T.S.

(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.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

- (xiii) The Company is not a Chit fund, Nidhi or Mutual benefit fund / Society.
- (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 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.
- (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 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 explanation 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

For KUMBHAT & CO
(Firm Registration No: 001609S)
Chartered Accountants

(AJIT KUMBHAT)
Partner
M.No. 19582

Place: Chennai
Date: 26.06.2010.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

BALANCE SHEET AS AT 31st MARCH 2010

DESCRIPTION	SCH	AMOUNTS AS AT 31.03.2010 (Rs.)	AMOUNTS AS AT 31.03.2009 (Rs.)
SOURCES OF FUNDS			
I. SHARE HOLDERS' FUNDS :			
A) Share Capital	A	51,248,000	51,248,000
B) Reserves & Surplus	B	3,177,888	3,177,888
II. LOAN FUNDS:			
A) Secured Loan	C	30,331,328	33,033,407
B) Unsecured Loan	D	9,284,080	10,922,076
iii. DEFERRED TAX LIABILITY (Net)		1,318,188	-
TOTAL		95,359,484	98,381,371
APPLICATION OF FUNDS :			
I. FIXED ASSETS			
Gross Block	E	76,387,048	75,483,685
Less: Depreciation		62,947,963	61,003,349
Net Block		13,439,085	14,480,336
II. CURRENT ASSETS, LOANS & ADVANCES			
Inventories	F	60,056,583	41,449,064
Sundry Debtors		79,113,842	42,999,690
Cash & Bank Balances		173,215	3,964,150
Loans & Advances		8,109,417	16,900,117
		147,453,057	105,313,021
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	G	101,998,703	56,110,890
Provisions		57,215,009	22,871,015
		159,213,712	78,981,905
Net Current Asset		(11,760,655)	26,331,116
III PROFIT AND LOSS A/C	H	93,681,054	57,569,919
TOTAL		95,359,484	98,381,371

SCHEDULES A TO H, SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORM PART OF THIS BALANCE SHEET
VIDE OUR REPORT OF EVEN DATE ATTACHED

FOR KUMBHAT&CO.,
CHARTERED ACCOUNTANTS
(AJIT KUMBHAT)
PARTNER (M.No.19582)

For and on Behalf of the Board

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director

Place : Chennai

Date : 26.06.2010.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

Particulars	SCH	Year ended 31.03.10 (Rs.)	Year ended 31.03.09 (Rs.)
INCOME:			
Gross Sales	1	817,534,614	721,731,238
LESS :			
Excise Duties and Taxes on Sales		90,157,336	102,130,515
Net Sales		727,377,278	619,600,723
Other Income	2	311,505	990,419
Increase in Stock	3	6,891,209	(1,605,061)
Total Income		734,579,992	618,986,081
EXPENDITURE:			
Materials consumed and Manufacturing Expenses	4	629,136,719	552,536,129
Administrative Expenses	5	42,244,070	7,783,441
Selling and Distribution Expenses	6	41,891,809	9,492,432
Preliminary Expenses Written off		0	1,575,310
		713,272,598	571,387,312
PROFIT BEFORE INTEREST & DEPRECIATION		21,307,394	47,598,769
FINANCE COST-Current Year	7	4,852,039	3,045,561
FINANCE COST-Prior Year		14,775,774	0
PROFIT BEFORE DEPRECIATION & TAX		1,679,581	44,553,208
DEPRECIATION	E	1,944,614	2,022,281
PROFIT/LOSS BEFORE TAX		(265,033)	42,530,927
LESS: PROVISION FOR DEFERRED TAX LIABILITY		1,318,188	0
PROVISION FOR TAXATION - Current Year		0	0
PROVISION FOR TAXATION - Prior Years		34,527,914	14,328,800
PROVISION FOR FRINGE BENEFIT TAX		0	57,520
NET PROFIT(+)/LOSS(-) FOR THE YEAR		(36,111,135)	28,144,607
ADD: B/F FROM PREVIOUS YEAR		(65,384,151)	(93,528,758)
BALANCE C/O TO BALANCE SHEET		(101,495,286)	(65,384,151)
Earnings Per Share (Face Value Rs.10/ per Share)		(7.05)	5.49

SCHEDULES 1 TO 7, 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
 (AJIT KUMBHAT)
 PARTNER
 M.No. 19582

RAKESH GOYAL
 Managing Director

MAHAVEER SINGH
 Director

Place : CHENNAI
 Date : 26.06.2010



TAMILNADU STEEL TUBES LIMITED, CHENNAI

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2010

	AMOUNTS AS ON 31.03.10 (Rs.)	AMOUNTS AS ON 31.03.09 (Rs.)
SCHEDULE A:		
SHARE CAPITAL		
AUTHORISED CAPITAL		
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
	114,000,000	114,000,000
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
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
	51,248,000	51,248,000
SCHEDULE B:		
RESERVES & SURPLUS		
CAPITAL RESERVE		
Reserve State Subsidy	1,178,000	
Forfeited Shares	1,999,888	3,177,888
GENERAL RESERVE		
Balance as per previous Balance Sheet	7,814,232	7,814,232
Less: Transferred To Profit and Loss A/c	7,814,232	-
	3,177,888	3,177,888
TOTAL	3,177,888	3,177,888
SCHEDULE C:		
SECURED LOANS: FROM BANKS		
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)	29,529,589	32,250,001
ii. HDFC Car Loans (Secured by hypothecation of Motor Car Under Hire Purchase Agreement),	801,739	783,406
	30,331,328	33,033,407
SCHEDULE D:		
UNSECURED LOANS:		
From Directors & Relatives	7,284,080	8,150,475
Others	2,000,000	2,771,601
	9,284,080	10,922,076



TAMILNADU STEEL TUBES LIMITED, CHENNAI

SCHEDULE : 'E' SCHEDULE OF FIXED ASSETS AS AT 31.03.2010

S.No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Rate	AS AT 31.03.2009	ADDITIONS	DELETIONS	AS AT 31.3.10	UPTO 31.3.09	FOR THE WRITTEN BACK YEAR	UPTO 31.03.10	AS AT 31.3.10	AS AT 31.3.2009
1	LAND		2461142			2,461,142				2,461,142	2,461,142
2	BUILDING	3.34%	5783603			5,783,603	4,106,936	193,172	4,300,108	1,483,495	1,676,667
3	PLANT & MACHINERY	4.75%	60483014	30,000		60,513,014	52,047,685	1,519,075	53,566,760	6,946,254	8,435,329
4	OFFICE EQUIPMENT	4.75%	703011	109,263		812,274	494,724	13,242	507,966	304,308	208,287
5	ELECTRICAL INSTALLATION	4.75%	2740573			2,740,573	2,740,573		2,740,573		
6	FURNITURE & FITTINGS	6.33%	383017			383,017	318,295	4,374	322,669	60,348	64,722
7	VEHICLES	9.50%	1476730	625,127		2,101,857	174,922	182,190	357,112	1,744,745	1,301,808
8	AIR CONDITIONERS & WATER COOLER	4.75%	490135	78,905		569,040	210,888	15,623	226,511	342,529	279,247
9	COMPUTER	16.21%	962460	60,068		1,022,528	909,326	16,938	926,264	96,264	53,134
	TOTAL		75,483,685	903,363		76,387,048	61,003,349	1,944,614	62,947,963	13,439,085	14,480,336

Previous Year Figures

72,664,554 2,843,808 /24,677 75,483,685 59,005,745 2,022,281 24,677 61,003,349 14,480,336 13,658,809

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

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2010

	AMOUNTS AS ON 31.03.10 (Rs.)	AMOUNTS AS ON 31.03.09 (Rs.)
SCHEDULE G:		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
A <u>CURRENT LIABILITIES</u>		
Sundry Creditors		
- Total outstanding dues of micro and small enterprises	NIL	NIL
- Other Creditors	59,753,595	44,586,626
Deposits Trade Security	300,002	300,002
Advances from Debtors	236,854	356,758
Temporary overdraft - City Union Bank	1,927,794	0
Tax deducted at source payable	1,087,393	133,434
Other liabilities	38,693,065	10,734,070
(A)	<u>101,998,703</u>	<u>56,110,890</u>
B <u>PROVISIONS</u>		
For gratuity	2,269,175	2,395,575
For taxation	54,945,834	20,417,920
For Fringe Benefit tax	0	57,520
(B)	<u>57,215,009</u>	<u>22,871,015</u>
TOTAL (A) + (B)	<u>159,213,712</u>	<u>78,981,905</u>
 SCHEDULE H:		
<u>PROFIT AND LOSS A/C</u>		
Balance as per P&L appropriation A/c	101,495,286	65,384,151
Less: Adjusted against general reserve	7,814,232	7,814,232
	<u>93,681,054</u>	<u>57,569,919</u>



TAMILNADU STEEL TUBES LIMITED, CHENNAI

SCHEDULES OF PROFIT & LOSS A/C AS AT 31.03.2010

		Year ended 31.3.10 (Rs.)	Year ended 31.03.09 (Rs.)
SCHEDULE 1:			
SALES AND OTHER RECEIPTS			
SALES			
- Black Pipes		71,518,982	49,298,187
- GI Pipe		567,462,565	467,241,170
- Zinc		9,067,323	10,773,441
- HR Coils etc.,		8,548,544	7,524,984
Consignment sales		74,205,790	86,492,720
(Less): Sales Compensation	1,425,926		(1,449,382)
Turnover Discount	2,000,000	(3,425,926)	
Sales Return			(280,397)
		727,377,278	619,600,723
SCHEDULE 2:			
OTHER INCOME			
Others-Interest Receipts (TDS Rs. / PY Rs.)		68,197	83,726
Profit on sale of fixed assets		-	1,923
Insurance claim received		73,285	213,793
Claim received from Canara Bank		-	652,421
Sundry Balance W/Back		168,023	-
CST (F.Y 1994-95) Excess paid and received		-	38,556
Sundry Income		2,000	
		311,505	990,419
SCHEDULE 3:			
INCREASE/DECREASE IN STOCK:			
CLOSING STOCK			
- Finished goods		30,880,024	23,802,085
- Other goods		163,615	350,345
		31,043,639	24,152,430
LESS: OPENING STOCK			
- Finished goods		23,802,085	25,028,945
- Other goods		350,345	728,546
		24,152,430	25,757,491
		6,891,209	(1,605,061)
SCHEDULE 4:			
CONSUMPTION OF RAW MATERIALS & COMPONENTS			
Opening stock of raw materials			
- Raw Material	2,409,411		9,713,042
- Socket	1,570,009		1,804,279
- Zinc	6,596,095	10,575,515	8,694,822
			20,212,143
ADD:			
Purchases-Indigenous		586,609,502	492,826,773
Direct Expenses			
Carriage Inwards	6,646,499		4,223,456
Coolie & Cartage Exps	107,785		6,432
Water Expenses	20,812		38,300
Handling Charges	10,709		47,175
Brokerage & Comm N. (For R.Material)	-	6,785,805	912,524
			5,227,887



TAMILNADU STEEL TUBES LIMITED, CHENNAI

	Year ended 31.3.10 (Rs.)	Year ended 31.03.09 (Rs.)
LESS: CLOSING STOCK OF RAW MATERIALS & COMPONENTS		
Raw Material	19,052,439	2,409,411
Socket	478,534	1,570,009
Zinc	5,700,050	6,596,095
		10,575,515
CONSUMPTION OF MATERIAL	578,739,799	507,691,288
MANUFACTURING EXPENSES:		
Labour Charges	9,226,208	8,200,552
Consumption of stores	23,839,861	21,480,181
Power & Fuel	11,314,762	9,905,276
	44,380,831	39,586,009
EMPLOYEES' COST		
Salaries & wages	4,091,342	3,712,283
Bonus	230,084	209,368
ESI	184,587	153,765
Provident Fund	394,392	343,505
Gratuity	102,038	73,544
Others	1,013,646	766,367
	6,016,089	5,258,832
	629,136,719	552,536,129
SCHEDULE 5:		
ADMINISTRATIVE EXPENSES		
Director's remuneration	2,205,981	344,580
Professional & Service Charge	243,111	196,094
Audit Fees	73,309	114,537
Rent	305,748	275,564
Rates & Taxes	30,869,868	56,286
Travelling & Conveyance Expenses	587,617	617,694
Donation Expenses	1,020,954	3,620
Repairs to building	818,463	124,410
Repairs to machinery	1,186,878	696,034
General Expenses	4,932,141	5,354,622
	42,244,070	7,783,441
SCHEDULE 6:		
SELLING & DISTRIBUTION EXPENSES		
Carriage outward	2,179,356	2,600,274
Brokerage & Commission	17,259,161	831,998
Bad debts written off	21,348,415	5,886,390
Other Expenses	1,104,877	173,770
	41,891,809	9,492,432
SCHEDULE 7:		
FINANCE COST		
Interest paid to J & K	3,223,814	-
Interest paid to parties	1,452,007	2,878,563
Other Expenses	176,218	166,998
	4,852,039	3,045,561

- (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.
- (b) The company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- (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.

REVENUE RECOGNITION:

Inventories (Raw Material, Stores & Spares, Finished Goods and Scrap) are valued at lower of cost and estimated net realizable value.

INVENTORIES:

- (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.

DEPRECIATION:

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.

BORROWING COSTS:

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.

FIXED ASSETS:

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ACCOUNTING CONVENTION:

SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTS FOR THE YEAR ENDED 31.03.2010



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 defined benefit plan to its employees. Liability for Gratuity is provided as prescribed by the Payment of Gratuity Act.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

(Notes forming part of accounts for the year ended 31st March 2010.)

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. Rates and Taxes 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, Kancheepuram District.
3. The Company has booked interest payment to Jammu & Kashmir Bank for Rs.179.9 Lacs which includes prior period interest of Rs. 147.75 lacs. The Company has recognized this as a liability only during this year.
4. The Company is in the process of appointing a Full Time Company Secretary.
5. Other liabilities include Rs.2,64,370/- towards Dividend payable for the year 1993-94 which remains unpaid for more than 7 years. The amount has not been deposited with Investor Protection Fund as stipulated by Section 205A (5) of Companies Act, 1956.
6. As per letter dated 09.02.2010 from the Directorate of Income Tax (Recovery) the correct liability for income tax for assessment year 1999-2000 amounting to Rs. 88,22,255/- and for assessment year 2000-2001 amounting to Rs.2,57,05,659/- has been provided in terms of the modified rehabilitation scheme.
7. a) The SAIL has claimed a sum of Rs.1.62 Crores as 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 Honourable High Court of Madras.
b) The SAIL has also claimed a sum of Rs.16.85 Lacs and the case is pending before the Honourable 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.

8 Audit Fees (Excl. Service Tax):	31.03.2010	31.03.2009
Fees for Statutory Audit	35000	35000
For Tax Audit	<u>15000</u>	<u>15000</u>
	<u>50000</u>	<u>50000</u>

	31.03.2010		31.03.2009
9 Turnover:	(In M.Tons)	Rs.	(In M.Tons) Rs.
a) Black Pipes	2147	82335096	1087 51725547
b) GI Pipe	13414	627426315	11306 549533442
c) Others	<u>287</u>	<u>17615867</u>	<u>231</u> <u>18336981</u>
	<u>15848</u>	<u>727377278</u>	<u>12624</u> <u>619595970</u>



TAMILNADU STEEL TUBES LIMITED, CHENNAI

10	Opening Stock of finished Goods:	(In M.Tons)	Rs.	(In M.Tons)	Rs.
	a) Black Pipes	499	15,898,506	351	11,954,683
	b) GI Pipe	172	7,229,925	304	12,813,188
	c) Others	23	673,654	11	261,012
		694	23,802,085	666	25,028,883
11	Closing Stock of Finished Goods:				
	a) Black Pipes	430	13,719,701	499	15,898,506
	b) GI Pipe	453	16,780,399	172	7,229,925
	c) Others	15	379,924	23	673,654
		898	30,880,024	694	23,802,085
12	LICENSED CAPACITY				
	In view of abolition of Licensing requirements the capacity particulars are not furnished.				
13	Installed Capacity		M.Tons		M.Tons
	As certified by the management		35,000		35,000
14	Actual Production:		M.Tons		M.Tons
	a) Black Pipes		1773		1087
	b) GI Pipe		13696		11174
			15469		12261
15	DIRECT PURCHASE OF BLACK PIPE		583		391
16	Consumption of Raw Materials and Components:				
		M.Tons	Rs.	M.Tons	Rs.
	a) H.R. Coils	15017	482001363	11902	440875774
	b) Zinc	710	75560489	611	57671268
	c) Sockets		1600672		637323
	d) Others		19577275		8506923
			578739799		507691288
	Less: Adjustment for work-in-progress		0		0
			578739799		507691288
17	CIF VALUE OF IMPORTS		NIL		NIL



TAMILNADU STEEL TUBES LIMITED, CHENNAI

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%	578739799	100%	507691288
b. Imported	0%	0	0%	0
	100%	578739799	100%	507691288

21 PAYMENT TO DIRECTORS

Remuneration to Managing director	1800000	NIL
Remuneration to Directors (Incl. Bonus)	403581	297200
Contribution to P.F / ESI	28080	18720
Sitting Fees	2400	2200
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 banks are subject to confirmation and consequential reconciliation, if any. 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, 2010 comprise the following :

Deferred Tax Liability on Account of

	31.03.2010	31.03.2009
1. Fixed Assets	2089481	0
2. Others	771293	0
Net Deferred Tax Liability	1318188	0

Note : Upto Previous year, 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.

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.)
Remuneration	FY09-10	1800000	NIL	1800000
	FY08-09	NIL	NIL	NIL
Unsecured Loans taken	FY09-10	4101532	3182548	7284080
	FY08-09	3671927	4478548	8150474

B.Related Party Disclosure:

Nature of relationship

Name

i)Holding Company	NIL
ii)Subsidiaries	NIL
iii)Key Managerial personnel	RAKESH GOYAL
iv)Relatives of Key Managerial personnel	DURGADEVI GOYAL
	DRISHYA GOYAL
	SAATVIK GOYAL
	SAACHI GOYAL
	INDERSAIN GOYAL
	RAKESH GOYAL - HUF
	INDERSAIN GOYAL HUF S
INDERSAIN GOYAL & SONS (HUF)	

27 Earnings per Share	31.03.2010	31.03.2009
Profit after tax	(36106180)	28144607
No. of equity shares	5124800	5124800
Basic and Diluted Earning per share(Rs)	(7.05)	5.49
Face Value (Rs)	10	10

28 Secured Loans include a sum of Rs. 1.78 Crores which is to be written back in a year to come as per the OTS settlement with J & K Bank.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

29 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
(Firm Regn. No.001609S)

(AJIT KUMBHAT)
PARTNER
M. No. 19582

RAKESH GOYAL
Managing Director

MAHAVEER SINGH
Director

PLACE: CHENNAI
DATE : 26.06.2010.



TAMILNADU STEEL TUBES LIMITED, CHENNAI

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st MARCH 2010

	Amounts as on 31.03.2010 (Rs)		Amounts as on 31.03.2009 (Rs)	
<u>OPERATING ACTIVITIES:</u>				
Profit before tax		(265,033)		42,530,927
<u>ADJUSTMENT FOR:</u>				
Depreciation	1,944,614		2,022,281	
Other Amortization	-		1,575,311	
Interest paid	4,791,172	6,735,786	2,982,470	6,580,062
		6,470,753		49,110,989
<u>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES:</u>				
<u>ADJUSTMENT FOR:</u>				
Inventories	(18,607,519)		14,087,633	
Debtors	(36,114,152)		20,293,370	
Advances	8,790,700		2,016,204	
Current liabilities & provision	80,231,807		(41,463,258)	
Provision for taxation - Prior Year	(34,527,914)	(227,079)	(14,328,800)	(19,394,851)
		6,243,675		29,716,138
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>				
INTEREST PAID		4,791,172		2,982,470
<u>NET CASH FLOW (A):</u>		1,452,503		26,733,668
<u>INVESTING ACTIVITIES:</u>				
Purchase of Assets		(903,363)		(2,843,808)
<u>NET CASH FLOW (B):</u>		(903,363)		(2,843,808)
<u>FINANCING ACTIVITIES:</u>				
Increase / Decrease in Share Capital		-		-
Net Loans Raised /paid	(4,340,075)	(4,340,075)	(27,118,566)	(27,118,566)
<u>NET CASH FLOW (C):</u>		(4,340,075)		(27,118,566)
<u>NET CASH INFLOW /OUTFLOW (A+B+C):</u>		(3,790,935)		(3,228,706)
Opening Cash & Cash Equivalents (D)		3,964,150		7,192,856
Closing Cash & Cash Equivalents (E)		173,215		3,964,150
<u>NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS: (E-D)</u>		(3,790,935)		(3,228,706)

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 : 26.06.2010



TAMILNADU STEEL TUBES LIMITED, CHENNAI

AUDITORS' CERTIFICATE

We have examined the above Cash flow statement of Tamilnadu Steel Tubes Limited for the year ended 31st March 2010 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**

**(AJIT KUMBHAT)
Partner**

Place: Chennai
Date: 26.06.2010.

FOR AND ON BEHALF OF THE BOARD

WE OUR REPORT OF EVEN DATE ATTACHED
FOR KUMBHAT & Co.
Chartered Accountants

MAHAVER SINGH
(Director)

RAKESH GOYAL
(Managing Director)

(AJIT KUMBHAT)
Partner
M.No. 19882

Place: Chennai
Date: 26.06.2010



TAMILNADU STEEL TUBES LIMITED, CHENNAI

ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 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 0

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 5 3 5 9 Total Assets 9 5 3 5 9

SOURCES OF FUNDS

Paid up Capital 5 1 2 4 8 Reserve & Surplus 3 1 7 8
Secured Loans 3 0 3 3 1 Unsecured Loan 9 2 8 4
Deferred Tax Liability 1 3 1 8

Application of Funds

Net Fixed Assets 1 3 4 3 9 Investments N I L
Net Current Assets - 1 1 7 6 1 Misc. Expenditure 9 3 6 8 1

IV. Performance of company (Amount in Thousands)

Total Income 7 3 4 5 8 0 Total Expenditure 7 3 4 8 4 5
Profit (+)/Loss(-) Before Tax (2 6 5) Profit (+)/ Loss (-) After Tax (3 6 1 1 1)
Earnings Per Share (7 . 0 5) 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

FOR AND ON BEHALF OF THE BOARD

(AJIT KUMBHAT)
Partner
M.No.19582

RAKESH GOYAL
(Managing Director)

MAHAVEER SINGH
(Director)

Place : Chennai
Date : 26.06.2010



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 31st Annual General Meeting of the Company to be held on
Wednesday, the 29th September 2010, at 10.00 a.m., at Rani Seethai Hall, No.603, Anna Salai,
Chennai – 600 006, and at any adjournment thereof.

Signed this day of2010.

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 – 600 001.

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 31st Annual General Meeting of the Company, held on 29th
September 2010, 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.