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TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd.)

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ANNUAL REPORT 1996-97





TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd.)

Registered Office	61, Sembudoss Street, Chennai 600 001.
Corporate Office	V Floor, 147, Greams Road, Chennai 600 006.
Administrative Office	79/1, New Bamboo Bazaar, Bangalore 560 002.
Steel Division	39, Dr. Harikrishna Naidu Street, Ambattur, Chennai 600 053 GNT Road, Thurainallur, Ponneri Taluk, Chengai MGR Dist., Tamil Nadu. A 15/N, (Pt.) SIPCOT Indl. Complex, Gummidipoondi, Chengai MGR Dist., Tamil Nadu
Synthetics Division	7-A, Doddaballapura Indl. Area, Kasba Hobli, Karnataka 2-B, Survey No. 16, Korandanahalli Malur Industrial Area, Malur Kolar Dist. Karnataka 21, Doddabkudi Indl. Area, Off Whitefield Road Mahadevapura, Bangalore 560 048 Karnataka
Board of Directors	L.K. Tulsyan <i>Executive Chairman</i> Sanjay Tulsyan <i>Managing Director</i> P.D. Tulsyan S.M. Tulsyan S. Soundararajan S.R. Guruswamy P.T. Rangamani S.K. Jain
Company Secretary	Anandhi. V
Bankers	Canara Bank Syndicate Bank
Auditors	C.A. Patel & Co., Chennai. R.S. Agarwala & Co., Bangalore.
Internal Auditors	Narayanan & Krishnan, Chennai. Rao & Murthy, Bangalore.
Share Transfer Agents	Cameo Share Registry A division of MCC Finance Ltd. Subramanian Building 1 Club House Road Chennai 600 002.



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 50th Annual General Meeting of the Company will be held on Monday, the 29th September 1997 at 3.30 p.m. at KASTURI SRINIVASAN AUDITORIUM, MUSIC ACADEMY, 305, T.T.K. Road, CHENNAI 600 014, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1997 and the Profit and Loss Account for the year ended on that date, together with the Report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr. S.M. TULSYAN, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. P.D. TULSYAN, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/S. C.A. PATEL & Co., Chartered Accountants, Chennai and M/s. R.S. Agarawala & Co., Chartered Accountants, Bangalore, retiring joint auditors of the Company be and are hereby re-appointed as joint auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company".

Place : Chennai

Date : 01.09.97

By order of the Board

L K TULSYAN

Executive Chairman

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER
2. The proxies to be valid, should be lodged with the Share Transfer Agents, not less than 48 hours before the commencement of the Meeting.
3. The Register of Member and the Share Transfer Books of the Company will remain closed from Tuesday, the 16th September 1997 to Monday, the 29th September 1997 (Both days inclusive)
4. Dividend, when declared will be payable to members whose names appear in the Register of Members on 29th September 1997.
5. Members are requested to forward transfer requests, change of address, power of attorney, Tax exemption certificates, Bank mandate etc. to the Share Transfer Agents, viz., Cameo Share Registry, A division of MCC Finance Limited.
6. As per Section 205 (A) of the Companies Act, 1956 the dividends which remain unclaimed over a period of 3 years have to be transferred to the Central Government Account. Accordingly the amount of unpaid dividend account relating to the year 1994-95 is due for transfer to the Central Government Account on 13th November 1998. Members who have not encashed their dividend warrant/s are requested to approach the Company or Company's Share Transfer Agents for revalidation/obtaining duplicate dividend warrant/s.
7. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting and also their copy of the Annual Report



REPORT OF THE DIRECTORS' TO THE SHAREHOLDERS

We take pleasure in presenting the 50th Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended 31st March 1997.

BUSINESS PERFORMANCE

During the year 1996-97 your Company earned gross income of Rs.10777.45 lacs as compared to Rs.10931.02 lacs during the previous year. The financial results have fallen short of expectations because of increased input costs and lower price realisation on account of weak market conditions both domestic and international.

FINANCIAL RESULTS

Rupees in lacs

	1996-97	1995-96
Profit before depreciation and Tax	412.87	487.39
Less: Depreciation	151.61	116.35
Profit for the year	261.26	371.04
Less: Provision for Taxation	33.70	—
Add: Surplus brought forward	20.93	9.20
Public Issue/preliminary Exps. written off	4.31	4.31
Amount available for appropriation	241.42	375.93
Appropriations:		
Dividend on Equity	36.25	80.00
Tax on Dividend	3.62	—
General Reserve	—	275.00
Balance carried forward	201.55	20.93

DIVIDEND

As a consequence of lower earnings and also with a view to improve the internal resources of the Company, your Directors recommend a dividend of 7.25%.

STATEMENT OF PROMISE VS. PERFORMANCE PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT

The Company has made the following projections vide prospectus dated 15th June 1994, relating to the Public Issue of 12,00,000 Equity Shares of Rs.10 each at premium of Rs.10 per share. As required under

Clause 43 of the Listing Agreement comparison between projections and actual performance is given below:

Year ended 31.03.97

(Rs. in lacs)

	Projected	Actual
SALES	4742.90	10734.40
PAT	239.80	227.56
EPS	7.93	4.55

The variation in the above figures is due to sluggish market conditions.

PROSPECTUS

The Indian economy is enjoying faster growth, steel consumption is expected to grow by more than 8% this year and a further 5% next year. With the revival of demand for steel products, it is expected that consumption will increase further.

With enormous capacities coming up in the Petrochemicals sector on the one hand and with increasing demand being generated in the user industries and ever growing export potential on the other, there is no way that the Plastic woven sack industry can lag behind. To keep pace with the growth your Company has envisaged to set up a unit to manufacture HDPE/PP Woven Sacks at Goa and is also planning to expand the existing capacity in one of the production centres in Bangalore.

DIRECTORS

Shri S M Tulsyan and Shri P D Tulsyan Directors of the Company retire by rotation and being eligible offer themselves for re-election.

AUDITORS

The Joint Auditors of the Company M/s. C.A. Patel & Co., Chartered Accountants, Chennai and M/s. R.S. Agarwala & Co., Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

PERSONNEL

The Directors wish to express their appreciation to all the employees of the Company for their contribution to the Company's operation during the year under review.

None of the employees was in receipt of remuneration in excess of limits prescribed under Section 227(2A) of the Companies Act, 1956.

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FIXED DEPOSITS

The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and Rules made thereunder relating to acceptance of deposit from public. There are no unpaid/unclaimed deposits.

GENERAL

The particulars prescribed by Companies (Disclosure of Particulars in Report of Board of

Directors) Rules, 1988 are appended and form an integral part of this Report.

The Board wishes to place on record their appreciation for the continued support received from the Company's Bankers, Financial Institutions, Suppliers and Customers.

Your Directors thank you the Shareholders for your continued patronage.

Place : Chennai

Date : 01.09.97

In order of the Board

L K TULSYAN

Executive Chairman

ANNEXURE TO DIRECTORS' REPORT**A. CONSERVATION OF ENERGY**

	1996-97	1995-96
I. Electricity		
a. Purchases in units		
Total Amount (Rs. in lacs)	22950247	1354163
Rate per unit	473.61	273.00
b. Own generation in units		
Unit per liter of diesel	10264	7280
Cost per unit	3.01	2.86
II. Coal	2.95	2.44
III. Furnace Oil		
Consumption (Liters)		
Total Amount (Rs. in lacs)	1441535	1471910
Average Rate (Rs.)	85.20	80.67
	5.91	5.48

B. CONSUMPTION PER UNIT OF PRODUCTION

Finished Steel products		
Production		
Electricity	29206	26880
Furnace Oil	145	153
MS Ingots	50	55
Production		
Electricity	21696	8898
	863	1005

C. TECHNOLOGY ABSORPTION

Not Applicable

D. ACTIVITY RELATING TO EXPORTS

a. (i) Foreign Exchange earned	907.18	1537.96
(ii) Foreign Exchange used.	1913.97	1918.67

Your Company was awarded for outstanding export performance by EEPC in the year 1994-95.

Place : Chennai

Date : 01.09.97

On behalf of the Board

L K TULSYAN

Executive Chairman



REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of TULSYAN NEC LIMITED (Formerly National Engineering Company Limited) as at 31st March 1997 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks of the books and records of the Company as we considered necessary during the course of our audit, we enclose in an Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comment in the Annexure referred to in para (1) 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 purpose of our audit.

- b. In our opinion proper books of account as required by law have been kept by the Company in so far as it appears from our examination of the books.
- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Account of the Company.
- d. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i. In the case of the Balance Sheet of the affairs of the Company as 31st March 1997 and
 - ii. In the case of the Profit and Loss Account of the Company for the year ended on that date.

For **C A Patel & Co.**
Chartered Accountants

C A PATEL
Proprietor

For **R S Agarwala & Co**
Chartered Accountants

M GANDHI
Partner

Place : Chennai
Date : 01.09.97