



TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd.)



ANNUAL REPORT 1998-99

TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd.)



| | |
|------------------------------|--|
| Registered Office | 61, Sembudoss Street, Chennai 600 001. |
| Corporate Office | V Floor, 147, Greaves Road, Chennai 600 006. |
| Administrative Office | 37, Kaveriappa Layout, Miller Tank Bund Road, Vasanth Nagar, Bangalore 560 052. |
| Steel Division | 39, Dr. Harikrishna Naidu Street, Ambattur, Chennai 600 053 GNT Road, Thuraihallur, 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, Doddankudi Indl. Area, Off Whitefield Road Mahadevapura, Bangalore 560 048 Karnataka Plot No. E-4, Madkaim Indl. Area, Madkaim Village, Ponda Taluk, Goa |
| Board of Directors | L.K. Tulsyan <i>Executive Chairman</i> Sanjay Tulsyan <i>Managing Director</i> S.M. Tulshyan S. Soundararajan P.T. Rangamani S.K. Jain |
| Bankers | Canara Bank Syndicate Bank |
| Auditors | C.A. Patel & Co., Chennai. R.S. Agarwala & Co., Bangalore. |
| Internal Auditors | Narayanan & Krishnan, Chennai. |
| 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 52nd Annual General Meeting of the Company will be held on Thursday, the 30th September 1999 at 11.00 a.m. at NARADA GANA SABHA MINI HALL, 254, T.T.K. Road, CHENNAI 600 018, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1999 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 appoint a Director in the place of Mr. P.T. RANGAMANI, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution:

"RESOLVED THAT M/S. C.A. PATEL & Co., Chartered Accountants, Chennai and M/s. R.S. AGARWALA & 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".

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 Members and the Share Transfer Books of the Company will remain closed from Monday, the 20th September 1999 to Thursday, the 30th September 1999 (Both days inclusive)
4. Members are requested to forward transfer requests, change of address, power of attorney, etc. to the Share Transfer Agents, viz., Cameo Share Registry, A division of MCC Finance Ltd.
5. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting and also their copy of the Annual Report.

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For and on behalf of the Board

Place : Chennai

L K TULSYAN

Date : 30.08.1999

Executive Chairman



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We take pleasure in presenting the 52nd Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended 31st March 1999.

| FINANCIAL RESULTS | Rupees in lacs. | |
|--|-----------------|---------|
| | 1998-99 | 1997-98 |
| Profit before depreciation and Tax | 288.57 | 417.77 |
| Less: Depreciation | 163.79 | 153.12 |
| Profit for the year | 124.78 | 264.65 |
| Less: Provision for Taxation | 23.75 | 31.00 |
| Add: Surplus brought forward | 230.74 | 201.55 |
| Public Issue/preliminary Exps. written off | 4.44 | 4.46 |
| Amount available for appropriation | 327.33 | 430.74 |
| Appropriations: | | |
| General Reserve | 200.00 | 200.00 |
| Balance carried forward | 127.33 | 230.74 |

OPERATIONS

We are glad to inform that your company was one among the few which had successfully eluded the effects of recession faced by the Industrial sector. The expansion programme envisaged at Doddapallapur unit is complete and the unit has commenced production from March '99.

DIVIDEND

Due to prevalent adverse business conditions it is decided to conserve the funds and hence no dividend is recommended for the year under review.

DIRECTORS

During the year, Mr. P.D. Tulsyan resigned as Director; effective 19.02.99. The Board has placed

on record its appreciation of the valuable services rendered by him.

Mr.P.T. Rangamani, Director of the Company retire by rotation and being eligible, offer himself 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

Your Directors wish to express their appreciation to the employees at all levels for their contribution to the Company's performance during the year under review.

None of the employees were in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956.

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 deposits 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 Directors take this opportunity to convey their appreciation of the services rendered and support given by the Company's Bankers, Financial Institutions, suppliers and customers.

Your Directors thank you, the Shareholders for your continued patronage.

For and on behalf of the Board

Place : Chennai

L K TULSYAN

Date : 30.08.1999

Executive Chairman



ANNEXURE TO DIRECTORS' REPORT

| A. CONSERVATION OF ENERGY | 1998-99 | 1997-98 |
|--|-----------------------|----------------|
| I. Electricity | | |
| a. Purchases in units | 17347746 | 25343360 |
| Total Amount (Rs. in lacs) | 594.68 | 696.56 |
| Rate per unit | 3.43 | 2.75 |
| b. Own generation in units | 7635 | 10008 |
| Unit per liter of diesel | 3.50 | 3.50 |
| Cost per unit | 3.03 | 3.00 |
| II. Coal | --- | --- |
| III. Furnace Oil | | |
| Consumption (Liters) | 1272870 | 1528375 |
| Total Amount (Rs. in lacs) | 76.97 | 95.51 |
| Average Rate (Rs.) | 6.05 | 6.25 |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | |
| Finished Steel products | | |
| Production | 24396 | 32359 |
| Electricity | 173 | 156 |
| Furnace Oil | 252 | 47 |
| MS Ingots | | |
| Production | 11783 | 19105 |
| Electricity | 1158 | 1061 |
| C. TECHNOLOGY ABSORPTION | Not Applicable | Not Applicable |
| D. ACTIVITY RELATING TO EXPORTS | | |
| (i) Foreign Exchange earned | 977.04 | 1003.73 |
| (ii) Foreign Exchange used. | 1757.04 | 762.55 |

Place : Chennai
Date : 30.08.1999

For and 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 1999 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 Accounts 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 at 31st March 1999 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

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

C A PATEL
Proprietor

M GANDHI
Partner

Place : Chennai
Date : 30.08.99



ANNEXURE TO THE AUDITORS' REPORT

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. We are informed that the fixed assets of the Company have been physically verified by the Management and that no serious discrepancies were noticed on such verification as compared with the available records.
2. None of the fixed assets have been revalued during the year.
3. The Stocks of finished goods, raw materials, stores and spare parts have been physically verified at reasonable intervals during the period by the Management.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stock and books and records were not material.
6. In our opinion and on the basis of our examination of stocks, the valuation of finished goods, Raw Materials and stores is fair and proper and in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
7. The Company has not taken any loan, secured or unsecured from Companies, Firms or other parties listed in the Register maintained under Section 301 or from the Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. The Company has granted loans, advances, - secured or unsecured to Companies, Firms or other parties listed in the register maintained under Section 301 or Companies under same management as defined under Section 370(1B) of the Companies Act, 1956 and in our opinion and according to the explanations given to us, the terms and conditions of such loans and advances are not prima facie prejudicial to the interests of the Company.
9. The Company has given interest free advances to its employees which are being recovered as stipulated.
10. According to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of stores, components, raw materials, plant and machinery, equipments and other assets and for the sale of goods.
11. The transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- (Rupees fifty thousand only) or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
12. As explained to us, there were no unserviceable or damaged stores, raw materials or finished goods during the year.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit Rules, 1975) with regard to the deposit accepted from the public.
14. The Company does not generate any by-product. In our opinion reasonable records have