



TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd.)



ANNUAL REPORT 1999 - 2000



TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd.)

Registered Office	61, Sembudoss Street, Chennai - 600 001.
Corporate Office	Floor, 147, Greams 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, Thurainallur, Ponneri Taluk Chengalpet Dist., Tamil Nadu. A 15/N. (Pt) SIPCOT Indl. Complex, Gummidipoondi Chengalpet 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, Gao.
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 Vikram Saboo
Bankers	Canara Bank Syndicate Bank
Auditors	C.A. Patel & Patel, Chennai R.S. Agarwala & Co., Bangalore
Share Transfer for Agents	Cameo Corporate Services Ltd. A division of MCC Finance Ltd. Subramanian Building 1 Club House Road Chennai - 600 002.

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 53rd Annual General Meeting of the Company will be held on Wednesday the 27th September 2000 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 2000 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 S.M. Tulsyan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To Regularise the appointment of Mr. Vikram Saboo, Director whose Terms of office, expires on the date of Annual General Meeting
4. To Declare dividend
5. 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 & PATEL, 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.

For and on behalf of the Board
L K TULSYAN
Executive Chairman

Place : Chennai
 Date : 28.08.2000

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 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. Members are requested to forward transfer requests, change of address, power of attorney, etc. to the Share Transfer Agents, viz., Cameo Corporate services Ltd., A division of MCC Finance Ltd.
4. 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 53rd Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2000.

FINANCIAL RESULTS	Rupees in laacs	
	1999 - 2000	1998-99
Profit before depreciation and Tax	429.55	288.57
Less: Depreciation	173.77	163.79
Profit for the year	255.78	124.78
Less: Provision for Taxation	42.00	23.75
Add: Surplus brought forward	127.33	230.74
Public Issue/preliminary Exps. Written off	4.44	4.44
Amount available for appropriation	336.67	327.33
Appropriations:		
Dividend paid	30.00	---
Corporate tax paid	3.30	---
General Reserve	200.00	200.00
Balance carried forward	103.37	127.33

OPERATIONS

We are glad to inform that your company has ventured into the sunrise IT Industry. We have promoted M/s Tulsyan Technologies Ltd. as a subsidiary of your company which is into IT related services and E.Commerce. The annual Report of the subsidiary is annexed.

DIVIDEND

The company has paid an interim dividend of 6% during the month of March 2000.

DIRECTORS

Mr.S.M.Tulsyan, Director of the Company retire by rotation and being eligible, offer himself for re-election. Mr. Vikram Saboo has been co-opted as director of our company on 31.05.2000 whose office has to be regularised.

AUDITORS

The Joint Auditors of the Company M/s. C.A.Patel & Patel, 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 reappointment.

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
L K TULSYAN
Executive Chairman

Place : Chennai
 Date : 28.08.2000



ANNEXURE TO DIRECTORS REPORT

A. CONSERVATION OF ENERGY	1999-2000	1998-1999
I. Electricity		
a. Purchases in units	15375375	17347746
Total Amount (Rs. in lacs)	620.63	594.68
Rate per unit	4.04	3.43
b. Own generation in units	7770	7635
Unit per liter of diesel	3.50	3.50
Cost per unit	3.04	3.03
II. Coal	--	--
III. Furnace Oil		
Consumption (Liters)	1374850	1272870
Total Amount (Rs. in lacs)	122.63	76.97
Average Rate (Rs.)	8.92	6.05
B. CONSUMPTION PER UNIT OF PRODUCTION		
Finished Steel products		
Production	29742	24396
Electricity	164	173
Furnace oil	46	52
MS Ingots		
Production	10387	11783
Electricity	1012	1158
C. TECHNOLOGY ABSORPTION		Not applicable
D. ACTIVITY RELATING TO EXPORTS		
(i) Foreign Exchange earned	1312.28	977.04
(ii) Foreign Exchange used	3351.02	1757.04

For and on behalf of the Board
L K TULSYAN
Executive Chairman

Place : Chennai
Date : 28.08.2000



REPORT ON 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 2000 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 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 explanation 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 to by law

have been kept by the Company in so far it appears from our examination of the books.

- c. In our opinion, the Profit & Loss Account and the Balance Sheet have complied with the Accounting Standards referred to in the Sub-section (3C) of Section 211 of the companies Act, 1956. 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 State of affairs of the Company as at 31st March 2000 and
 - ii. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **C A Patel & Patel,**
Chartered Accountants

C A PATEL
Partner

Place : Chennai
Date : 28.08.2000

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

M GANDHI
Partner



ANNEXURE TO THE AUDITORS'S 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 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 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. The company has granted interest free loans of Rs.25.72 lacs to its subsidiary M/s. Tulsyan Technologies Ltd. during the year.
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

1

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 been maintained by the Company for sale and disposal of the scrap generated.
15. The Company has an adequate internal audit system commensurate with the size and nature of the business of the Company.
16. The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
17. The Company is regular in depositing provident fund and ESI dues with the appropriate authorities.
18. There are no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Customs Duty & Excise Duty as at 31st March 2000 which are outstanding for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a Sick Industrial Company within the meaning of clause (o) of Sub-section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activity, the Company has adequate procedure for determination of damaged goods. The value of such goods is insignificant, hence no provision is made for the same.

For **C A Patel & Patel,**
Chartered Accountants

C A PATEL
Partner

Place : Chennai
Date : 28.08.2000

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

M GANDHI
Partner

1

TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd)

BALANCE SHEET AS AT 31st MARCH 2000

	Schedule	(Rupees in lacs)	
		31.03.2000	31.03.1999
I SOURCES OF FUNDS			
1. SHARE HOLDERS' FUNDS			
(a) Share Capital	1	500.00	500.00
(b) Reserves & Surplus	2	1637.31	1464.62
2. LOAN FUNDS			
(a) Secured Loans	3	2547.85	2791.21
(b) Unsecured Loans	4	589.23	628.59
		<u>5274.39</u>	<u>5384.42</u>
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	5	3651.17	3527.96
Less: Depreciation		1197.60	1028.18
(a) Net Block		<u>2453.57</u>	<u>2499.78</u>
2. INVESTMENTS	6	102.81	88.10
3. CURRENT ASSETS, LOANS & ADVANCES	7		
(a) Current Assets		4866.50	5138.44
(b) Loans & Advances		914.73	779.39
Less: CURRENT LIABILITIES & PROVISIONS	8	<u>5781.23</u>	<u>5917.83</u>
CURRENT LIABILITIES		2955.17	3000.64
PROVISIONS		130.45	147.50
		<u>3085.62</u>	<u>3148.14</u>
NET CURRENT ASSETS		<u>2695.61</u>	<u>2769.70</u>
Miscellaneous Expenditure	9	22.40	26.84
		<u>5274.39</u>	<u>5384.42</u>
NOTES ON ACCOUNTS	13		

Schedules 1 to 9 and 13 form integral part of this Balance Sheet and are to be read in conjunction therewith.

As per our report of even date

For C A Patel & Patel
Chartered AccountantsR S Agarwala & Co
Chartered AccountantsL K TULSYAN
Executive Chairman

On behalf of the Board

SANJAY TULSYAN
Managing Director
S SOUNDARARAJAN
DirectorC A PATEL
PartnerM GANDHI
PartnerPlace : Chennai
Date : 28.08.2000



TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

	SCHEDULE	(Rupees in lacs)	
		31.03.2000	31.03.1999
Sales & Other Receipts	10	15591.54	13614.39
Other Income	11	37.30	13.75
		15628.84	13628.14
Deduct Cost of Materials and other expenses	12	15199.28	13339.57
Depreciation		173.77	163.79
PROFIT FOR THE YEAR		255.78	124.78
Less: Provision for Taxation		42.00	23.75
PROFIT AFTER TAXATION		213.78	101.03
Add : Surplus Brought Forward		127.33	230.74
Less : Public Issue/Preliminary Expenses written off		4.44	4.44
		336.67	327.33
APPROPRIATIONS			
Transfer to General Reserve		200.00	200.00
Interim Dividend		30.00	0.00
Corporate Dividend Tax Paid		3.30	0.00
BALANCE CARRIED TO BALANCE SHEET		103.37	127.33

Notes on Accounts

13

Schedules 10 to 13 form integral part of this Profit & Loss Account and are to be read in conjunction therewith.

As per our report of even date

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

R S Agarwala & Co
Chartered Accountants

L K TULSYAN
Executive Chairman

On behalf of the Board

SANJAY TULSYAN
Managing Director
S SOUNDARARAJAN
Director

C A PATEL
Partner

M GANDHI
Partner

Place : Chennai
Date : 28.8.2000