



**TULSYAN NEC LIMITED**

(Formerly National Engineering Co. Ltd.)



**ANNUAL REPORT 2001 - 2002**



# TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd)

<b>Registered Office</b>	61, Sembudoss Street, Chennai - 600 001.
<b>Corporate Office</b>	5 <sup>th</sup> Floor, 147, Greams Road, Chennai 600 006.
<b>Administrative Office</b>	37, Kaveriappa Layout, Miller Tank Bund Road Vasanth Nagar, Bangalore - 560 052.
<b>Steel Division</b>	39, Dr. Harikrishna Naidu Street Ambattur, Chennai - 600 053.  A 15/N, (Pt) SIPCOT Indl. Complex, Gummudipoondi Chengalpet Dist., Tamil Nadu.  Windmill : 1. Kudimangalam, Udumalpet. 2. Pazhavor, Tirunelveli Dist.
<b>Synthetics Division</b>	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.
<b>Board of Directors</b>	L.K. Tulsyan <i>Executive Chairman</i> Sanjay Tulsyan <i>Managing Director</i> S.M. Tulshyan S.Soundararajan P.T. Rangamani
<b>Bankers</b>	Canara Bank Syndicate Bank Andhra Bank
<b>Auditors</b>	C.A. Patel & Patel, Chennai R.S. Agarwala & Co., Bangalore
<b>Share Transfer Agents</b>	Cameo Corporate Services Ltd: A division of MCC Finance Ltd. Subramanian Building 1 Club House Road Chennai - 600 002.



## NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the 55<sup>th</sup> Annual General Meeting of the Company will be held on Monday the 30<sup>th</sup> September, 2002 at 11.00 a. m. at KASTURI SRINIVASAN HALL (Mini Hall), 168, 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 31<sup>st</sup> March, 2002 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 Shri. P.T. Rangamani, who retires by rotation and being eligible, offers himself for re-appointment
3. To declare Dividend
4. 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 and 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 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  
**Lalit Kumar Tulsyan**  
*Executive Chairman*

Place : Chennai  
 Date : 29<sup>th</sup> August, 2002

### NOTES :

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

The Proxies to be valid, should be lodged with the Share Transfer Agents, not less than 48 hours before the commencement of the meeting.

The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday the 28<sup>th</sup> September, 2002 to Monday the 30<sup>th</sup> September, 2002 (both days inclusive).

Members are requested to forward transfer requests, change of address, power of attorney, etc., to the Share Transfer Agents, viz., Cameo Corporate Services Ltd., 1, Club House Road, Chennai - 600 002.

As per Section 205(A) of the companies Act, 1956 the dividends which remain unclaimed over a period of seven years have to be transferred to the Investor Education and Protection Fund of the Central Government. The unclaimed dividend of the financial year 1994-95 is due for transfer to the account of the Central Government on 13th November, 2002. Shareholders who have not encashed the dividend warrants for the financial year 1994-95 or any subsequent financial year are requested to revalidate the same by sending the original dividend warrants to the Registrar.

Members / Proxies are requested to bring the attendance slip duly filled in for attending their meeting and also their copy of the Annual Report.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We take pleasure in presenting the 55<sup>th</sup> Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2002.

FINANCIAL RESULTS	Rupees in Lacs	
	2001-2002	2000-2001
Profit before depreciation and Tax	476.81	402.07
Less: Depreciation	209.38	171.41
Profit for the year	267.43	230.66
Less: Current Tax	20.46	31.40
Deferred Tax	108.99	---
Add: Surplus brought forward	114.03	103.37
Public Issue/Preliminary		
Exp. written off	4.21	5.54
Amount available for appropriation	247.80	297.09
Appropriations:		
Dividend	35.00*	30.00
Corporate Tax		3.06
General Reserve	123.77	150.00
Balance carried forward	89.03	114.03

\* subject to approval of AGM

### OPERATIONS

In spite of recessionary trends in the economy, your Company had performed reasonably well. The capacity of the Gummudipoondi plant has been enhanced during the year under review.

### DIVIDEND

Your Directors are pleased to recommend a Dividend of 7% only, on the Equity Capital.

### DIRECTORS

During the year, Mr. Vikram Saboo resigned as Director, effective from 29/07/2002. The Board has placed on record its appreciation of the valuable services rendered by him.

Mr. P. T. Rangamani, Director of the company retires by rotation and being eligible, offers himself for re-election.

### 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 re-appointment.

### PERSONNEL

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

None of the employees was 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.



### DEMATERILISATION OF SHARES

Your company has entered in to an arrangement with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for Dematerialisation of the Company's shares in accordance with the provisions of the Depositories Act, 2001. Accordingly, our company shares can be dematerialised in the CDSL and NSDL under the ISIN - INE463D01016

### DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956.

Your Directors confirm that

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. such accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fare view of the state of affairs of the Company as at 31<sup>st</sup> March, 2002 and of the Profit of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv the annual accounts have been prepared on a going concern basis.

### AUDIT COMMITTEE

In compliance of Section 292A of the Companies Act, 1956, the Audit Committee of the Board has been re-constituted consisting of the following Directors

1. Mr. S. M. Tulsyan - Chairman
2. Mr. Lalit Kumar Tulsyan
3. Mr. S. Soundararajan

### CORPORATE GOVERNANCE

Your Company is taking necessary steps to comply with provisions of Corporate Governance, which become applicable from the financial year 2002-2003, as per SEBI Guidelines and Listing Agreement.

### 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

**Lalit Kumar Tulsyan**  
Executive Chairman

Place : Chennai

Date : 29<sup>th</sup> August 2002

## ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1) (e) of the Companies Act, 1956

<b>A. CONSERVATION OF ENERGY</b>		<b>2001 - 2002</b>	<b>2000 - 2001</b>
		<b>Rs.</b>	<b>Rs.</b>
I.	Electricity		
a.	Purchases in units	13783320	14470320
	Total Amount (Rs. in lacs)	582.80	611.84
	Rate per unit	4.23	4.23
b.	Own generation in units	5600	4977
	Unit per litre of diesel	3.50	3.50
	Cost per unit	5.42	3.85
II.	Coal	----	----
III.	Furnace Oil		
	Consumption (litres)	1856784	1416400
	Total Amount (Rs. in lacs)	160.92	130.23
	Average Rate (Rs.)	8.66	9.19
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
Finished Steel Products			
	Production	26068	23631
	Electricity	215	193
	Furnace oil	71	60
MS. Ingots			
	Production	7117	9297
	Electricity	1149	1065
<b>C. TECHNOLOGY ABSORPTION</b>		<b>Not applicable</b>	<b>Not applicable</b>
<b>D. ACTIVITY RELATING TO EXPORTS</b>			
i.	Foreign Exchange earned	444.97	1135.33
ii.	Foreign Exchange used	1434.09	2007.25

For and on behalf of the Board

**Lalit Kumar Tulsyan**

*Executive chairman*

Place : Chennai

Date : 29<sup>th</sup> August, 2002



## REPORT OF THE AUDITORS TO THE MEMBERS OF TULSYAN NEC LTD. FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2002

We have audited the attached Balance Sheet of **M/s. TULSYAN NEC LIMITED**, as at 31st March, 2002 and also the Profit & Loss Account for the period ended on that date annexed there to. 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditors' 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 of and records of the company as we considered necessary during the course of audit, we enclose in the Annexure A, a statement on the matters specified in the paragraphs 4 & 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above and Point 1.3 to Significant Accounting Policies, we report that:

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

**Sunil S. Ahuja**  
Partner

Place : Chennai

Date : 29th August. 2002

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 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 comply with the Accounting Standards referred to in the Sub-section (3C) of section 211 of the Companies Act, 1956.

d. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Accounts of the Company.

e. According to the written representations given to us by the Directors of the Company as on 31<sup>st</sup> March 2002, no director is disqualified from being appointed as a director under clause (g) of subsection (1) of Section 274 of the Companies Act, 1956 as on the date of the balance sheet as noted above.

f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes appearing in the Schedule of Significant Accounting Policies and Notes on Accounts 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 31<sup>st</sup> March 2002 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 R. S. Agarwala & Co.**  
Chartered Accountants

**M. Gandhi**  
Partner

## 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. As explained to us 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 explanation given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
5. The discrepancies noticed on verification between the physical stock and books of accounts and records were not material and have been properly dealt in the books of accounts.
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 loans, secured or unsecured from the Companies, firms or other parties listed in the Register maintained under section 370 (1B) of the Companies Act, 1956 where the rates of interest or the terms and conditions are not prima facie prejudicial to the interest of the company
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 interest of the Company. The Company has granted interest free loans of to its subsidiary M/s. Tulsyan Technologies Ltd., during the year and the balance as on the close of the year amounted to Rs. 109.83 lakhs.
9. The Company has given advances to its employees which are being recovered as stipulated including interest (where ever applicable).
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. The Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the Loss arising on items as determined.
  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 31<sup>st</sup> March 2002 which are outstanding for a period of more than six months from the date they become payable. However, as per the Defferment Scheme of the Sales Tax Department, an amount of Rs. 330.23 Lakhs has been collected and payable to the respective Authorities at the end of the stipulated contract period.
  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 (0) 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. Adequate provision is made towards unserviceable and damaged stores.

**For C A Patel & Patel**

Chartered Accountants

**Sunil S. Ahuja**

Partner

Place : Chennai

Date. : 29<sup>th</sup> August, 2002

**For R S Agarwala & Co.**

Chartered Accountants

**M. Gandhi**

Partner



# TULSYAN NEC LIMITED

(Formerly National Engineering Co. Ltd.)

## BALANCE SHEET AS AT 31ST MARCH, 2002

(Rupees in lacs)

	Schedule	As at 31.03.2002	As at 31.03.2001
<b>I Sources of funds</b>			
<b>1. Share holders' funds</b>			
(a) Share Capital	1	500.00	500.00
(b) Reserves & Surplus	2	1382.08	1794.62
<b>2. Loan Funds</b>			
(a) Secured Loans	3	3879.18	3356.60
(b) Unsecured Loans	4	466.00	472.08
<b>3. Deferred Tax Adjustment</b>		616.94	---
		<u>6844.20</u>	<u>6123.30</u>
<b>ii Application of funds</b>			
<b>1. Fixed assets</b>			
Gross Block		4296.13	3846.94
Less : Depreciation		<u>1528.93</u>	<u>1325.19</u>
(a) Net Block	5	<u>2767.20</u>	<u>2521.75</u>
<b>2. Investments</b>	6	102.87	102.87
<b>3. Current Assets, Loans &amp; Advances</b>	7		
(a) Current Assets		5899.67	4708.97
(b) Loans & Advances		<u>1170.64</u>	<u>1543.98</u>
		<u>7070.31</u>	<u>6252.95</u>
Less : Current Liabilities & Provisions	8		
Current Liabilities		2891.52	2579.28
Provisions		<u>217.31</u>	<u>191.85</u>
		<u>3108.83</u>	<u>2771.13</u>
<b>NET CURRENT ASSETS</b>		<u>3961.48</u>	<u>3481.82</u>
Miscellaneous Expenditure	9	<u>12.65</u>	<u>16.86</u>
		<u>6844.20</u>	<u>6123.30</u>
<b>NOTES ON ACCOUNTS</b>	13		

Schedule 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

On behalf of the Board

For **C A PATEL & PATEL**  
Chartered Accountants

For **R S AGARWALA & CO**  
Chartered Accountants

**L K TULSYAN**  
Executive Chairman

**SANJAY TULSYAN**  
Managing Director

**SUNIL S. AHUJA**  
Partner

**M. GANDHI**  
Partner

**S. SOUNDARARAJAN**  
Director

Place : Chennai

Date : 29th August 2002