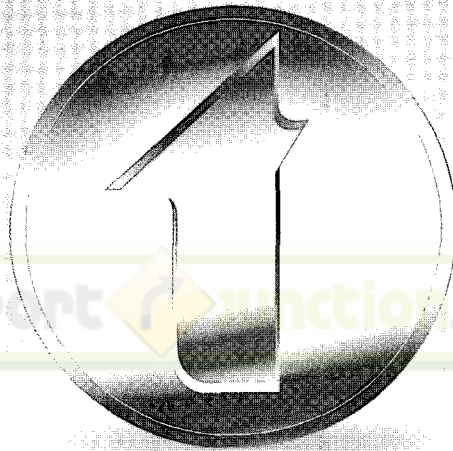


Annual Report 2006-2007

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TULSYAN

Strength of Steel, Flexibility of Plastics

TULSYAN NEC LIMITED

Board of Directors

Lalit Kumar Tulsyan
Executive Chairman

Sanjay Tulsyan
Managing Director

S.Soundararajan

P.T. Rangamani

A.P. Venkateswaran

S. Ramakrishnan

Sanjay Agarwalla

V. Kirubanandan

R.B. Prem Ganesh
Company Secretary

Registered Office
61, Sembudoss Street,
Chennai - 600 001.

Corporate Office
Apex Plaza, I Floor, Old No. 3, New No. 77,
Nungambakkam High Road,
Chennai 600 034.

Administrative Office
37, Kaveriappa Layout,
Miller Tank Bund Road
Vasanth Nagar,
Bangalore - 560 052.

Bankers

Canara Bank
Syndicate Bank
Andhra Bank
State Bank of India
IDBI

Auditors

C.A. Patel & Patel,
Chennai

Share Transfer Agents

Cameo Corporate Services Ltd.
Subramanian Building
1 Club House Road
Chennai - 600 002.

Steel Division

39, Dr. Harikrishna Naidu Street
Ambattur, Chennai - 600 053.

A 15/N, (Pt) SIPCOT Indl. Complex,
Gummudipoondi
Chengalpet Dist., Tamil Nadu.

D-4, SIPCOT Indl. Complex,
Gummudipoondi,
Chengalpet Dist., Tamil Nadu

476, K.G. Palayam Post,
Kariyam Palayam, Pugalur,
Annur Union, Coimbatore - 641 697.

Windmill

Kudimangalam, Udumalapet
Tamil Nadu

Pazhavor, Tirunelveli Dist.
Tamil Nadu

Kavalakiurichi, Tirunelveli 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.

Survey No. 4/1-P-1
Adakamaranahully Village,
Dasanapura hobli
Makali Post, Tumkur Road, Bangalore.

Unit III, No. 343, 9th Cross,
4th Phase, Peenya II Stage,
Bangalore - 560 058. Karnataka.

Plot No.E-4, Madkaim Indl. Area,
Madkaim Village, Ponda Taluk, Goa.



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 60th Annual General Meeting of the Company will be held on Thursday the 30th August, 2007 at 11.30 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, 2007 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 confirm the Interim Dividend declared by the Board of Directors as Final Dividend.
3. To Appoint a Director in place of Mr. S Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment
4. To Appoint a Director in place of Mr. V Krubanandhan, 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 as an Ordinary Resolution:

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

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following as an **Ordinary Resolution.**

"RESOLVED THAT in accordance with the provisions of section(s) 198, 269, 309 and 310 read with section 2(26) and also other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, guidelines issued by the Central Government from time to time) and subject to necessary approvals, the company hereby approves the increase in remuneration from **Rs.71,000/- to Rs.1,50,000/-** per month payable to **Mr. SANJAY TULSYAN**, Managing Director of the company with effect from **01.04.2007.**"

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, **Mr. SANJAY TULSYAN**, shall be paid the same remuneration as stated herein above, as minimum remuneration but subject to the upper limit, if any, prescribed under Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), as may be applicable from time to time."

"RESOLVED FURTHER that in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to decide on any issue arising out of or incidental thereto in implementing the above resolution."

7. To consider and if thought fit, to pass with or without modification, the following as an **Ordinary Resolution.**

"RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company, for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate of the amounts so borrowed and to be borrowed and outstanding at any time (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed Rs. 500 Crores (Rupees Five Hundred Crores only)."

Place: Chennai
Date: 04/08/2007

For and on behalf of the Board
LALIT KUMAR 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 Members and the Share Transfer Books of the Company will remain closed from 27.08.2007 to 30.08.2007 (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 Corporate Services Ltd., 1, Club House Road, Chennai – 600 002.
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.
6. Dividend including Interim Dividend for the year 2000-2001 and subsequent years, remaining unclaimed for a period of 7 years, are transferable to the Investor Education and Protection Fund established by Central Government as per section 205A(5) of the Companies Act, 1956. Reminders are sent to members for encashing unclaimed and unpaid dividends, on regular basis. Members who have not yet preferred a claim are, therefore, requested to contact the Registrar and Share Transfer Agents immediately.

No claim shall lie against the fund or the Company in respect of unclaimed and unpaid dividends transferred after expiry of seven years period from the date of declaration of dividend to the IEPF as per section 205C of the Companies Act 1956.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

PARTICULARS OF THE DIRECTORS SEEKING REAPPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

ITEM NO. 3 & 4

Name of the Director	S. Ramakrishnan	V. Kirubanandan
Date of Birth	15.07.1954	30.04.1948
Experience in Specific Functional Area	28 Years	36 Years
Qualification	B.Com	B.E., M.Tech., M.B.A
List of Companies in which directorship held as on 31 st March 2007	Four	Nil
Chairman/Member of the Committee of the Board of Companies in which he is a Director as on 31 st March 2007	None	None
Shareholding as on 31 st March 2007: a) held individually b) held jointly with other	Nil	Nil

IN RESPECT OF THE SPECIAL BUSINESS IN THE NOTICE IS ANNEXED:

EXPLANATORY STATEMENT

ITEM NO. 6

Mr. SANJAY TULSYAN is the promoter of the Company and he has been working for the growth of the organisation since its inception. Lending credence to his excellent contribution to the Company, the Board felt it necessary to increase the remuneration for the Managing Director with effect from **01.04.2007**, on the terms & conditions as stipulated in the resolution.

The Board recommends the resolution for approval of the members.

Except Mr. SANJAY TULSYAN who is interested in this resolution to the extent of his shareholding and Mr. LALIT KUMAR TULSYAN being brother of him, none of the directors are in any way concerned or interested in this resolution proposed to be passed.

ITEM NO. 7

The sanction of the Shareholders is sought to permit the Board to borrow moneys in excess of the Company's capital and free reserves. This is permissible under section 293(1)(d) of the Companies Act, 1956, if the shareholders approve in their meeting. With the company's plans for expansions and diversification, your Board thinks it necessary to acquire this power and recommends passing of this resolution.

None of the Directors are in any way concerned or interested in this resolution proposed to be passed.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We take pleasure in presenting the Directors' Report of the Company together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended 31st March, 2007.

FINANCIAL RESULTS	2006-2007	2005-2006
	Rupees in Lacs	
Profit before Depreciation and tax	1290.63	957.60
Less: Depreciation	401.37	352.96
Profit for the year	889.26	604.64
Less: Provision for Current Tax	204.00	134.00
Deferred Tax	64.33	69.16
Fringe Benefit Tax	9.81	8.63
Add: Surplus brought forward	485.44	232.41
Amount available for appropriation	1096.56	625.26
Appropriations:		
Dividend	75.00	70.00
Corporate Tax	10.52	9.82
General Reserve	100.00	60.00
Balance carried forward	911.04	485.44

OPERATIONS AND OUTLOOK

The performance of your company for the current year continues to be satisfactory. The profit before depreciation and tax has grown by 34.77% compared to the last year.

With constant vigil over ever-changing technological trends and consistent upgrading of equipment, your company is able to provide value added products to its customers. Indisputable superiority in quality and timely supplies has facilitated a continuous increase in demand for your company's product, which is being very closely monitored.

Your Directors re-assure that all efforts shall continue to sustain satisfactory margin and to further consolidate retained earnings.

DIVIDEND

In order to augment the resources of the Company, the Board of Directors confirm that the interim dividend declared by the Board and paid by the Company

could be considered and treated as Final Dividend.

DIRECTORS

Mr. S. Ramakrishnan, Director of the Company, retires by rotation and being eligible, offers himself for re-election.

Mr. V. Krubanandhan, Director of the Company, retires by rotation and being eligible, offers himself for re-election.

AUDITORS

The Auditors of the Company M/s. C.A. Patel & Patel., Chartered Accountants, Chennai, 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.

PARTICULARS OF EMPLOYEES

None of employees were in receipt of remuneration as stipulated under Section 217 (2A) of the Companies Act, 1956 except Mr. LALIT KUMAR TULSYAN particulars of which are appended herewith as annexure.

PARTICULARS OF CONSERVATION OF ENERGY UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND PARTICULARS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required to be disclosed as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 and particulars of foreign exchange earnings and outgo are enclosed with the report.

FIXED DEPOSITS

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

DEMATERIALISATION OF SHARES

Your Company has already entered into an arrangement with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialization of the Company's shares in accordance with the provisions of the Depositories Act, 2001. Accordingly, our company's shares can be dematerialized 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 judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 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 safeguarding 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, an Audit Committee of the Board has been consisting of the following Directors

1. Mr S. Soundararajan - Chairman
2. Mr. S Ramakrishnan
3. Mr. A P Venkateswaran

CORPORATE GOVERNANCE

The Company has complied with the mandatory requirements of Corporate Governance as prescribed in the Listing Agreement entered into with the Stock Exchanges to the extent possible, taking into account, the operational requirements, financial position of the Company etc. A separate report on Corporate Governance along with the Auditor's Certificate on its compliance is attached as Annexure to this report.

GENERAL

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 also express their gratitude for your continued patronage.

For and on behalf of the Board

Place: Chennai
Date: 04/08/2007

LALIT KUMAR TULSYAN
Executive Chairman

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007

Sl. No.	Name of the Employee	Age Yrs.	Designation	Gross Rem. Received Rs.	Qualification	Experience in years	Share holding %	Date of Employment	Last Employment
1.	Lalit Kumar Tulsyan	47	Executive	27,00,000	B.Com.,	21	26.10	27/01/1994	-

TULSYAN NEC LIMITED

**ANNEXURE TO DIRECTORS' REPORT***Information under section 217(1) (e) of the Companies Act, 1956*

A. CONSERVATION OF ENERGY	2006 - 2007	2005 - 2006
	Rs.	Rs.
I. Electricity		
a. Purchases in units	65880514	53529960
Total Amount (Rs. in lacs)	2829.79	2392.16
Rate per unit	4.30	4.47
b. Own generation in units	30023	79401
Unit per litre of diesel	3.50	3.50
Cost per unit	9.65	9.20
II. Furnace Oil		
Consumption (litres)	2221766	2712975
Total Amount (Rs. in lacs)	387.57	492.76
Average Rate (Rs.)	17.44	18.16
B. CONSUMPTION PER UNIT OF PRODUCTION		
Finished Steel Products		
Production (MT)	66957	51622
Electricity (Units)	144	121
Furnace oil (Ltrs.)	45	49
MS. Ingots		
Production (MT)	18758	18386
Electricity (Units)	965	944
MS. Billets		
Production (MT)	40730	36364
Electricity (Units)	934	873
C. TECHNOLOGY ABSORPTION	Not applicable	Not applicable
D. ACTIVITY RELATING TO EXPORTS		
	(Rs. in lacs)	
i. Foreign Exchange earned	4302.28	2632.28
ii. Foreign Exchange used	5652.22	6511.63

For and on behalf of the Board

Place: Chennai
Date: 04/08/2007**LALIT KUMAR TULSYAN**
Executive Chairman



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

- A** (a) The extent of the company's interest in the subsidiary at the end of the financial year on 31/03/2007
- 1) Name of the Subsidiary Company : **Cosmic Global Limited**
 - 2) Paid-up Capital : **Rs.1,12,65,000/-**
 - 3) Investment made by the Company : **Rs.1,00,00,000/-**
 - 4) Extent of Interest of the Company : **88.77%**
- (b) The Net aggregate amount of the Profit of the subsidiary company not dealt with in the Company's Account as on 31/03/2007
- 1) Net profit after tax of Cosmic Global Ltd
for the period ended 31st March, 2007 Rs. 37,76,187
 - 2) Company's share in the net profit of
the Subsidiary Company Rs. 33,52,122
 - 3) Less amount of the dividend received from
the Subsidiary Company Rs. 11,00,000
 - 4) Amount of profit of the Subsidiary Company
not dealt within the books of the Company Rs. 22,52,122
- (c) The net aggregate amount of the profits of
the Subsidiary Company dealt within
the Company's Accounts Rs. 25,37,037
- B** (a) The extent of the company's interest in the subsidiary at the end of the financial year on 31/03/2007
- 1) Name of the Subsidiary Company : **Tulsy Power Limited**
 - 2) Paid-up Capital : **Rs.5,00,000/-**
 - 3) Investment made by the Company : **Rs.4,94,000/-**
 - 4) Extent of Interest of the Company : **98.80%**
- (b) The Net aggregate amount of the Profit of the subsidiary company not dealt with in the Company's Account as on 31/03/2007
- 1) Net profit after tax of Tulsy Power Limited
for the period ended 31st March, 2007 NIL
 - 2) Company's share in the net profit of
the Subsidiary Company NIL
 - 3) Less amount of the dividend received from
the Subsidiary Company NIL
 - 4) Amount of profit of the Subsidiary Company
not dealt within the books of the Company NIL
- (c) The net aggregate amount of the profits of
the Subsidiary Company dealt within
the Company's Accounts NIL

On behalf of the Board

LALIT KUMAR TULSYAN	SANJAY TULSYAN	S. SOUNDARARAJAN
Executive Chairman	Managing Director	Director

A.P. VENKATESWARAN
Director - Finance

R.B. PREM GANESH
Company Secretary

Place: Chennai
Date: 04/08/2007



MANAGEMENT DISCUSSION & ANALYSIS

(Pursuant to Clause 49 of Listing Agreement)

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The company's products are TMT Bars / Billets and Ingots in the steel division and PP Woven Sacks, FIBC and Woven Fabric in synthetic division. The steel products are used in the Construction Sector and the plastic products cater to the packaging needs of various industries such as Cement, Fertilizers, Food grains, Sugar etc.,

The raw material are metal scrap and pp granules. Being in the commodity market the company continuously makes efforts for reducing the cost of production to sustain its margins.

The demand for HDPE/PP woven sacks & FIBC are driven by growth in the Industrial & Infrastructure sectors. In the past this industry mainly catered to the domestic market. However, after liberalization due to huge demand for packaging of bulk products, there is a large requirement in the domestic market and even exports to USA & European countries.

The raw material for manufacturing of woven sacks is HDPE/PP Granules which is available in abundance within the country and can also be freely imported.

II. OPPORTUNITIES AND THREATS

The Cost of Steel Scrap and power are major costs incurred for producing Steel Rods. Regular increase of price of scrap affects the company's margin.

With globalization and liberalization the demand gap is ever increasing. With almost 3 decades of presence in the industry the company has earned a good name for its commitment to quality and timely supply. With the enhancement in production capacities the company is well poised to cater to a Bigger market.

Fragmented industry with more SSI units. Speculation and uncertainty does not allow price to settle and this scenario synchronizes well when the going is good. Polymer prices have generally been high and volatile.

III. SEGMENT-WISE/PRODUCT-WISE

The production of steel rods was 66957 MT compared to 51622 MT in the previous year. The sale of rods during the year was 95351 MT compared to 82696 MT in the previous year.

The production of synthetic products was 14712 MT compared to 13131 MT in the previous year. The sale of synthetic products during the year was 15051 MT compared to 12782 MT in the previous year.

The focus of the company has shifted to manufacturing and marketing of value added products. As a result the sale of FIBC/TMT Bars has been increasing year after year. The company has also enhanced its customer base and is catering to the markets in Gujrat, Maharastra, Tamilnadu, Andrapradesh, Goa, Kerala and Karnataka.

IV. OUTLOOK

The Company has created additional capacities in steel and plastics. The rolling mill having production capacity of 150000 MT P.A. has been installed at Gummundipoondi, Tamil Nadu from which commercial production has commenced from July 2007. The capacity expansion of 10500 MT pa in plastic division comprising of FIBC, PP Bags and Fabrics in Bangalore, Karnataka is in progress, the commercial production is expected during September 2007.



The Country has embarked upon an ambitious programme of Modernisation and Infrastructure development. Consequently the Gap between demand and supply for both our products are ever increasing. The company is tapping newer markets both at domestic as well as international level. With the kind of reputation we have in the market today we should be able to enhance our market share in the coming years. With the country's economy growing at about 8 to 9%, we are convinced that our company is embarking into an age of future growth and customer satisfaction.

V. RISKS AND CONCERNS

The Management periodically carries out risk assessment exercises. Risk factors are also discussed in Audit Committee Meetings. Wherever possible and necessary, insurance cover is taken for risk mitigation. However, an economic slowdown can adversely affect the demand-supply equation in the iron & steel industry.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes, the code of conduct and Corporate policies are duly complied with.

The Company has an Internal Audit Department, which conducts audit of various departments and areas. In line with international trend, planning and conduct is oriented towards a review of controls in the management of risks and opportunities in the Company's activities. The annual audit programme is developed by the Internal Audit Department and approved by the Audit Committee of the Board. The Internal Audit Department reports its findings and observations to the Audit Committee, which met four times during the year to review the audit observations and to follow up implementation of corrective actions. The Committee also consults the Company's statutory auditors to ascertain their views on the adequacy of the internal control systems in the Company. The Audit Committee has majority of independent directors to maintain the objectivity.

The Auditors' remarks regarding adequacy of internal controls can be seen in Clause No. iv of the Annexure to the Auditors' Report.

VII. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Turnover for the year under review amounted to Rs. 43158.00 Lakh as against Rs.32822.50 Lakh for the previous year. The decrease is attributable mainly to lower net realization and lower production during the year adversely affecting the profits compared to the previous year.

VIII. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company, at the year-end had employees as compared to in the previous year and industrial relations remained cordial during the year. To meet ongoing challenges in the market place, employees are trained continuously to upgrade both, their knowledge and skills.

IX. CAUTIONARY STATEMENT

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking Statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government regulations, statutes, tax laws and other incidental factors.