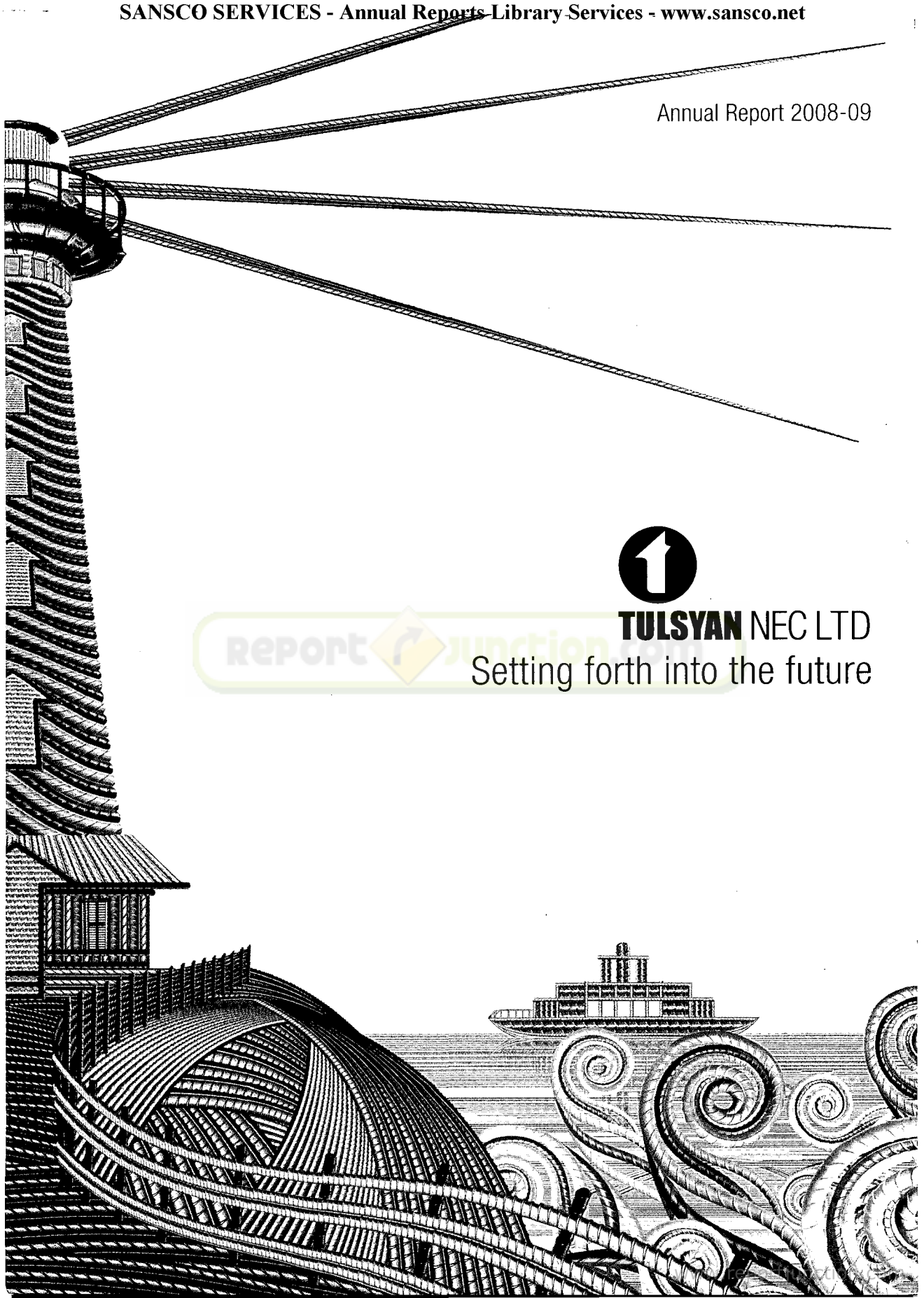


Annual Report 2008-09



TULSIYAN NEC LTD

Setting forth into the future





TULSYAN NEC LIMITED

Board of Directors

Lalit Kumar Tulsyan

Executive Chairman

Sanjay Tulsyan

Managing Director

S.Soundararajan

P.T. Rangamani

A.P. Venkateshwaran

S. Ramakrishnan

Sanjay Agarwalla

V. Kirubanandan

C. Ramachandran

K. JANAKIRAMAN

Company Secretary

Registered Office

61, Sembudoss Street,
Chennai - 600 001.

Corporate Office

Apex Plaza, I Floor, New No. 77,
(Old No. 3), 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

Windmill

Kudimangalam, Udumalpet
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.

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

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

SY. No 237 to 245, Boincheruvupalli
Village, Peapully Mandal, Kurnool
District, Andhra Pradesh - 518 220

TULSYAN NEC LIMITED

**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the 62nd Annual General Meeting of the Company will be held on Wednesday, the 16th September, 2009 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, 2009 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 place of Shri S Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment
4. To Appoint a Director in place of Shri V Kirubanandan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, 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. RE-APPOINTMENT OF A WHOLE-TIME DIRECTOR:**

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

“RESOLVED THAT pursuant to the provisions of Sections 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, approval of the Company be and is hereby accorded for the re-appointment of Mr. A P VENKATESHWARAN as a WHOLE-TIME DIRECTOR and designated as “DIRECTOR - FINANCE” for a period of 5 years with effect from 01st October, 2009 as per the terms and conditions, including remuneration as set out in the draft of the agreement to be entered into by the Company with him, submitted to the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement, so as not to exceed the limits and stipulations specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto as may be agreed to between the Board and Mr. A P VENKATESHWARAN or as may be varied by the General Meeting.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr. A P VENKATESHWARAN within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act, and if necessary, as may be stipulated by the Central Government as may be agreed to accordingly between the Board and Mr. A P VENKATESHWARAN.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. A P VENKATESHWARAN, 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 modifications or re-enactment thereof, for the time being in force), as may be applicable from time to time.”

“RESOLVED FURTHER THAT Mr. SANJAY TULSYAN, Managing Director of the Company be and is hereby authorised to file necessary forms/returns with ROC and do all other acts/things in connection therewith to give effect to the above resolution.”

7. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution.

“RESOLVED THAT in accordance with the provisions of section(s) 198, 269, 309 & 310 of the Companies Act read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, (including any statutory modification(s) or re-enactment thereof, guidelines issued by the Central Government from time to time) and subject to necessary approvals if required, the remuneration committee and the company be and is hereby approved the increase in remuneration from Rs.1,50,000/- to Rs.1,75,000/- per month payable to Mr. SANJAY AGARWALLA, Whole-time Director of the company with effect from 01.07.2009 for a period of 3 years.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr. SANJAY AGARWALLA within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act, and if necessary, as may be stipulated by the Central Government as may be agreed to accordingly between the Board and Mr. SANJAY AGARWALLA”

“RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year, Mr. SANJAY AGARWALLA, 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(s) or re-enactment thereof, for the time being in force), as may be applicable from time to time."

"RESOLVED FURTHER THAT Mr. SANJAY TULSYAN, Managing Director of the Company be and is hereby authorised to file necessary forms/returns with ROC and do all other acts/things in connection therewith to give effect to the above resolution."

8. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution.

"RESOLVED THAT pursuant to Section(s) 309,198, and 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, if required, the remuneration committee and the company be and is hereby approved the payment of incentive of Rs.12,00,000/- to Mr. SANJAY AGARWALLA, Whole-time Director of the company for the financial year 2008-2009 in recognition to the extra-ordinary performance rendered by him to the Company."

"RESOLVED FURTHER THAT Mr. SANJAY TULSYAN, Managing Director of the Company be and is hereby authorised to file necessary forms/returns with ROC and do all other acts/things in connection therewith to give effect to the above resolution."

9. To consider and if thought fit, to pass, with or without modification s, the following resolution as a Special Resolution -

"RESOLVED THAT, pursuant to the provisions of Sections 16, 31 and 94(1)(a) of the Companies Act, 1956, and other applicable provisions, if any, the Authorised Share Capital of the Company be and is hereby increased from Rs.10,00,00,000/- (Rupees ten crores) only divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- each to Rs. 22,00,00,000/- (Rs. twenty two Crores) only divided into 2,20,00,000 (two crores twenty lacs) Equity Shares of Rs.10/- each ranking pari passu with the existing equity shares of the Company."

"RESOLVED FURTHER THAT, consequential amendment in the Capital Clause of Memorandum & Articles of Association be carried out pursuant to increase of authorized Share Capital from Rs. 10.00 Crores (Rupees ten crores) only divided into 1, 00, 00,000 (one crore) Equity Shares of Rs. 10/- each to Rs.22.00 Crores (Rupees twenty two crores) only divided into 2, 20, 00,000 (two crore twenty lac) Equity Shares of Rs. 10/- each."

10. To consider and if thought fit to pass with or without any modification(s), the following resolution as a Special Resolution-

"RESOLVED THAT, pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act,1956(including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of Memorandum and Articles of Association of the Company and listing agreement entered into by the Company with the Stock Exchanges and subject to the guidelines and approvals of the Securities and Exchange Board of India(SEBI) and the approval of the Reserve Bank of India (RBI), if necessary, and also subject to such terms and conditions, alterations/deletions and modifications as may be required or prescribed under the requisite approvals, consents and guidelines which may be agreed to by the Board of Directors of the Company(hereinafter called the "Board" which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) the consent of the Company be and is hereby accorded to the Board to offer, issue and allot up to or as near thereto 150,00,000 (One Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each for cash at a premium within a price band of Rs. 32 to Rs. 45 per share on Rights Basis in the ratio of 3 (Three) Equity Shares for Every Equity Share held by shareholders(ignoring fractional entitlements, if any) whose names appear on the Register of Members or on the list of depositories as beneficial owners at the end of the business hours on such date as may be fixed for the purpose by the Board(hereinafter referred to as the "Record Date") or to such person or persons who may or may not be shareholders of the Company, may be renounees, and others in whose favour (in full or in part), the rights may be renounced by respective shareholders (ignoring fraction entitlements, if any) on such terms and conditions, as the Board may in its absolute discretion think fit, in consultation with the Lead Managers, Auditors, Consultant and/or such other persons as it may think fit.

"RESOLVED FURTHER THAT, the offer shall be made by notice specifying the number of the shares, the amount payable thereon and the time limit from the date of the offer within which the offer has to be accepted failing which, it will be deemed to have been declined, if

not, so accepted and the Board shall thereafter be at liberty to either extend the time for acceptance as aforesaid from time to time, either generally or in respect of any particular

applicants or dispose of the same in its absolute discretion in such manner as the Board may deem fit."

"RESOLVED FURTHER THAT,

a. The new equity shares to be issued/allotted in pursuance of this resolution shall be subject to the provisions of the Memorandum of Association and Articles of Association of

TULSYAN NEC LIMITED



the Company and shall rank pari-passu in all respects with the existing equity shares of the Company including the payment of Dividend for 2010, if any, which will be payable on new Equity Shares to be allotted and the existing Equity Shares.

b. The Shareholders shall have rights to renounce any/all the shares to which he/she is entitled and also to apply for additional shares.

c. The un-subscribed portion, if any, of the above issue of equity shares be issued and allotted or otherwise disposed of by the Board in its absolute discretion in such manner as the Board may deem fit, but, however, subject to the terms of this Resolution and the Letter of Offer.

d. The shares proposed to be issued shall be made in dematerialized form and in respect of shareholders holding shares in physical form, shares certificates will be issued."

"RESOLVED FURTHER THAT, to give effect to these resolutions, the Board be and is hereby authorized inter-alia:

(i) To settle any question or difficulty including any fractional entitlement, if any, that may arise with regard to the issue and allotment of the aforesaid Equity Shares.

(ii) To finalize/prescribe the form of Letter of Offer/ Application Form including Renunciation Form.

(iii) To make requisite adjustment with regard to the issue and allotment of Equity Shares.

(iv) To decide on the terms of payment for the Equity Shares including amount to be paid on application, allotment and calls.

(v) To submit the requisite applications with such papers / documents to various authorities for securing the necessary approvals that may be required from time to time.

(vi) To apply to any of the Stock Exchanges for permission to list the Equity Shares as the Board may deem fit and to do all such acts, deeds, matters and things and to sign all such papers, documents and agreements, as may be necessary to seek the listing of such shares in one or more Stock Exchanges with power to sign and settle any query, difficulty or doubt that may arise in regard to the issue.

(vii) To appoint Lead Managers/Managers, Consultants, Advisors, Bankers, Auditor, Registrar, etc., and other agencies as may be required for the purpose and to give such directions and /or instructions as it may, from time to time deem necessary.

(viii) To appoint Compliance Officer in terms of SEBI requirements.

(ix) To do all such acts, deeds, matters and things, sign all such papers, documents and agreements and make all such

application(s) and take all such actions as may be necessary or considered expedient or deemed fit by the Board for the purpose"

"RESOLVED FURTHER THAT, the Board be and is hereby specifically authorised to decide, accept, agree to any alteration in the size of the issue, the price of the shares to be issued , the amount of premium on shares or such other terms and conditions of the said issue as may be suggested or decided in consultation with the Lead Managers or as may be prescribed and suggested by the SEBI or other concerned authorities or as per applicable guidelines from time to time, without requiring any further approval of the Members".

For and on behalf of the Board

Place: Chennai
Date: 18.08.2009

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 A 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 9th September, 2009 to 16th September, 2009 (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 Dividend for the year 2001-2002 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 to the IEPF as per section 205C 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 & 6

Name of Director	Shri S Ramakrishnan	Shri V Kirubanandan	Shri AP Venkateshwaran
Date of Birth	15/07/1954	30/04/1948	12/07/1959
Expertise in specific functional areas.	30 Years	40 Years	27 Years
Qualification	B.Com.,	B.E., M.Tech., M.B.A	B. Com., FCA
List of other companies in which directorship held as on 31st March 2009.	NIL	NIL	NIL
Chairman/Member of the Committees of the Board of other companies in which he is a Director as on 31st March 2009.	FOUR	NIL	NIL
Shareholding as on 31st March 2009			
a) held individually	NIL	NIL	1000
b) held jointly with other	NIL	NIL	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS IN THE NOTICE IS ANNEXED:

ITEM No. 6

Mr. A P Venkateshwaran has been working for the growth of the organization since its inception. Lending credence to his excellent contribution to the Company, the Board felt it necessary to re-appoint him as a whole-time Director with effect from 01/10/2009, on the terms & conditions stipulated in the resolution specified in Item No. 6 in the Notice.

The Board recommends the resolution for approval of the members.

ITEM No. 7

Mr.SANJAY AGARWALLA has been associated with the Company for the last 15 years. As recognition of his hard work and dedication to the company, the Board in its meeting held on 31/07/2009 felt it necessary to increase the remuneration for the Whole-time Director with effect from 01.07.2009, on the terms & conditions stipulated in the resolution specified in Item No.7 of the Notice.

The Board recommends the resolution for approval of the members.

Mr. SANJAY AGARWALLA is interested in this resolution proposed to be passed to the extent of his shareholding.

The above statement may be regarded as an abstract of the terms of contract or variations and memorandum of interest under Section 302 of the Companies Act, 1956.

TULSYAN NEC LIMITED

**Statement in respect of ITEM No7**

Increase in Remuneration payable to Mr.Sanjay Agarwalla as Whole-time Director

I. GENERAL INFORMATION:	
1. Nature of Industry :	Manufacturing Iron & Steel and Poly Woven Fabrics and Sacks
2. Date or expected date of commencement of commercial production	Already in existence
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A
4. Financial performance based on given indicators.	01.04.2008 – 31.03.2009 Sales: Rs.69970.06 Lacs Profit after tax: Rs.950.80 Lacs Profit margin on sales:1.36%
5. Export performance and net foreign exchange collaborations.	01.04.2008 to 31.03.2009 Earnings in Foreign exchange: Rs.3770.17 Lacs Expenses in Foreign currency: Rs.7085.17 Lacs
6. Foreign investments or collaborators, if any.	NIL

II. INFORMATION ABOUT THE APPOINTEE:	
1. Background details :	Commerce Graduate
2. Past remuneration :	Rs.1,50,000/-p.m.
3. Recognition or awards :	---
4. Job profile and his suitability :	Responsible for the overall operations of the company
5. Remuneration proposed :	Rs.1,75,000/-p.m. with effect from 01.07.2009
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	--
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Sanjay Agarwalla is directly related with the company in the capacity of whole-time director only.

TULSYAN NEC LIMITED



III. OTHER INFORMATION:	
1. Reasons of loss or inadequate profits	The year 2008-09 witnessed an unprecedented economic crisis world over resulting in slowdown in almost all the sectors. While India hasn't witnessed the kind of major turmoil witnessed in some advanced economies it has certainly been impacted adversely. In the back drop of this crisis the working of company has also been affected to some extent.
2. Steps taken or proposed to be taken for improvement	Expected the situation improves this year 2009-10
3. Expected increase in productivity and profits in measurable terms.	This year the Company will be completing the expansion of the rolling mill by an additional production capacity of 150000 MT/p.a. The Company should get the benefit of the expansion for the 5-6 months this year. The full benefit will arise in the financial year 2010-11. To meet the additional sales from the new capacity, the Company is rapidly increasing its marketing reach and during the year the company hope to have an additional dealer network of over 200 dealers.

IV. DISCLOSURES:	
1.	The shareholders of the company shall be informed of the remuneration package of the managerial person.
2.	The following disclosures shall be mentioned in the Board of Directors' report under the heading "Corporate Governance", attached to the annual report:-
i).	All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc., of all the directors;
ii).	Details of fixed component and performance linked incentives along with the performance criteria;
iii).	Service contracts, notice period, severance fees;
iv).	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;

ITEM No. 8

The Board of Directors at their meeting held on 31/07/2009 has approved payment of Rs.12,00,000/- (Rupees Twelve Lakhs only) as incentive to Mr. SANJAY AGARWALLA, Whole-time Director of the Company, for the year 2008-09 as recognition of his hard work and services rendered to the company for its growth.

The Board recommends the resolution for approval of the members.

Mr. SANJAY AGARWALLA is interested in this resolution proposed to be passed to the extent of his shareholding.

The above statement may be regarded as an abstract of the terms of contract or variations and memorandum of interest under Section 302 of the Companies Act, 1956.

Statement in respect of ITEM No: 8 is same as mentioned in ITEM NO.7

Incentive payable to Mr.SANJAY AGARWALLA as a whole-time director.

TULSYAN NEC LIMITED

**ITEM No.:9**

The existing Authorised Share Capital of the Company is Rs. 10.00 Crores (Rupees ten crores) only and considering the proposed business expansions, additional funds will have to be brought in by way of issue of further shares. In view of the same, the approval of the members is sought for increasing the Authorised Share Capital from Rs. 10.00 Crores to Rs. 22.00 Crores and also for consequential amendments in the capital clause of the Memorandum and Articles of Association of the Company.

The Board recommends the resolution for the approval of the members.

None of the Directors of the Company is concerned or interested in the above Resolutions.

ITEM No.:10

Your Company is at present engaged in manufacturing of Steel, HDPE/PP, Woven Sacks and Generation of Power. Your Company is one of the leading manufacturers of Thermo Mechanical Treated Bars and Pellets in India. At present, your Company has Steel Division, Wind-mill Division and Synthetic Division. For its present business activities, your Company requires huge consumption of power and the cost of the power purchased by the Company is comparatively higher resulting in cost of the Company's product higher than other producers. The Directors of your Company after detailed consideration has decided to set up a captive power plant and undertake expansion of the existing manufacturing activities. Your Directors have decided to set up a captive Power Plant of 35 MW for generation of thermal power at Thiruvallur District in the State of Tamil Nadu. The estimated cost of proposed expansion and setting of power plant is expected to be Rs. 188.00 Crores which is proposed to be funded by way of term loan from banks and equity capital from the existing shareholders of the Company on Rights Basis. Your Company has already acquired land of 75.00 acres for the proposed power plant and for further expansion in future. The proposed site of the power plant has good proximity with the ports for transportation of coal and ample amount of water will be available. Your Company has already appointed Technical Consultants for the proposed power project. The setting up of the proposed power plant will reduce the cost of the products of the Company. The proposed power plant is expected to commence trial procedure by July 2011. Your Directors are hopeful to achieve better results in times to come. The Board seeks consent of the Members to issue and allot to the existing shareholders on a Right Basis at such time and on such terms and conditions as the Board may deem fit and appropriate.

The Board recommends the resolution for the approval of the members.

The Directors of the Company may be deemed to be interested in the Resolution to the extent of allotment, if any, to be made to them, their relatives and to the companies in which they are interested.

TULSYAN NEC LIMITED



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We take pleasure in presenting the 62nd Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended 31st March, 2009

FINANCIAL RESULTS	2008-2009	2007-2008
		Rupees in Lacs
Profit before Depreciation and tax	2933.32	2649.80
Less: Depreciation	725.02	626.71
Profit for the year before Exceptional Item	2208.30	2023.09
Less: Exceptional Items	722.10	-
Profit for the year	1486.20	2023.09
Less: Provision for Current Tax	390.00	400.00
Deferred Tax	131.33	237.53
Fringe Benefit Tax	14.08	11.57
Add: Surplus brought forward	1963.04	911.04
Amount available for appropriation	2913.83	2285.03
Appropriations:		
Dividend	100.00	100.00
Corporate Tax	----	16.99
General Reserve	115.00	205.00
Balance carried forward	2698.83	1963.04

OPERATIONS AND OUTLOOK

The year 2008-09 witnessed an unprecedented economic crisis world over resulting in slowdown in almost all the sectors. While India hasn't witnessed the kind of major turmoil witnessed in some advanced economies it has certainly been impacted adversely. In the back drop of this crisis the working of your company has also been affected to some extent. This year also saw shortage of power in Tamil Nadu and this affected the working of the Company. In the current year the power cut has been relaxed from 40% to 20% and it is expected to be relaxed further. This year the Company will be completing the expansion of the rolling mill by an additional production capacity of 150000 MT/p.a. The Company should get the benefit of the expansion for the 5-6 months this year. The full benefit will arise in the financial year 2010-11. To meet the additional sales from the new capacity, the Company is rapidly increasing its

marketing reach and during the year the company hope to have an additional dealer network of over 200 dealers.

During the year under review, your company posted a Profit Before Depreciation and Tax of Rs.2933.32 as against Rs.2649.80 during the previous year accounting for an increase of 10.70%.

With the Central Government stepping up expenditure on development of infrastructure like roads, ports, power etc., the demand for steel is bound to increase. We look forward to better performance in the coming years.

To over come the shortage and high cost of power, which adversely affects our production, we are planning to install a Thermal power plant of 35 MW at Gummudipoondi, land for the same have been acquired and construction work for which would commence during the current year.

DIVIDEND

our Directors are pleased to recommend a dividend of 20% on the Equity Capital subject to members' approval.

DIRECTORS

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

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

Shri A P Venkateshwaran, Whole-time Director of the Company, retires on 30/09/2009 and being eligible, offers himself for re-election. He will be re-appointed as Whole-time Director of the Company with effect from 01/10/2009

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.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988 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 are enclosed with the report.