

## TULSYAN NEC LIMITED

### Board of Directors

**Lalitkumar Tulsyan**  
Executive Chairman

**Sanjay Tulsyan**  
Managing Director

**P.T. Rangamani**

**A.P. Venkateswaran**

**S. Ramakrishnan**

**Sanjay Agarwalla**

**V. Kirubanandan**

**C. Ramachandran**

**V. Subramani**  
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.  
Tel. : 044-3918 1060, Fax : 044-3918 1097  
E-mail: [investor@tulsyanec.in](mailto:investor@tulsyanec.in)  
Web site: [www.tulsyanec.co.in](http://www.tulsyanec.co.in)

### 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 Bank  
Indian Overseas Bank  
Shamrao Vithal Co-operative Bank

### 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.

D-4, SIPCOT Industrial Complex,  
Gummudipoondi,  
Tiruvallur District, Tamil Nadu.

### Depot

55/2, Cuddalore Main Road,  
Ariyankuppam,  
Pondicherry - 605 007.

### Windmill

Kudimangalam, Udumalpet,  
Tamil Nadu.

Pazhavor, Tirunelveli District,  
Tamil Nadu.

Kavalakurichi, Tirunelveli District,  
Tamil Nadu.

### Synthetics Division

7-A, Doddaballapura Industrial Area,  
Kasba Hobli, Karnataka.

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

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

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**NOTICE TO THE SHAREHOLDERS**

**NOTICE** is hereby given that the 66<sup>th</sup> Annual General Meeting of the Company will be held on **Monday the 23rd September, 2013** at 11:00 am 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, 2013 and the Statement of Profit and Loss for the year ended on that date, together with the Report of the Directors and Auditors thereon.
2. To Appoint a Director in place of **Shri V. Kirubanandan**, who retires by rotation and being eligible, offers himself for re-appointment.
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 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**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 2(26), 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification(s) or re-enactment thereof and guideline issued by central Government from time to time and subject to the necessary approval if any, the Shareholders of the Company be and is hereby accorded their approval for the payment of remuneration not exceeding of **Rs. 10,00,000** per month to **Shri Sanjay Tulsyam**, Managing Director of the Company for a period of **5 years** with effect from

**01.04.2014** 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 Shri Sanjay Tulsyam or as may be varied by the General Meeting."

**"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 Shri Sanjay Tulsyam 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 Shri Sanjay Tulsyam."

**"RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, Shri Sanjay Tulsyam, 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 Shri Sanjay Agarwalla**, Whole-time Director of the Company be and is hereby authorized to file necessary forms/ returns with the Ministry of Corporate Affairs and do all other acts/ things in connection therewith to give effect to the above resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 2(26), 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification(s) or re-enactment thereof and guideline

issued by central Government from time to time and subject to the necessary approval if any, the Shareholders of the Company be and is hereby accorded their approval for the payment of remuneration not exceeding of **Rs.10,00,000** per month to **Shri Lalitkumar Tulsyan**, Managing Director of the Company and designated as "Executive Chairman" for a period of **5 years** with effect from **01.04.2014** 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 Shri Lalitkumar Tulsyan or as may be varied by the General Meeting."

**"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 Shri Lalitkumar Tulsyan 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 Shri Lalitkumar Tulsyan"

**"RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, Shri Lalitkumar 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 modifications or re-enactment thereof, for the time being in force), as may be applicable from time to time."

**"RESOLVED FURTHER THAT Shri Sanjay Tulsyan**, Managing Director of the Company be and is hereby authorized to file necessary forms/returns with the Ministry of Corporate Affairs 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** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification(s) or re-enactment thereof and guideline issued by central Government from time to time and subject to the necessary approval if any, the Shareholders of the Company be and is hereby accorded their approval for the payment of remuneration not exceeding of **Rs. 10,00,000** per month to **Shri Sanjay Agarwalla**, Whole time Director of the Company for a period of **5 years** with effect from **01.04.2014** 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 Shri Sanjay Agarwalla or as may be varied by the General Meeting."

**"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 Shri 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 Shri Sanjay Agarwalla."

**"RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, Shri 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 modifications or re-enactment thereof, for the time being in force), as may be applicable from time to time."

"RESOLVED FURTHER THAT Shri Sanjay Tulshyan, Managing Director of the Company be and is hereby authorized to file necessary forms/returns with the Ministry of Corporate Affairs and do all other acts/ things in connection therewith to give effect to the above resolution."

For and on behalf of the Board

Place : Chennai  
Date : 14.08.2013

**Lalithkumar Tulshyan**  
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 16.09.2013 to 23.09.2013 (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 Limited, Subramaniam Building, 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 2005-2006 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. 2, 3, 5, 6 AND 7**

Name of Director	Shri Kirubanandan Venkatachalam	Shri Selvaganapathy Ramakrishnan	Shri Sanjay Tulsyan	Shri Lalitkumar Tulsyan	Shri Sanjay Agarwalla
Date of Birth	30.04.1948	15.07.1954	12.01.1964	18.02.1960	26.06.1963
Expertise in specific functional areas.	44 Years	34 Years	27 Years	32 Years	22 Years
Qualification	B.E., M.Tech., M.B.A	B.Com.	B.Com. (Hons.)	B.Com.	B.Com.
List of other companies in which directorship held as on 31st March 2013	NIL	1. Buildmet Fibers Pvt. Ltd. 2. Shakthi Kiran Foods Pvt. Ltd. 3. Food Creations Pvt. Ltd. 4. Transpac Asia Pvt. Ltd. 5. Indian Flexible Intermediate Bulk Container Association	1. Tulsyan Smelters Pvt. Ltd. 2. Cosmic Global Ltd. 3. Tulsyan Power Ltd. 4. Balaji Engineering & Galvanizing Ltd. 5. Chitrakoot Steel & Power Pvt. Ltd.	1. Tulsyan Smelters Pvt. Ltd. 2. Cosmic Global Ltd. 3. Tulsyan Power Ltd. 4. Balaji Engineering & Galvanizing Ltd. 5. Chitrakoot Steel & Power Pvt. Ltd. 6. Buildmet Fibers Pvt. Ltd. 7. The Plastics Export Promotion Council	1. Tulsyan Power Ltd. 2. Cosmic Global Ltd. 3. Balaji Engineering & Galvanizing Ltd. 4. Chitrakoot Steel & Power Pvt. Ltd. 5. Color Peppers Media Pvt. Ltd.
Chairman/Member of the Committees of the Board of other companies in which he is a director as on 31st March 2013	NIL	NIL	NIL	NIL	NIL
Shareholding as on 31st March 2013 held individually held jointly with other	NIL NIL	NIL NIL	4475481 NIL	4612555 NIL	5100 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. 5**

On its meeting held on 14.08.2013, the Board of Directors of the Company has approved payment of remuneration not exceeding of Rs 10,00,000/- per month to Shri Sanjay Tulsyan, Managing Director, for a period of 5 years with effect from 01.04.2014 and also by considering his knowledge, experience and contribution rendered by him to the growth and interest of the company and subject to the approval of the shareholders of the company and the Central Government under Sections 2(26), 198, 269, 309 and 310 read with Schedule XIII of the Companies Act 1956 as the case may be.

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to payment of remuneration to Shri Sanjay Tulsyan, Managing Director pursuant to Sec 302 of the Companies Act, 1956

None of the Directors of the Company are interested or concerned in any of the above resolutions except Shri Sanjay Tulsyan and Shri Lalit Kumar Tulsyan being Directors of the Company.

Your Directors recommend the special resolution for the approval of the members.

Statement as per proviso iv of part (C) of part II of Schedule XIII of the companies Act, 1956

**REMUNERATION:**

Salary: Payment of remuneration not exceeding of Rs. 10,00,000/- per month to Shri Sanjay Tulsyan for a period of 5 years with effect from 01.04.2014.

**Statement in respect of above Item**

<b>I. GENERAL INFORMATION:</b>			
1.	Nature of Industry: To carry on the business of iron founders, mechanical engineers, and manufacturers of agricultural implements and other machinery, tool-makers, brass-founders, metal workers, boiler-makers, mill-right, machinists, iron and steel converters, smiths, wood-workers, builders, printers, metallurgists electrical engineers, water supply engineers, gas-makers, farmers, printers, carriers and merchants, and to buy, sell manufacture, repair, convert, alter, let on hire and deal in machinery implements, rolling, stock and hardware of all kinds, and to carry on any other business which may seem to the company capable of being conveniently carried on in connection with the above or otherwise calculated, directly or indirectly, to enhance the value of any of the company's property and rights for the time being.		
2.	Date or expected date of commencement of commercial production Company - 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 - <b>Not Applicable</b>		
4.	Financial performance based on given indicators		<b>(Amount in Rs. Lakhs)</b>
		<b>31.03.2013</b>	<b>31.03.2012</b>
	Net operating Income	114796.75	113013.14
	Other Income	536.64	575.33
		<u>115333.39</u>	<u>113588.47</u>
	Less: Operating Cost	108566.47	106156.60
	Operating Profit / (Loss)	6766.92	7431.87
	Less: Interest	5362.41	5005.50
	Depreciation	901.69	885.08
	Profit /(Loss) before tax	<u>502.82</u>	<u>1541.29</u>
	Provision for taxes and deferred tax	123.05	212.64
	Profit /(Loss) After Tax	<u><u>379.77</u></u>	<u><u>1328.65</u></u>

		(Amount in Rs. Lakhs)	
		31.03.2013	31.03.2012
5.	Export performance and net foreign exchange collaborations Foreign exchange income	3942.56	5068.42
6.	Foreign investments or collaborators, if any	NIL	
<b>II.</b>	<b>INFORMATION ABOUT THE APPOINTEE:</b>		
1.	Background details: Shri Sanjay Tulsyan is a Commerce Graduate (Honours) and having vast experience in the business of Steel Industry.		
2.	Past remuneration: (Per Month)	<b>01.04.2012 to 31.03.2013</b>	<b>01.04.2011 to 31.03.2012</b>
	Salary	5,00,000	5,00,000
	Special Allowance	NIL	NIL
	House Rent Allowance	NIL	NIL
		<u>5,00,000</u>	<u>5,00,000</u>
	Incentive paid during the year	NIL	NIL
3.	Recognition or awards :	NIL	
4.	Job profile and his suitability: Shri Sanjay Tulsyan has put in 27 years of experience in the business of Steel Industry.		
5.	Remuneration proposed: Rs.10,00,000/- (Rupees Ten Lakh rupees only) per month w.e.f. 01.04.2014		
6.	No similar company in the same Industry is available. However the market related salary for a person of his profile - a Commerce Graduate with 27 years of relevant industry experience cannot be hired by a salary less than what has been proposed.		
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. Shri Sanjay Tulsyan is brother of Shri Lalit Kumar Tulsyan, Managing Director of the company		
<b>III</b>	<b>OTHER INFORMATION:</b>		
1.	There is no Loss during the year		
2.	Step taken or proposed to be taken for improvement - N.A.		
3.	Expected increase in productivity and profits in measurable terms.	(Amount in Rs. Lakhs)	
		<b>2013-14</b>	<b>214-15</b>
		<b>2015-16</b>	
	Productivity	<u>135000</u>	<u>155000</u>
	P.B.T.	<u>1000</u>	<u>2000</u>
<b>IV.</b>	<b>DISCLOSURES:</b>		
1.	The shareholders of the company are being informed of the remuneration package of the managerial person in the Notice to the AGM.		
2.	The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:		
	i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;		
	ii) Details of fixed component and performance linked incentives along with the performance criteria; <b>N.A</b>		
	iii) Service contracts, notice period, severance fees; <b>N.A</b>		
	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; <b>N.A</b>		

**ITEM NO. 6**

On its meeting held on 14.08.2013, the Board of Directors of the Company has approved payment of remuneration not exceeding of Rs 10,00,000/- per month to Shri Lalitkumar Tulsyan, Managing Director, for a period of 5 years with effect from 01.04.2014 by considering his knowledge, experience and contribution rendered by him to the growth and interest of the company and subject to the approval of the shareholders of the company and the Central Government under Sections 2(26), 198, 269, 309 and 310 read with Schedule XIII of the Companies Act 1956 as the case may be.

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to payment of remuneration to Shri Lalitkumar Tulsyan, Managing Director pursuant to Sec 302 of the Companies Act, 1956.

None of the Directors of the Company are interested or concerned in any of the above resolutions except Shri Lalitkumar Tulsyan and Shri Sanjay Tulsyan being Directors of the Company.

Your Directors recommend the special resolution for the approval of the members.

Statement as per proviso iv of part (C) of part II of Schedule XIII of the Companies Act, 1956

**REMUNERATION:**

Salary: Payment of remuneration not exceeding of Rs. 10,00,000/- per month to Shri Lalit Kumar Tulsyan for a period of 5 years with effect from 01.04.2014.

**Statement in respect of above Item**

<b>I. GENERAL INFORMATION:</b>			
1.	Nature of Industry: To carry on the business of iron founders, mechanical engineers, and manufacturers of agricultural implements and other machinery, tool-makers, brass-founders, metal workers, boiler-makers, mill-right, machinists, iron and steel converters, smiths, wood-workers, builders, printers, metallurgists electrical engineers, water supply engineers, gas-makers, farmers, printers, carriers and merchants, and to buy, sell manufacture, repair, convert, alter, let on hire and deal in machinery implements, rolling, stock and hardware of all kinds, and to carry on any other business which may seem to the company capable of being conveniently carried on in connection with the above or otherwise calculated, directly or indirectly, to enhance the value of any of the company's property and rights for the time being.		
2.	Date or expected date of commencement of commercial production Company - 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 - <b>Not Applicable</b>		
4.	Financial performance based on given indicators	<b>(Amount in Rs. Lakhs)</b>	
		<b>31.03.2013</b>	<b>31.03.2012</b>
	Net operating Income	114796.75	113013.14
	Other Income	536.64	575.33
		<u>115333.39</u>	<u>113588.47</u>
	Less: Operating Cost	108566.47	106156.60
	Operating Profit / (Loss)	6766.92	7431.87
	Less: Interest	5362.41	5005.50
	Depreciation	901.69	885.08
	Profit /(Loss) before tax	<u>502.82</u>	<u>1541.29</u>
	Provision for taxes and deferred tax	123.05	212.64
	Profit /(Loss) After Tax	<u><u>379.77</u></u>	<u><u>1328.65</u></u>





		(Amount in Rs. Lakhs)	
		31.03.2013	31.03.2012
5.	Export performance and net foreign exchange collaborations Foreign exchange income	3942.56	5068.42
6.	Foreign investments or collaborators, if any	NIL	
<b>II.</b>	<b>INFORMATION ABOUT THE APPOINTEE:</b>		
1.	Background details: Shri Lalit Kumar Tulsyam is a Commerce Graduate (Honours) and having vast experience in the business of Steel Industry.		
2.	Past remuneration: (Per Month)	<b>01.04.2012 to 31.03.2013</b>	<b>01.04.2011 to 31.03.2012</b>
	Salary	5,00,000	5,00,000
	Special Allowance	NIL	NIL
	House Rent Allowance	NIL	NIL
		<u>5,00,000</u>	<u>5,00,000</u>
	Incentive paid during the year	NIL	NIL
3.	Recognition or awards :	NIL	
4.	Job profile and his suitability: Shri Lalit Kumar Tulsyam has put in 32 years of experience in the business of Steel Industry.		
5.	Remuneration proposed: Rs.10,00,000/- (Rupees Ten Lakh rupees only) per month w.e.f. 01.04.2014		
6.	No similar company in the same Industry is available. However the market related salary for a person of his profile - a Commerce Graduate with 32 years of relevant industry experience cannot be hired by a salary less than what has been proposed.		
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. Shri Lalit Kumar Tulsyam is brother of Shri Sanjay Tulsyam, Managing Director of the company		
<b>III</b>	<b>OTHER INFORMATION:</b>		
1.	There is no Loss during the year		
2.	Step taken or proposed to be taken for improvement - N.A.		
3.	Expected increase in productivity and profits in measurable terms.	(Amount in Rs. Lakhs)	
		<b>2013-14</b>	<b>214-15</b>
		<b>2015-16</b>	
	Productivity	<u>135000</u>	<u>155000</u>
	P.B.T.	<u>1000</u>	<u>2000</u>
<b>IV.</b>	<b>DISCLOSURES:</b>		
1.	The shareholders of the company are being informed of the remuneration package of the managerial person in the Notice to the AGM.		
2.	The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:		
	i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;		
	ii) Details of fixed component and performance linked incentives along with the performance criteria; <b>N.A</b>		
	iii) Service contracts, notice period, severance fees; <b>N.A</b>		
	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; <b>N.A</b>		

**ITEM NO. 7**

On its meeting held on 14.08.2013, the Board of Directors of the Company has approved payment of remuneration not exceeding of Rs 10,00,000/- per month to Shri Sanjay Agarwalla, Whole-time director, for a period of 5 years with effect from 01.04.2014 by considering his knowledge, experience and contribution rendered by him to the growth and interest of the company and subject to the approval of the shareholders of the company and the Central Government under Sections 2(26), 198, 269, 309 and 310 read with Schedule XIII of the Companies Act 1956 as the case may be.

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to payment of remuneration to Shri Sanjay Agarwalla, Whole time Director pursuant to Sec 302 of the Companies Act, 1956.

None of the Directors of the Company are interested or concerned in any of the above resolutions except the members of the company.

Your Directors recommend the special resolution for the approval of the members.

Statement as per proviso iv of part (C) of part II of Schedule XIII of the Companies Act, 1956

**REMUNERATION:**

Salary: Payment of remuneration not exceeding of Rs. 10,00,000/- per month to Shri Sanjay Agarwalla for a period of 5 years with effect from 01.04.2014.

**Statement in respect of above Item**

<b>I. GENERAL INFORMATION:</b>			
1.	Nature of Industry: To carry on the business of iron foundries, mechanical engineers, and manufacturers of agricultural implements and other machinery, tool-makers, brass-foundries, metal workers, boiler-makers, mill-right, machinists, iron and steel converters, smiths, wood-workers, builders, printers, metallurgists electrical engineers, water supply engineers, gas-makers, farmers, printers, carriers and merchants, and to buy, sell manufacture, repair, convert, alter, let on hire and deal in machinery implements, rolling, stock and hardware of all kinds, and to carry on any other business which may seem to the company capable of being conveniently carried on in connection with the above or otherwise calculated, directly or indirectly, to enhance the value of any of the company's property and rights for the time being.		
2.	Date or expected date of commencement of commercial production Company - 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 - <b>Not Applicable</b>		
4.	Financial performance based on given indicators		<b>(Amount in Rs. Lakhs)</b>
		<b>31.03.2013</b>	<b>31.03.2012</b>
	Net operating Income	114796.75	113013.14
	Other Income	536.64	575.33
		115333.39	113588.47
	Less: Operating Cost	108566.47	106156.60
	Operating Profit / (Loss)	6766.92	7431.87
	Less: Interest	5362.41	5005.50
	Depreciation	901.69	885.08
	Profit /(Loss) before tax	502.82	1541.29
	Provision for taxes and deferred tax	123.05	212.64
	Profit /(Loss) After Tax	379.77	1328.65

		(Amount in Rs. Lakhs)	
		31.03.2013	31.03.2012
5.	Export performance and net foreign exchange collaborations Foreign exchange income	3942.56	5068.42
6.	Foreign investments or collaborators, if any	NIL	
<b>II.</b>	<b>INFORMATION ABOUT THE APPOINTEE:</b>		
1.	Background details: Shri Sanjay Agarwalla is a Commerce Graduate (Honours) and having vast experience in the business of Steel Industry.		
2.	Past remuneration: (Per Month)	<b>01.04.2012 to 31.03.2013</b>	<b>01.04.2011 to 31.03.2012</b>
	Salary	1,75,000	1,75,000
	Special Allowance	NIL	NIL
	House Rent Allowance	NIL	NIL
		<u>1,75,000</u>	<u>1,75,000</u>
	Incentive paid during the year	<u>94,962</u>	<u>94,962</u>
3.	Recognition or awards :	NIL	
4.	Job profile and his suitability: Shri Sanjay Tulsyan has put in 22 years of experience in the business of Steel Industry.		
5.	Remuneration proposed: Rs.10,00,000/- (Rupees Ten Lakh rupees only) per month w.e.f. 01.04.2014		
6.	No similar company in the same Industry is available. However the market related salary for a person of his profile - a Commerce Graduate with 22 years of relevant industry experience cannot be hired by a salary less than what has been proposed.		
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. Shri Sanjay Agarwalla is the Whole-time Director of the company		
<b>III</b>	<b>OTHER INFORMATION:</b>		
1.	There is no Loss during the year		
2.	Step taken or proposed to be taken for improvement - N.A.		
3.	Expected increase in productivity and profits in measurable terms.	(Amount in Rs. Lakhs)	
		<b>2013-14</b>	<b>214-15</b>
		<b>2015-16</b>	
	Productivity	<u>135000</u>	<u>155000</u>
	P.B.T.	<u>1000</u>	<u>2000</u>
<b>IV.</b>	<b>DISCLOSURES:</b>		
1.	The shareholders of the company are being informed of the remuneration package of the managerial person in the Notice to the AGM.		
2.	The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:		
	i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;		
	ii) Details of fixed component and performance linked incentives along with the performance criteria; <b>N.A</b>		
	iii) Service contracts, notice period, severance fees; <b>N.A</b>		
	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; <b>N.A</b>		

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We take pleasure in presenting the 66<sup>th</sup> Annual Report of the Company together with the Audited Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

	₹ in Lakhs	
	2012-2013	2011-2012
Profit before Depreciation and tax	1404.51	2426.37
Less: Depreciation	901.69	885.08
Profit for the year before exceptional items	502.82	1541.29
Less: Exceptional Items	-	-
Profit for the year	502.82	1541.29
Less: Provision for Current Tax	97.65	358.00
Deferred Tax	25.40	(145.36)
Add: Surplus brought forward	5129.76	4050.36
Amount available for appropriation	5509.53	5379.01
<b>Appropriations:</b>		
Dividend	57.36	163.05
Corporate Tax on dividend	9.30	8.20
General Reserve	25.00	78.00
<b>Balance carried forward</b>	<b>5417.87</b>	<b>5129.76</b>

### OPERATIONS AND OUTLOOK

During the year under review, a prolonged demand slump and growing interest cost has affected us badly. Sales and other receipts grew 1.58% YOY to Rs. 114796.75 Lakhs. EBITDA dropped by 42.11% YOY to Rs. 2426.37 Lakhs and PAT Shrunk by 71.41% YOY to 379.78 Lakhs.

As in the past during the current year also there were drastic power cuts consequently affecting our costs and also the production. We have successfully started commercial operations of our 1X35 MW Captive Thermal Power Plant at Gumudipoondi after completion of yester financial year. This would help us in reducing the costs in the near future. The other additional Power Plant of 35 MW capacity is under implementation and expected to commence its commercial operation soon.

### DIVIDEND

Our Directors do not recomend any Dividend for the current year.

### DIRECTORS

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

Shri V. Kirubanandan, 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 are 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

The Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required to be disclosed as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 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 there under in respect of acceptance of deposits from public. There are no unpaid/unclaimed deposits.

### DEMATERIALIZATION OF SHARES

Your Company has 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, 2013 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 is consisting of the following Directors:

1. Shri C. Ramachandran  
Chairman (since 29.09.2012)\*
2. Shri S. Ramakrishnan
3. Shri A.P. Venkateswaran

\* Consequent retirement of Shri S. Soundararajan Director who occupied chair till 28.09.2012.

#### 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.

#### PARTICULARS OF EMPLOYEES

The statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended is appended.

#### STATUTORY DISCLOSURES

None of the Directors are disqualified under the provisions of Section 274(1)(g) of the companies Act, 1956. The Directors have made the requisite disclosures, as required under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### SUBSIDIARY COMPANIES

As per General Circular issued by the Ministry of Corporate Affairs the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company and that the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. On written request the copies of Annual Report of the subsidiary companies will be provided to the members of the Company.

#### 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 thank you, the Shareholders for your continued patronage.

For and on behalf of the Board

Place : Chennai  
Date : 14.08.2013

**LALITKUMAR TULSIYAN**  
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 YEAR ENDED 31ST MARCH, 2013

Sl. No.	Name of the Employee	Age (in Years)	Designation	Gross Rem. Received Rs.	Qualification	Experience (in years)	Share holding %	Date of Employment	Last Employment
1	Lalit Kumar Tulsiyan	53	Executive Chairman	60,00,000	B. Com.,	32	30.75	27-Jan-1994	-
2	Sanjay Tulsiyan	49	Managing Director	60,00,000	B. Com., (Hons)	27	29.84	06-Sep-1986	-

**ANNEXURE TO DIRECTORS' REPORT**

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

<b>A. CONSERVATION OF ENERGY</b>	<b>2012-13</b>	<b>2011-12</b>
I Electricity		
a. Purchase in units	<b>76908697</b>	72436560
Total Amount (₹ in lakhs)	<b>5002.81</b>	3726.02
Rate per unit (₹)	<b>6.50</b>	5.14
b. Own generation in units	<b>299110</b>	119820
Unit per liter of diesel	<b>3.22</b>	3.22
Cost per unit	<b>14.26</b>	13.51
c. Windmill generation (units)	<b>4271235</b>	3648597
II Coal		
Consumption (MT)	<b>15864.18</b>	17362.77
Total Amount (₹ in lakhs)	<b>1004.05</b>	1021.44
Average Rate (₹)	<b>6329.06</b>	5881.89
III Furnace Oil		
Consumption (litres)	<b>2412968</b>	3434248
Total Amount (₹ in lakhs)	<b>929.01</b>	1199.86
Average Rate (₹)	<b>38.50</b>	34.94
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Finished Steel Products	<b>183443</b>	196786
Electricity (Units)	<b>109</b>	99
Furnace Oil (Litres)	<b>13</b>	17
Coal (Kgs.)	<b>113</b>	88
MS Billets		
Production	<b>83962</b>	72757
Electricity	<b>727</b>	728
<b>C. TECHNOLOGY ABSORPTION</b>	<b>Not Applicable</b>	Not applicable
<b>D. ACTIVITY RELATING TO EXPORTS</b>		(₹ in lakhs)
(i) Foreign Exchange earned	<b>3942.56</b>	5068.42
(ii) Foreign Exchange used	<b>4706.95</b>	13785.76

For and on behalf of the Board

 Place : Chennai  
 Date : 14<sup>th</sup> August, 2013

**LALITKUMAR TULSYAN**  
 Executive Chairman

**STATEMENT PURSUANT OT SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY**

In ₹

Name of the Subsidiary company	Financial Year of the Subsidiary Company ended on	Number and face value of shares held by Tulsiyan NEC Limited in the subsidiary company at the end of financial year of the Subsidiary Company	Extent of Interest of Holding Company at the end of financial year of the Subsidiary Company	Profit of the Subsidiary Company for the financial year since it became Subsidiary Company	Amount of profit of the Subsidiary Company not dealt within the books of Holding Company	Amount of profit of the Subsidiary Company dealt within the books of Holding Company
Cosmic Global Limited	31-03-2013	11,25,000 shares of Rs. 10/- each	76.17%	15380673	7505673	7875000
Tulsiyan Power Limited	31-03-2013	50,000 shares of Rs. 10/- each	100%	NIL	NIL	NIL
Chitrakoot Steel & Power Private Limited	31-03-2013	64,89,200 shares of Rs. 10/- each	100%	246349	246349	NIL
Balaji Engineering & Galvanizing Limited	31-03-2013	49,400 shares of Rs. 10/- each	98.80%	NIL	NIL	NIL
Color Peppers Media Private Limited	31-03-2013	50,000 shares of Rs. 10/- each	100%	(3562499)	NIL	NIL
TG Logistics Private Limited	31-03-2013	150,000 shares of Rs. 10/- each	100%	2028398	2028398	NIL

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Industry Structure and Developments

The Company's products are TMT Bars, Sponge Iron, Billets and Ingots in the steel division and in synthetic division it is PP Woven Sacks, FIBC and Woven Fabric. TMT Bars 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 materials for Steel Making are M.S. Scrap, Sponge Iron and for TMT Bars is Billets. PP Granules is used for manufacture of plastic packaging products. This raw material is available in abundance within the country and can also be freely imported. Being in the commodity market the company is continuously making efforts for reducing the cost of production to sustain its margins.

### II. Opportunities and Threats

The Cost of Raw Material and Power are major costs incurred for producing Steel Rods. Volatility in the price of scrap / sponge affects the company's margin. The power situation during the current year has worsened compared to the previous year(s) there were more power cuts. Due to these power cuts we could not utilize our capacities in full thus losing out on economies of large scale production.

First phase of our 1 X 35 MW Captive Power Plant at Gummidipoondi successfully started commercial operations after completion of yester financial year which would help us in reducing the costs in the near future. The other additional Power Plant of 35 MW capacity is under implementation and expected to commence its commercial operation soon.

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.

Ours is 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.

### III. Segment-wise / Product-wise

The production of steel rods was 183443 MT compared to 196786 MT in the previous year. The sale of rods during the year was 177223 MT compared to 205623 MT in the previous year.

The production of synthetic products was 10034 MT compared to 12548 MT in the previous year. The sale of synthetic products during the year was 9365 MT compared to 12659 MT in the previous year.

### IV. Future Outlook

With the commencement of commercial operations of our 1 X 35 MW Thermal Power Plant we see an opportunity to tackle power cuts to some extent. Though present day economic situation of the country poses threats, on revival will bring in lots of opportunities for growth. With various infrastructure facilities lined up both in private and public sectors including nuclear power and water, across the country, the management envisages huge demand for its products especially steel. The company has emerged stronger in the last few years and is well set to capitalize on growth prospects as they arise. The main Raw Material for our Steel making is Scrap / Sponge Iron and Power. MS Scrap is being imported from various countries all across the globe; sponge iron is being supplied by our subsidiary company M/s. Chittrakoot Steels and Power Private Limited.

The other major cost is power for which the company is aiming to reduce with the help of new power plant and the second phase of 35 MW Power Plant which expected commence production at the end of the current financial year. This would help us reduce our cost and economy to a greater extent.

### V. Quality

The Company continues to strive to be a quality manufacturer in both its Steel and Plastic Division. Both the divisions are covered under ISO Certificate. The Company has also procured all Certificates from Government agencies for their Products. Currently the Company is looking towards covering their quality under



various international market standards, namely, Sri Lanka, United Kingdom and Middle East. We are getting the Rebars certified from CRM, Belgium. The company has a Microsoft ERP Solution which will further add to the quality Systems.

#### **VI. Risk and Concerns**

Increasing prices and availability of key input and raw material, delay in infrastructure development, availability of skilled manpower, volatility in global economy are some of the major risks and concerns that have to be addressed. All these have an impact on the operations of the company. The company is conscious of the risks involved and has put in place a mechanism for minimizing and mitigating the same. The process is reviewed periodically.

#### **VII. 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. 4 of the Annexure to the Auditors' Report.

#### **VIII. Financial performance with respect to operational performance**

During the year under review, a prolonged demand slump and growing interest cost has affected us badly. Sales and other receipts grew 1.58% YOY to Rs.114796.75 Lakhs. EBITDA dropped by 42.11% YOY to Rs.2426.37 Lakhs and PAT shrunk by 71.41% YOY to Rs. 379.78 Lakhs.

#### **IX. Human Resources and Industrial Relations**

The Company, at the year-end had 1650 employees (including contract labour) as compared to 1640 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.

#### **X. 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.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

Your Company aspires to follow the best practices in the area of corporate governance and the principles of fair representation and full disclosure in all its dealings and communications.

Your Company's annual reports, results presentations and other forms of corporate and financial communications, provide extensive details.

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company's Philosophy on the Code of Governance is to enhance the Long Term Economic Value of the Company, its Shareholders and all its Stakeholders by adopting better Corporate Practices with highest levels of transparency, accountability and equity in all facets of its operation.

### 2. THE BOARD OF DIRECTORS

The Board of Directors consists of Eight Directors. Your company has an optimum combination of Executive and Non-Executive Directors at an equal half proportion. During the year, Shri S. Soundararajan, Non-Executive Director retired by rotation and opted not to re-appoint himself for election. All the members of Board are eminent persons with expertise and extensive experience in different field and have made outstanding contribution to the Industry.

Composition and Category of Directors is as follows:

Sl. No.	Name of the Director	Category of the Director	Designation	Date of Appointment	Date of cessation	Share holding in Company	
						No. of Shares	% of shares
1	Lalit Kumar Tulshyan	Executive - Non Independent Chairman	Managing Director	12.07.1996	–	46,12,555	30.750
2	Sanjay Tulshyan	Executive - Non Independent	Managing Director	01.10.1996	–	44,75,481	29.837
3	A.P. Venkateswaran	Executive - Non Independent	Whole Time Director	09.01.2004	–	11,100	0.074
4	Sanjay Agarwalla	Executive - Non Independent	Whole Time Director	27.04.2006	–	5,100	0.034
5	P.T. Rangamani	Non Executive - Independent	Director	30.03.1994	–	–	–
6	S. Ramakrishnan	Non Executive - Independent	Director	31.01.2005	–	36,609	0.244
7	V. Kirubanandan	Non Executive - Independent	Director	27.04.2006	–	5,000	0.033
8	C. Ramachandran	Non Executive - Independent	Director	12.12.2007	–	–	–
9	S. Soundararajan	Non Executive - Independent	Director	18.01.1993	28.09.2012	400	0.003

\* As per the judgment of the Board these are Independent Directors within the meaning of explanation to Clause 49-1A of the Listing Agreement.

Attendance of each Director at the Board Meeting, last Annual General Meeting and Number of other Directorship and Chairmanship of Committee of each Director in various companies.

Name of directors	No. of Board Meetings attended	Whether last AGM attended	Directorships (Other than Tulsyan NEC Limited)	No. of Committee in which Chairman/Member (other than Tulsyan NEC Limited)	
				Chairman	Member
Shri Sanjay Tulsyan	Five	No	Nine	None	None
Shri Lalit Kumar Tulsyan	Six	Yes	Seven	None	None
Shri P.T. Rangamani	Six	Yes	None	None	None
Shri A.P. Venkateswaran	Six	Yes	None	None	None
Shri S. Ramakrishnan	Six	Yes	Four	None	None
Shri Sanjay Agarwalla	Five	No	Five	None	None
Shri V. Kirubanandan	Six	Yes	None	None	None
Shri C. Ramachandran	Six	Yes	Eight	Four (One)	Ten (Seven)
Shri S. Soundararajan	Four	No	One	None	None

**Number of Board Meetings held and the dates on which held:**

Six Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are as follows:

16.04.2012	15.05.2012	28.06.2012
14.08.2012	14.11.2012	14.02.2013

**3. AUDIT COMMITTEE**

The Board of the Company has constituted an Audit Committee. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956

The terms of reference stipulated by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement, as follows:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow-up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to shareholders (in case of non-payment of declared dividends) and creditors.

**Composition and attendance of the meetings are as follows:-**

Name of Member/director	Designation (Chairman / Member)	Qualification	Date of Meeting	Meeting attended or not
Shri S Soundararajan	Chairman (till 28.09.2012)	I.A. & A.S.	15.05.2012 14.08.2012	Yes Yes
Shri C Ramachandran	Chairman (from 29.09.2012)	I.A.S. (Retd.)	14.11.2012 14.02.2013	Yes Yes
Shri A P Venkateswaran	Member	B.Com. FCA	15.05.2012 14.08.2012 14.11.2012 14.02.2013	Yes Yes Yes Yes
Shri S Ramakrishnan	Member	B.Com.	15.05.2012 14.08.2012 14.11.2012 14.02.2013	Yes Yes Yes Yes

The Company Secretary acts as the secretary of the Audit Committee

**4. REMUNERATION COMMITTEE**

Board has constituted Remuneration Committee in its meeting. The Remuneration Committee presently consists of three Non-Executive Independent Directors. Payment of remuneration to the Executive directors is governed by the Agreement executed between them and the Company which was approved by the Committee Board and the Shareholders in terms of Schedule XIII of the Companies Act. Their remuneration structure comprises salary, perquisites and allowances and contribution to provident fund.

The Non-executive Directors do not draw any remuneration from the Company other than sitting fees. Details of the salary paid to the directors are shown below.

The Committee met on **15.05.2012, 14.08.2012, 14.11.2012 & 14.02.2013** during the year.

**Composition of the Committee and the attendance of members are as follows:**

Name of the Directors		No of Meeting attend
Shri V Kirubanandan	Chairman	Four
Shri P T Rangamani	Member	Four
Shri C Ramachandran	Member	Four

**Remuneration to Directors**

Name and Designation	Total Remuneration (incl. incentive) (In Rs.)	Sitting Fee (In Rs.)	Relationship with other Directors
Shri Sanjay Tulsyan (Executive)	60,00,000	-	Brother of Shri Lalitkumar Tulsyan
Shri Lalitkumar Tulsyan (Executive)	60,00,000	-	Brother of Shri Sanjay Tulsyan
Shri A P Venkateswaran (Executive)	39,98,804	-	-
Shri Sanjay Agarwalla (Executive)	21,94,962	-	-
Shri P T Rangamani (Non-Executive)	-	12,000	-
Shri S Ramakrishnan (Non-Executive)	-	12,000	-
Shri V Kirubanandan (Non-Executive)	-	12,000	-
Shri C Ramachandran (Non-Executive)	-	12,000	-
Shri S Soundararajan (Non-Executive)*	-	8,000	-

\* Retired by rotation on 28.09.2012

Managerial Remuneration paid during the year 2012-2013 is Rs.181.94 lakhs to the Managing Directors and Whole-time Directors in excess of limits provided under Schedule XIII of the Companies Act, 1956 for which the Company has duly got necessary approvals from the Central Government for the remuneration paid over the limit.

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Committee met on **15.05.2012, 14.08.2012, 14.11.2012 & 14.02.2013** during the year.

The Committee, inter alia:

- approves and monitors transfers, transmission, splits and consolidation of shares of the Company.
- reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet, dividends etc., and
- reviews the compliances with various statutory and regulatory requirements.

**Composition of the Committee and the attendance of members are as follows:**

Name of the Directors		No. of Meeting attended
Shri P T Rangamani	Chairman	Four
Shri V Kirubanandan	Member	Four
Shri C Ramachandran	Member (from 29.09.2012)	Two
Shri S Soundararajan	Member (till 28.09.2012)	Two

Compliance Officer : Shri V. Subramani, Company Secretary

Details as to the total number of shareholder Complaints/ Requests received during the year and its status are given as under.

Complaints / Requests pending at beginning	- 0
Complaints / Requests received	- 70
Complaints / Requests resolved	- 70
Complaints / Requests pending at end	- 0

## 6. GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2009 - 2010	Naradha Gana Sabha Mini Hall, 254 T T K Road, Chennai - 600 018.	16.06.2010	11.00 a.m.
2010 - 2011	Naradha Gana Sabha Mini Hall, 254 T T K Road, Chennai - 600 018.	14.09.2011	11.00 a.m.
2011 - 2012	Naradha Gana Sabha Mini Hall, 254 T T K Road, Chennai - 600 018.	28.09.2012	02.00 p.m.

No postal ballots were used/ invited for voting at these meetings in respect of special resolutions passed as there were no such provisions in the Companies Act, 1956. The Company shall comply with the requirements relating to postal ballot as and when the relevant guidelines in this connection are issued.

**Special Resolutions passed in the last three years:**

Financial Year	Date of AGM / EGM	Special Resolution Passed
2009 - 2010	AGM: 16.06.2010	Nil
2010 - 2011	AGM: 14.09.2011	under Section 2(26), 198, 269, 309 and 310 read with Schedule XIII of the Companies Act 1956 for increase in remuneration to Shri Lalit Kumar Tulsyam, Chairman of the Company.
		under Section 2(26), 198, 269, 309 and 310 read with Schedule XIII of the Companies Act 1956 for increase in remuneration to Shri Sanjay Tulsyam Managing Director of the Company.
		under Section 2(26), 198, 269, 309 and 310 read with Schedule XIII of the Companies Act 1956 for increase in remuneration to Shri Sanjay Agarwalla Whole-time Director of the Company.

Financial Year	Date of AGM / EGM	Special Resolution Passed
2011 - 2012	AGM: 28.09.2012	under Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act 1956 for increase in remuneration to Shri A.P. Venkateswaran Whole-time Director of the Company.
		under Section 314(1)(b) of the Companies Act 1956 appointment of Shri Manish Kumar Sharma to hold an office or place of profit as Vice President - Production, Quality Assurance and Export of the Company.
		under Section 314(1)(b) of the Companies Act 1956 appointment of Smt. Alka Tulsyan to hold an office or place of profit as Vice President - Administration of the Company.

## 7. DISCLOSURES

- a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.  
**None of the transactions with any of the related parties were in conflict with the interest of the Company.**
- b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. **NIL**
- c. The Company has laid down procedures about risk assessment and their minimization. **These procedures are periodically reviewed in the Board.**
- d. The Company proposes to adopt other non mandatory requirements as and when necessary.

## 8. MEANS OF COMMUNICATION

The quarterly results are published in 'Trinity Mirror' all Editions in English and in Tamil 'Makkal Kural'.

Management Discussion & Analysis report is a part of Annual Report:

The Company has not made any presentations to any institutional investors / analyst during the year.

The Company will post its results on the website ([www.tulsyannec.co.in](http://www.tulsyannec.co.in))

## 9. GENERAL SHAREHOLDER INFORMATION

### 9.1. Annual General Meeting

Date and Time	: 23 <sup>rd</sup> September, 2013 at 11.00 A.M.
Venue	: Naradha Gana Sabha (Mini Hall) 254 T T K Road, Chennai - 600 018

9.2. Financial Calendar (Tentative)	: Results for the quarter ended 30 <sup>th</sup> June, 2013	- Before 14.08.2013
	: Results for the quarter ended 30 <sup>th</sup> September, 2013	- Before 14.11.2013
	: Results for the quarter ended 31 <sup>st</sup> December, 2013	- Before 14.02.2013
	: Results for the quarter ended 31 <sup>st</sup> March, 2014	- Before 30.05.2014

9.3. Book Closure : 17.09.2013 to 23.09.2013 (both days inclusive)

9.4. Dividend Payment Date : No Dividend Declared

9.5. Listing of Equity Shares on Stock Exchanges at : Madras, Mumbai, Calcutta.

9.6. a. Stock Code : Mumbai - 513629  
Madras - TULSYAN NEC  
Calcutta - 30269

b. Demat ISIN Number in NSDL & CDSL for Equity Shares : INE463D01016

**9.7. Stock Market Data**

: Monthly High/Low of Market price of the company's shares traded in the Stock Exchange; Mumbai during the year 2012-2013 is furnished below.

Month	High Rs.	Low Rs.
April 2012	44.95	39.05
May 2012	48.45	36.20
June 2012	50.00	38.00
July 2012	41.60	37.00
August 2012	41.00	35.10
September 2012	40.50	35.10
October 2012	40.45	36.00
November 2012	39.00	35.10
December 2012	38.70	35.00
January 2013	39.70	34.70
February 2013	38.45	32.20
March 2013	34.95	24.65

**9.8. Registrar and Transfer Agent**

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

DEMAT INFORMATION (as on 31.03.2013)

No. of Shares Dematerialized : 9752412

% of Total Capital : 65.02

**9.9. Distribution of holdings as on 31.03.2013**

Share Holding		Share Holders		Share Amount	
Rs.	Rs.	Number	% to Total	Rs.	% to Total
10	– 5000	5728	88.3814	7010350	4.6735
5001	– 10000	310	4.7832	2546070	1.6973
10001	– 20000	177	2.7310	2714840	1.8098
20001	– 30000	64	0.9875	1642780	1.0951
30001	– 40000	26	0.4011	953070	0.6353
40001	– 50000	35	0.5400	1641900	1.0946
50001	– 100000	72	1.1109	5773650	3.8491
100001	– And Above	69	1.0646	127717340	85.1448
Total		6481	100.0000	150000000	100.0000

Shareholders holding more than 1% of the equity share capital as on 31.06.2013

Sl. No.	Name of the shareholder	No of Shares	% of Shareholding
1	Lalith Kumar Tulsyan	4,612,555	30.75
2	Sanjay Tulsyan	4,475,481	29.84
3	Priya Tulsyan	954,982	6.37
4	Alka Tulsyan	751,130	5.01

**9.10. Distribution of Shareholding**
**CLAUSE 35 (Introductory sub-table (I)(a))**

Shareholding Pattern as on : 31-March-2013

Class of Security : Equity

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter / promoter group	Nil	Nil	Nil
Held by public	553548	100	3.69
Total - D	553548	100	3.69

Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter / promoter group			
Held by public			
Total - E			

Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company, assuming full conversion of warrants
Held by promoter / promoter group			
Held by public			
Total - F			
Total paid-up capital of the company assuming full conversion of warrants and convertible securities	15000000		

**STATEMENT SHOWING SHAREHOLDING PATTERN TABLE (I) (A)**

Category Code	Category of Shareholder	No. of Holders	Total No. of Shares	Shares in Demat	Total Shareholding as a percentage of total number of shares		Shares Pledged or Otherwise encumbered	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VII)	Number of shares (VIII)	As a % (IX)=(VIII)/(IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>A. Shareholding of Promoter and Promoter Group</b>								
1. INDIAN								
	a. Individuals/ Hindu Undivided Family	15	11220040	6922786	74.8002	74.8002	0	0.0000
	b. Central Government/ State Government(s)	0	0	0	0.0000	0.0000	0	0.0000
	c. Bodies Corporate	0	0	0	0.0000	0.0000	0	0.0000
	d. Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000
	e. Any other							
	<b>Sub-Total (A) (1)</b>	<b>15</b>	<b>11220040</b>	<b>6922786</b>	<b>74.8002</b>	<b>74.8002</b>	<b>0</b>	<b>0.0000</b>
2. FOREIGN								
	a. Individuals (Non- resident Individuals / Foreign Individuals)	0	0	0	0.0000	0.0000	0	0.0000
	b. Bodies Corporate	0	0	0	0.0000	0.0000	0	0.0000
	c. Institutions	0	0	0	0.0000	0.0000	0	0.0000
	d. Any other							
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0.0000</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>15</b>	<b>11220040</b>	<b>6922786</b>	<b>74.8002</b>	<b>74.8002</b>	<b>0</b>	<b>0.0000</b>



Category Code	Category of Shareholder	No. of Holders	Total No. of Shares	Shares in Demat	Total Shareholding as a percentage of total number of shares		Shares Pledged or Otherwise encumbered	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VII)	Number of shares (VIII)	As a % (IX)=(VIII)/(IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>B. Public Shareholding</b>								
1. INSTITUTIONS								
	a. Mutual Funds / UTI	3	2000	0	0.0133	0.0133	NA	NA
	b. Financial Institutions/ Banks	0	0	0	0.0000	0.0000	NA	NA
	c. Central Government / State Government(s)	0	0	0	0.0000	0.0000	NA	NA
	d. Venture Capital Funds	0	0	0	0.0000	0.0000	NA	NA
	e. Insurance Companies	0	0	0	0.0000	0.0000	NA	NA
	f. Foreign Institutional Investors	0	0	0	0.0000	0.0000	NA	NA
	g. Foreign Venture Capital Investors	0	0	0	0.0000	0.0000	NA	NA
	h. Any other							
	<b>Sub-Total (B) (1)</b>	<b>3</b>	<b>2000</b>	<b>0</b>	<b>0.0133</b>	<b>0.0133</b>	<b>NA</b>	<b>NA</b>
2. NON-INSTITUTIONS								
	a. Bodies Corporate	134	372195	161850	2.4813	2.4813	NA	NA
	b. Individuals -							
	I. Individual Shareholders Holding Nominal Share Capital Upto Rs. 1 lakh	5661	1862938	1439303	12.4195	12.4195	NA	NA
	II. Individual Shareholders Holding Nominal Share Capital in Excess of Rs. 1 lakh	46	1198293	943640	7.9886	7.9886	NA	NA
	c. Qualified Foreign Investor	0	0	0	0.0000	0.0000	NA	NA
	d. Any other							
	Clearing Members	7	1417	1417	0.0094	0.0094	NA	NA
	Hindu Undivided Families	130	244515	244514	1.6301	1.6301	NA	NA
	Non Resident Indians	485	98602	38902	0.6573	0.6573	NA	NA
		<b>622</b>	<b>344534</b>	<b>284833</b>	<b>2.2968</b>	<b>2.2965</b>	<b>NA</b>	<b>NA</b>
	<b>Sub-Total (B) (2)</b>	<b>6463</b>	<b>3777960</b>	<b>2829626</b>	<b>25.1864</b>	<b>25.1864</b>	<b>NA</b>	<b>NA</b>
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>6466</b>	<b>3779960</b>	<b>2829626</b>	<b>25.1997</b>	<b>25.1997</b>	<b>NA</b>	<b>NA</b>
	<b>Total (A) + (B)</b>	<b>6481</b>	<b>15000000</b>	<b>9752412</b>	<b>100.0000</b>	<b>100.0000</b>	<b>0</b>	<b>0.0000</b>
	c. Shares held by custodians and against which depository receipts have been issued							
	Promoter and Promoter Group	0	0	0	0.0000	0.0000	NA	NA
	Public	0	0	0	0.0000	0.0000	NA	NA
	<b>Grand Total (A) + (B) + (C)</b>	<b>6481</b>	<b>15000000</b>	<b>9752412</b>	<b>100.0000</b>	<b>100.0000</b>	<b>0</b>	<b>0.0000</b>

**9.11. Plant Locations**

- a. Steel Division : 39, Dr. Harikrishna Naidu Street,  
Ambattur, Chennai - 600 053.  
D-4 Sipcot Indl. Complex, Gumudipoondi,  
Tiruvallur District, Tamil Nadu.
- Depot:**  
55/2, Cuddalore Main Road,  
Ariyankuppam, Pondicherry - 605 007.
- Windmill :**
1. Kudimangalam, Udumalpet, TamilNadu
  2. Pazhavoor, Tirunelveli District, TamilNadu
  3. Kavalakurichi, Tirunelveli District, Tamil Nadu
- b. Synthetic Division : 7-A, Doddaballapura Industrial Area,  
Kasba Hobli, Karnataka  
Plot No.E-4, Madkaim Industrial Area,  
Madkaim Village, Ponda Taluk, Goa  
Survey No. 237 to 245, Boincheruvupalli Village,  
Peapully Mandal, Kurnool District,  
Andhra Pradesh - 581 220

Name of the Compliance Officer : Shri V. Subramani

Address for Correspondence : First Floor, Apex Plaza,  
(For your queries/ grievances/  
complaints please contact) 3 Nungambakkam High Road,  
3, Nungambakkam, Chennai - 600 034  
Phone: 044 3918 1060 Fax: 044 3918 1097  
Web Site: [www.tulsiyannec.co.in](http://www.tulsiyannec.co.in)  
Email id: [investor@tulsiyannec.in](mailto:investor@tulsiyannec.in)

**9.12. Unclaimed Dividend:**

Unclaimed dividend for the years prior to and including the financial year 2005 - 2006 has been transferred to the Investor Education and Protection Fund established by Central Government as per under section 205C of the Companies Act,1956.

Note: M/s Cameo Corporate Services Limited, Registrar and Share Transfer Agent of the company have attended to the share transfer formalities regularly. Registrar and Share Transfer Agent can be contacted by the investors at the following address:

Address : Subramanian Building, No-1, Club House Road, Chennai - 600 002  
Phone : 044 2846 0390  
Fax : 044 2846 0129  
Email : [investor@cameoindia.com](mailto:investor@cameoindia.com)  
Contact Person : Shri P. Muralidharan

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of Tulsyam NEC Limited

I have examined the compliance of conditions of corporate governance by TULSYAN NEC LIMITED for the year ended 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2013 no investor grievances are pending exceeding one month against the Company as on 31-03-2013 as per records maintained by the Company and presented to Shareholders/ Investors Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M. DAMODARAN & ASSOCIATES**

**M. DAMODARAN**, B.Com.,A.C.S.,L.L.B.,  
Practicing Company Secretaries  
CP No. 5081

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

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**CODE OF CONDUCT****PHILOSOPHY**

The TULSYAN NEC LIMITED code of conduct, as adopted by the Board of Directors, is applicable to Directors, Senior Management and employees of the Company. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code covers TULSYAN NEC LIMITED's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance, and the philosophy of leading by personal example.

**Declaration pursuant to Clause 49 of the listing agreement regarding adherence to the Code of Conduct.**

To

The Shareholders of **Tulsyam NEC Limited**

We hereby declare that all members of the Board and senior management personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company formulated by the board of directors for the financial year ended 31<sup>st</sup> March 2013.

For Tulsyam NEC Limited

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**SANJAY AGARWALLA**  
Whole-time Director

**CFO CERTIFICATION**

We, Lalit Kumar Tulsyam, Executive Chairman and A.P. Venkateswaran, Whole-time Director - Finance & Accounts, responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year except as laid down in Accounting Standard (AS) - 15 (revised 2005) on Employee Benefits, requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Tulsyam NEC Limited

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**LALITKUMAR TULSYAN**  
Executive Chairman

**A P VENKATESWARAN**  
Whole-time Director - Finance & Accounts

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M/s. TULSYAN NEC LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. Tulsyam NEC Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - 2.1. 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;
  - 2.2. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - 2.3. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - 2.4. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
  - 2.5. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.

For **C A PATEL & PATEL**

Chartered Accountants

Firm Registration No.: 005026 S

**BHAVESH N PATEL**

Partner

Membership No. 26669

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

## ANNEXURE TO AUDITORS' REPORT

Annexure referred to in item no. 1 of paragraph 'Report on Other Legal and Regulatory Requirements'.

(in ₹)

In our opinion and to the best of knowledge and belief as per the information and explanation given to us and on the basis of the books and records examined by us in the normal course of audit, we report that:

### 1. Fixed assets

1.1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

1.2. The management at reasonable intervals has physically verified the fixed assets of the company and no material discrepancies were noticed on such verification.

1.3. The fixed assets disposed during the year were not substantial and therefore, do not affect the going concern assumption.

### 2. Inventories

2.1. The management has conducted physical verification at reasonable intervals in respect of its inventory.

2.2. The procedure for physical verification of inventory followed by the management is reasonable and is adequate in relation to the size of the Company and the nature of its business.

2.3. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

### 3. Loans and advances

3.1. The Company has granted / received Rs.154.70 lakhs, (net) from / to its subsidiaries as loan during the year as listed in the register maintained under Section 301 of the Companies Act, 1956.

SL No	Name of Party	Relationship with Party	Year end balance
1	Cosmic Global Limited	76.17% Subsidiary Company	125.79 Cr.
2	Tulsyan Power Limited*	100% Subsidiary Company	0.12 Cr.
3	Chitrakoot Steel & Power P Ltd	100% Subsidiary Company	200.39 Dr.
4	Balaji Engineering & Galvanizing Ltd*	98.80% Subsidiary Company	7.77 Dr.
5	Color Peppers Media Pvt Ltd	100% Subsidiary Company	164.78 Dr.
6	T.G. Logistic Pvt Ltd	100% Subsidiary Company	92.33 Cr.

\* Commercial Operations not yet started for the above companies.

The Company has taken unsecured loan from 45 Parties aggregating to Rs.8706.49 Lacs during the year (Excluding interest accrued & IFST) as stated in Note No.5.

3.2. The rate of interest and other terms and conditions of loan taken by the Company are not, prima facie, prejudicial to the interest of the Company.

3.3. The loans given / taken by the Company are repayable on demand and have been received / paid on demand.

4. The Company has an internal control system which is adequate and is commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There are no major weaknesses in internal controls system

### 5. Section 301 contracts

5.1. Particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section

- 5.2. These transactions exceeding value of Rs. 5 lakhs have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public and the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under, where applicable have been complied with.
7. The Company has an internal audit system, internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with its size of the company and the nature of its business.
8. The Company has commenced the maintenance of cost accounts and the records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956. We have reviewed the books of accounts related to material, labour and other items of cost maintained by the company pursuant to the set of rules as mentioned above.
9. Statutory dues
- 9.1. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- 9.2. On the basis of written representation received from the Management we report, details of the disputed statutory dues pending before appropriate authorities as on 31<sup>st</sup> March 2013 are referred to in the annexure "A".
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to financial institutions, banks or debentures holders.
12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. The Company has raised term loans during the year and these have been applied for the purposes for which they were raised, refer note to balance sheet. According to the information and explanation given to us, the Company M/s Chitrakoot Steel & Power Pvt Ltd (100% subsidiary company) from banks amounting to Rs.25 crore as per point number 1.8 of the notes to accounts.
16. The funds raised on short-term basis have not been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. The Company has no outstanding amount under Debentures that require creation of security/charge.
19. The Company has not raised any money by way of public issues during the year.
20. No material fraud on or by the Company has been noticed or reported during the year.

**For C A PATEL & PATEL**  
Chartered Accountants  
Firm Registration No.: 005026 S

**BHAVESH N PATEL**  
Partner  
Membership No. 26669

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**ANNEXURE "A" TO AUDITORS' REPORT**

Referred to in paragraph 9.2 of Annexure a statement on the matters specified in the Companies (Auditor's Report) Order, 2004 of M/s TULSYAN NEC LIMITED for the year ended 31<sup>st</sup> March, 2013.

**TAX LIABILITIES DISPUTED IN APPEAL**

S.No.	Asst. Year	Order Reference	Gross Demand	Disputed Amount	Undisputed Amount	Paid/ Adjusted	Remarks
<b>IN RELATION TO EXCISE</b>							
1	2003-2004, 32/02	Order 25.09.02	201,989.00	201,989.00	0	100,000.00	Paid Disputed in Appeal before Commissionrate CESTAT
2	2002-2003	Order 2/1, 31.10.2001	3,987,205.00	3,987,205.00	0	1,422,316.00	Paid Disputed in Appeal before Commissionrate CESTAT



**TULSYAN NEC LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

	Note No.	As at March 31, 2013	(₹ in Lacs) As at March 31, 2012
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1469.38	1087.00
Reserves & Surplus	3	11784.49	10618.54
		<u>13253.87</u>	<u>11705.54</u>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	28978.22	20542.11
Deferred Tax Liabilities (Net)		1418.14	1392.75
Other Long Term Liabilities	5	13144.19	5950.19
Long Term Provisions	6	668.41	668.41
		<u>44208.96</u>	<u>28553.46</u>
<b>Current Liabilities</b>			
Short Term Borrowings	7	23325.37	18273.18
Trade Payables	8	27180.64	24291.72
Other Current Liabilities	9	161.20	318.08
Short Term Provisions	10	1366.69	1482.87
		<u>52033.90</u>	<u>44365.85</u>
<b>TOTAL</b>		<u><b>109496.73</b></u>	<u><b>84624.85</b></u>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
(i) Tangible assets	11	9807.59	10302.78
(ii) Capital work-in-progress		39395.43	21932.75
Non-Current Investments	12	907.36	907.36
Long Term Loans and Advances	13	1403.30	1132.98
Other Non-Current Assets	14	227.20	219.70
		<u>51740.88</u>	<u>34495.57</u>
<b>Current assets</b>			
Current Investment	15	46.83	21.58
Inventories	16	13383.93	10162.22
Trade Receivables	17	29403.39	27500.75
Cash and Cash Equivalents	18	2359.61	2060.33
Short Term Loans and Advances	19	2753.70	5045.52
Other Current Assets	20	9808.39	5338.88
		<u>57755.85</u>	<u>50129.28</u>
<b>TOTAL</b>		<u><b>109496.73</b></u>	<u><b>84624.85</b></u>

As per our report of even date

For **M/s. C.A. PATEL & PATEL**  
Chartered Accountants  
FR No. 005026 S

On Behalf of the Board

**BHAVESH N PATEL**  
Partner  
M. No. 26669

**SANJAY TULSYAN**  
Managing Director

**LALITKUMAR TULSYAN**  
Executive Chairman

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**A.P. VENKATESWARAN**  
Whole-time Director - Finance

**C. RAMACHANDRAN**  
Director

**V. SUBRAMANI**  
Company Secretary

**TULSHYAN NEC LIMITED**
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

	Note No.	Year ended 31.03.2013	(₹ in Lacs) Year ended 31.03.2012
<b>I. Revenue from operations</b>	21	<b>114796.75</b>	113013.14
<b>II. Other Income</b>	22	<b>536.64</b>	575.33
<b>III. Total Revenue (I +II)</b>		<b>115333.39</b>	113588.47
<b>IV. Expenses:</b>			
Cost of materials consumed	23	77583.29	75705.55
Purchase of Stock-in-Trade	23	23734.80	18287.48
Increase / Decrease in Stocks	23	(3303.60)	2781.63
Employee benefit expense	24	2743.48	2716.53
Financial costs	25	5362.41	5005.50
Other expenses	26	7808.50	6665.41
Depreciation and amortization expense	11	901.69	885.08
<b>Total Expenses</b>		<b>114830.57</b>	112047.18
V. Profit before exceptional and extraordinary items and tax	(III - IV)	502.82	1541.29
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		502.82	1541.29
VIII. Extraordinary Items		-	-
<b>IX. Profit before tax (VII - VIII)</b>		<b>502.82</b>	1541.29
X. Tax expense:			
(1) Current tax		97.65	358.00
(2) Deferred tax		25.40	(145.36)
<b>XI. Profit / (Loss) from the period from continuing operations</b>	(IX-X)	<b>379.77</b>	1328.65
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit / (Loss) from Discontinuing operations (XII - XIII)		-	-
<b>XV. Profit / (Loss) for the period (XI + XIV)</b>		<b>379.77</b>	1328.65
XVI. Earning per equity share:			
(1) Basic		2.58	12.22
(2) Diluted		2.58	12.22

As per our report of even date

For **M/s. C.A. PATEL & PATEL**  
Chartered Accountants  
FR No. 005026 S

On Behalf of the Board

**BHAVESH N PATEL**  
Partner  
M. No. 26669

**SANJAY TULSYAN**  
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**LALITKUMAR TULSYAN**  
Executive Chairman

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**A.P. VENKATESWARAN**  
Whole-time Director - Finance

**C. RAMACHANDRAN**  
Director

**V. SUBRAMANI**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(Pursuant to Clause 32 of Listing Agreement)

	2012-13	(₹ in Lacs) 2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax as per Statement of Profit & Loss	502.82	1541.29
Non-cash Adjustments		
Depreciation	901.69	885.08
Depreciation on old assets sold	(20.58)	(245.27)
Dividend Income	(87.41)	(120.03)
Interest Expense	3889.60	2791.39
Interest Income	(239.79)	(205.02)
Right Issue Expenses incurred during the year	(0.12)	(18.44)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>4946.21</u>	<u>4629.00</u>
Adjustments for:		
Inventories	(3221.71)	2532.21
Trade Receivables	(1902.64)	(13750.81)
Short-term Loans and Advances	(2177.69)	(3699.62)
Long-term Loans and Advances	(277.82)	(434.10)
Other Long-Term Liabilities	7194.00	1273.32
Short-term Borrowing	5052.19	2767.72
Trade Payables	2888.92	9747.08
Other Current Liabilities	(156.87)	114.95
Short Term Provisions	(42.58)	112.18
Net Cash from Operating Activities before Income-tax	<u>12302.01</u>	<u>3291.93</u>
Income-tax Paid	-	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<u>12302.01</u>	<u>3291.93</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible Assets and Payment towards CWIP	(17899.85)	(18723.73)
Proceeds from Sale of Fixed Assets	47.89	492.55
Current/Non-current Investments	(25.25)	(50.28)
Interest Income	239.79	205.02
Dividend Income	87.41	120.03
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<u>(17550.01)</u>	<u>(17956.41)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment)/Proceeds from Long-term Borrowings	8436.11	13949.59
Interest Paid	(3889.60)	(2791.39)
Dividend Paid	(220.41)	(50.00)
Tax on Proposed Dividend	(17.51)	(5.31)
Share Capital/Premium Received	1238.69	3561.91
<b>NET CASH USED IN FINANCING ACTIVITIES (C )</b>	<u>5547.28</u>	<u>14664.80</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (D) = (A+B+C)</b>	<u>299.28</u>	<u>0.32</u>
Cash and Cash Equivalents at the beginning of the year	<u>2060.33</u>	<u>2060.01</u>
<b>Cash and Cash Equivalents at the end of the year</b>	<u>2359.61</u>	<u>2060.33</u>

As per our report of even date  
For **M/s. C.A. PATEL & PATEL**  
Chartered Accountants  
FR No. 005026 S

**BHAVESH N PATEL**  
Partner

M. No. 26669

Place : Chennai

Date : 14<sup>th</sup> August, 2013

On Behalf of the Board

**SANJAY TULSYAN**  
Managing Director

**LALITKUMAR TULSYAN**  
Executive Chairman

**A.P. VENKATESWARAN**  
Whole-time Director - Finance

**C. RAMACHANDRAN**  
Director

**V. SUBRAMANI**  
Company Secretary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

*(All amounts in ₹ in lacs unless otherwise stated)*

**Note No. 1**
**NATURE OF OPERATION**

Tulshyan NEC Limited is engaged in the Manufacturing TMT bars and Synthetics Woven Fabrics and Sacks. It has manufacturing plant at Chennai (Ambattur & Gummudipoondi) and Bangalore (Dodabalapur).

**1. Significant Accounting Policies:**
**1.1 Basis of preparation of Financial Statements**

- a. The financial statements are prepared under the historical cost convention on accrual basis of accounting to comply in all material respects with mandatory accounting standard as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act').
- b. Accounting policies have been consistently applied the company and the accounting policies not referred to otherwise, are in conformity with Generally Accepted Accounting Principles (GAAP).

**1.2 Fixed Assets and Depreciation**

- a. Fixed Assets and Capital work-in-Progress

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalized inclusive of all direct costs and attributable overhead.

Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Assets held for disposal are stated at the lower of net book value and the estimated net realizable value.

- b. Financial costs incurred up to the date of commissioning of assets are capitalised.
- c. Depreciation has been provided as follows:
  - i) Under WDV method on assets acquired up to 31.12.1985 at the then prevailing rates.
  - ii) Under SLM method on assets acquired after 31.12.1985 and up to 15.12.1993 at the rates as originally prescribed in Schedule XIV to the Companies Act,1956, and on assets acquired thereafter at the revised rates as per Notification GSR 756(E) dated 16.12.1993.
  - iii) Depreciation on revaluation is adjusted against Revaluation Reserve.
  - iv) Cost of Leasehold land is amortised over the lease period.
  - v) Plant and Machinery and Furniture and Fittings which cost are less than Rs 5000/- each are depreciable at the rate of 100% in the year of purchase.

**Depreciation**

Type of asset	Rate of Depreciation
Land	<b>NIL</b>
Factory buildings	<b>3.34</b>
Office premises	<b>3.34</b>
<b>Pant and machinery:</b>	
Double shift	<b>7.42</b>
Triple Shift	<b>10.34</b>
Computer	<b>16.21</b>
Lab equipments	<b>4.75</b>
Office and other equipments	<b>6.33</b>
Vehicles	<b>9.50</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013 - (continued)**

(All amounts in ₹ in lacs unless otherwise stated)

**Amortisation**

Type of assets	Basis
Land Leasehold	Period of lease
ERP software	Straight line basis over a period of five years

**1.3 Retirement and other employee benefits:**

Defined contribution to provident fund and employee state insurance are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than contribution payable to the respective statutory authorities. Retirement benefits in the form of gratuity are considered as defined benefit obligation, and are provided in the year of separation.

**1.4 Inventories**

Raw materials, Components, Stores and Spares and Work-in-Progress are valued at cost. Finished goods are valued at cost or realizable value whichever is less. The basis of determining cost for various categories of inventories are as follows:

Raw Material, components, stores and spares	: At cost (Weighted Average)
Work-in-Progress	: At Material cost plus Conversion cost on the basis of absorption costing
Finished Goods	: At material cost plus conversion cost on the basis of absorption costing (including of excise Duty payable)

**1.5 Sales**

Sales comprises of sale of goods produced & purchased by the Company as also sales effected as agents and sale of raw materials, and are gross of duties. Consignment sales is accounted on receipt of consignment sale note from the consignee.

**1.6 Revenue Recognition**

All income and expenditure are recognised on accrual basis except rates & taxes, bonus on cash basis. Export benefits representing duty free imports of earlier years are accounted in proportion to materials consumed. The value of Advance Licence on hand at the end of the year as certified by the management is incorporated in the books of accounts.

**1.7 Investments**

Long Term Investments are carried at cost less provision for diminution in value other than temporary, if any. Current investments are valued at lower of cost and fair value.

**1.8 Contingent Liabilities**

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the Notes to the Accounts wherever practicable.

	On 31/03/2013	On 31/03/2012
Guarantees Outstanding	159.48	76.08
FLC with Bank	Nil	Nil
Entry Tax	80.44	80.44
Excise Duty	9.96	9.96

The Company has executed (during the year 2009-10 and 2011-12) Corporate Guarantee in favour of the Shamrao Vithal Co-operative Bank Limited, Mumbai for the loan taken by M/s. Chitrakoot Steel and Power Pvt. Ltd., wholly owned subsidiary of the Company, for Rs.25.00 crores

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013 - (continued)**

(All amounts in ₹ in lacs unless otherwise stated)

**1.9 Cash and Cash Equivalents:**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**1.10 Foreign Exchange Transactions:**

All foreign currency transactions are recorded at the average exchange rate prevailing during the transaction occur. Outstanding balance of foreign currency monetary items are reported using the period end rates. Pursuant to the notification of the companies (Accounting Standard) amendment Rules 2009 issued by the Ministry of Corporate Affairs on March 31<sup>st</sup>, 2009 amending Accounting Standard-11(AS-11), the effect of changes in Foreign Exchange Rates (Revised 2003), exchange difference relating to long term monetary items are dealt with in the following manner

Exchange difference relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable capital asset are added to / deducted from the cost of the assets and depreciated over the balance life of the asset.

In other cases, such difference are accumulated in the "Foreign Currency Translation Difference Account" and amortised to the profit and loss account over the balance life of the long term monetary item but not beyond 31<sup>st</sup> March, 2013.

All other exchange difference are recognized as income or expenses in the profit and loss account (discloses separately under the head Exceptional items in the Schedule-VI, Part-II of the Companies Act, 1956). Foreign exchange transactions are as follows:

<b>Transactions</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
CIF Value of imports (Raw materials)	<b>4706.65</b>	13785.76
Earnings in foreign Exchange (FOB)	<b>3942.56</b>	5068.42
Exchange in Foreign currency for other matters	<b>28.43</b>	4.55
Interest paid on \$ Loan	<b>203.67</b>	254.83
Loan Paid	<b>4086.70</b>	4851.05
Tangible Assets in Capital Work-in-progress	<b>656.06</b>	656.06

During the year foreign exchange transaction towards Royalty, know-how, professional fees & consultant fees were NIL. Hence not disclosed in the notes on accounts.

**2. Segment Reporting**
**A. Primary Segment Reporting - by Business Segment on Type of Products.**

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the type of products and differential risk and returns of the segments

The Company has two products viz. Steel and Synthetic.

<b>Sales/ Other income</b>	<b>Steel</b>	<b>Synthetic</b>	<b>Total</b>
(i) Sales - External	97171.55	15625.20	114796.75
(ii) Sales - Inter-segment	-	-	-
(iii) Other Income - External	234.43	302.21	536.64
(iv) Other Income - Inter-segment	Nil	Nil	Nil
<b>Total</b>	<b><u>99405.98</u></b>	<b><u>15927.41</u></b>	<b><u>115333.39</u></b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013 - (continued)**
*(All amounts in ₹ in lacs unless otherwise stated)*

<b>Sales/ Other income</b>	<b>Steel</b>	<b>Synthetic</b>	<b>Total</b>
<b>Segment Results</b>			
Profit / (Loss) before interest & Tax	3537.01	855.40	4392.41
Less: Interest (unallocable charge)			3889.59
Profit / (Loss) after Interest			502.82
Less: Other unallocable expenses			-
Profit / (Loss) before tax			502.82
<b>B. Other information</b>			
Segment Assets	95723.35	13773.38	109496.73
Adj: Eliminations	41099.95	(41099.95)	-
	<b>136823.30</b>	<b>(27326.57)</b>	<b>109496.73</b>
Segment Liabilities	<b>24871.90</b>	<b>84624.83</b>	<b>109496.73</b>
Capital Employed	38036.67	4195.42	42232.09
Capital Expenditure (Fixed Assets)	201.72	235.45	437.17
Depreciation	595.23	306.46	901.69

**3. Related parties Disclosure**

Disclosure as required by Accounting Standards 18 " Related Party Disclosures" are given below

## a) List of Related Parties

- |   |   |
|---|---|
| 1. Cosmic Global Limited                | Subsidiary                                  |
| 2. Chitrakoot Steel & Power P Ltd       | Subsidiary                                  |
| 3. Tulsyam Power Limited                | Subsidiary                                  |
| 4. Balaji Engineering & Galvanizing Ltd | Subsidiary                                  |
| 5. Color Peppers Media P Ltd.           | Subsidiary                                  |
| 6. T G Logistics P Ltd                  | Subsidiary                                  |
| 7. Tulsyam Smelters P Ltd               | Associate                                   |
| 8. Shri Lalit Kumar Tulsyam             | Executive Chairman / Key Management Person  |
| 9. Shri Sanjay Tulsyam                  | Managing Director / Key Management Person   |
| 10. Shri A P Venkateswaran              | Director-Finance / Key Management Person    |
| 11. Shri Sanjay Agarwalla               | Whole-time Director / Key Management Person |

## b) Transaction with related parties

Purchase of Goods - Subsidiary	600.52 (Chitrakoot Steel & Power P Ltd)
Sale of Goods - Subsidiary	0.87 (Chitrakoot Steel & Power P Ltd)
Purchase of Fixed Assets - Associates	NIL
Sale of Fixed Assets - Associates	NIL
Rendering Services - Associates	NIL
Receiving Services - Subsidiary	730.93 (TG Logistics Private Limited)
Receiving Services - Associates	114.25 (Tulsyam Smelters Private Limited)
Agency Arrangements	NIL
<b>Leasing or Hire Purchase Arrangement - Associates</b>	NIL
Transfer of Research & Development	NIL
Licence Agreements	NIL
Interest Paid	NIL

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013 - (continued)**
*(All amounts in ₹ in lacs unless otherwise stated)*
**Outstanding balances as on 31.03.2013**

Amount Receivable (Associates and Subsidiaries)	372.95
Amount Payable (Associates and Key Management Persons)	137.57
Equity Contribution in Subsidiary in Cash	791.36
Guarantees and collaterals	NIL
Payment towards Management (Employment) contracts to Key Management Personnel	181.94

**4. Earnings per Share**

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Net Profit attributable to Shareholders	<b>379.78</b>	1328.65
Weighted average number of equity shares	<b>146.94</b>	108.70
Basic earnings per share of Rs.10/- each	<b>2.58</b>	12.22

**5. Taxes on Income:**

Tax expenses for a year comprises of current tax and deferred tax.

Current tax has measured at the amount expected to be paid to the tax authority, after taking into consideration, the applicable deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance sheet date.

Deferred tax assets are recognized only to the extent that is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognized only to the extent that is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reversed after such tax holiday period is recognized in the year in which the timing difference originate using the tax rates and laws enacted or subsequently enacted at the balance sheet date.

At each Balance Sheet date, the company reassesses unrecognized deferred tax assets. It recognizes unrealized deferred tax assets to the extent it has become reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available against which the deferred tax can be realized.

As per Accounting Standard - 22 ( Accounting for tax on income), issued by the Institute of Chartered Accountants of India is as under:

Particulars	31.03.2013	31.03.2012
Deferred Tax (Liability)	<b>1418.14</b>	1392.75
Minimum Alternative Tax (MAT)	<b>97.65</b>	299.82



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013 - (continued)**

*(All amounts in ₹ in lacs unless otherwise stated)*

**6. Lease Payments and Receipts**

Lease payments have been made towards land at Chennai and amortised on a straight line basis during the period of lease.

Lease payments have been made towards Hire Purchase of Vehicles. Lease charges have been debited to the Profit and Loss Account based on the certificate issued by the Lessor. The Principal amount of lease due has been disclosed in the Balance Sheet under Secured Loans.

7. The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made.

**8. Impairment of Fixed Assets:**

As per the management representation there is no impairment loss on fixed assets during the year. So AS-28 is not applicable.

**9. Borrowing Cost:**

In respect of new units / major expansions, the interest paid/payable on borrowing funds, attributable to construction of building and acquisition / erection of Plant and machinery is capitalized up to the date of construction / acquisition / erection of aforesaid assets all other borrowing costs are charged to profit and loss account. During the year under audit the below mention amount has been capitalized as per AS-16 issued by the Institute of chartered Accountants of India.

<b>Borrowing Cost</b>	<b>Qualifying Asset</b>
Plant & Machinery	NIL
Building	NIL

10. Expenditure incurred Rs. 60,77,786/- towards Right Issue of Shares and the same has been disclosed in the Balance Sheet under the head Miscellaneous Expenditure and would be written off over a period of five years after the completion of Rights Issues.

11. Previous year figures are regrouped and reclassified whenever necessary to conform to the current year classification as per Revised Schedule VI of the Companies Act, 1956.

As per our report of even date

For **M/s. C.A. PATEL & PATEL**  
Chartered Accountants  
FR No. 005026 S

On Behalf of the Board

**BHAVESH N PATEL**  
Partner  
M. No. 26669

**SANJAY TULSHYAN**  
Managing Director

**LALITKUMAR TULSHYAN**  
Executive Chairman

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**A.P. VENKATESWARAN**  
Whole-time Director - Finance

**C. RAMACHANDRAN**  
Director

**V. SUBRAMANI**  
Company Secretary

**NOTES TO BALANCE SHEET  
AND STATEMENT OF PROFIT & LOSS**

(₹ in Lacs)

**As at**  
**31.03.2013**                      **As at**  
**31.03.2012**

**Note No. 2**

**SHARE CAPITAL**

**Authorised Share Capital**

2,20,00,000 Equity Shares of Rs.10/- each	<u>2200.00</u>	<u>2200.00</u>
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**Issued, Subscribed & Paid-up:**

1,44,56,752 (50,00,000) Equity Shares of Rs.10/- each	<u>1469.38</u>	<u>1087.00</u>
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2,47,027 (95,66,565) Equity Shares of Rs.6/- each paid up	<u>1469.38</u>	<u>1087.00</u>
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2,96,221 (4,33,435) Equity Shares of Rs.3/- each paid up		
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**Shareholders holding more than 5% of the Share Capital**

Name of the shareholders	No. of Shares	No. of Shares
Lalitkumar Tulsyan	4612555	4612555
Sanjay Tulsyan	4475481	4475481
Priya Tulsyan	954982	954982
Allka Tulsyan	751130	751130

**Note No. 3**

**RESERVES AND SURPLUS**

	As on 01.04.2012	Additions	Deletions	As on 31.03.2013
Share Premium	2477.99	1482.26	0.00	<u>3960.25</u>
State Subsidy	10.00	0.00	0.00	<u>10.00</u>
Revaluation Reserve	10.13	0.00	3.35	<u>6.77</u>
Investment Allowance Reserve	59.39	0.00	0.00	<u>59.39</u>
General Reserve	2365.00	25.00	0.00	<u>2390.00</u>
Profit & Loss Account	<u>5129.76</u>	<u>502.82</u>	<u>214.71</u>	<u>5417.87</u>
	10052.26	2010.09	218.06	<u>11844.29</u>
Less: Right Issue Expenses	<u>60.66</u>			<u>60.78</u>
	9991.60			<u>11783.51</u>
Add: Share Call Money received pending for Conversion	626.94			<u>0.99</u>
Total	<u>10618.54</u>	<u>0.00</u>	<u>0.00</u>	<u>11784.49</u>

**As at**  
**31.03.2013**                      **As at**  
**31.03.2012**

**Note No. 4**

**LONG TERM BORROWINGS**

**Secured Loans**

**From Banks**

- Term loans Ref Sub Note 1	<u>28877.26</u>	20486.52
- Vehicle loans	<u>100.96</u>	<u>55.59</u>
	<u>28978.22</u>	<u>20542.11</u>

**Notes - (Continued)**

	As at 31.03.2013	(₹ in Lacs) As at 31.03.2012
<b>Note No. 5</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
<b>Unsecured Loans</b>		
From Body Corporate	7875.85	3453.69
From Directors	41.70	11.75
From Others	788.95	87.56
Interest Accured & Due	<u>374.90</u>	<u>146.50</u>
	<b>9081.40</b>	<b>3699.50</b>
<b>IFST</b>	-	34.10
Others	<u>4062.79</u>	<u>2216.59</u>
	<b>13144.19</b>	<b>5950.19</b>
<b>Note No. 6</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for Taxation	650.00	650.00
Fringe Benefit Tax Payable	<u>18.41</u>	<u>18.41</u>
	<b>668.41</b>	<b>668.41</b>
<b>Note No. 7</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured Working Capital Loans from Banks:</b>		
Banks	21683.53	16615.12
Current Component of Long Term Borrowings	<u>1641.84</u>	<u>1658.06</u>
<i>Ref Sub Note 1</i>	<u>23325.37</u>	<u>18273.18</u>
<b>Note No. 8</b>		
<b>TRADE PAYABLES</b>		
Sundry Creditors:		
- For Supplies and Services	21984.96	24017.43
- For Project	<u>5195.68</u>	<u>274.29</u>
	<b>27180.64</b>	<b>24291.72</b>
<b>Note No. 9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Other Current Liabilities	<u>161.20</u>	<u>318.08</u>
	<b>161.20</b>	<b>318.08</b>
<b>Note No. 10</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Expenses / Taxes	1366.69	1311.62
Provision for Dividend	-	163.05
Corporate Dividend Tax	<u>-</u>	<u>8.20</u>
	<b>1366.69</b>	<b>1482.87</b>

**Notes - (Continued)**
**Note No. 11**
**FIXED ASSETS**

(₹ in lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as at 1st April 2012	Additions upto 31st March 2013	Sold upto 31st March 2013	Cost as at 31st March 2013	As on 1st April 2012	For the year upto 31st March 2013	Adjusted up to 31st March 2013	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
Land	1353.21	-	2.51	1350.70	-	-	-	-	1350.70	1353.21
Land Leasehold	95.47	-	-	95.47	4.39	0.88	-	5.27	90.20	91.08
Factory Buildings	2569.27	35.30	5.00	2599.57	555.49	85.70	3.48	637.71	1961.86	2013.78
Office Premises	20.69	-	-	20.69	6.03	0.73	-	6.76	13.93	14.66
Plant & Machinery	11779.67	296.94	-	12076.61	5463.06	737.78	-	6200.84	5875.77	6316.61
Works Equipments	64.17	24.43	-	88.60	38.01	2.90	-	40.91	47.69	26.16
Lab Equipment	4.77	-	-	4.77	3.02	0.15	-	3.17	1.60	1.75
Office & Other Equip.	449.90	30.51	-	480.41	239.29	40.90	-	280.19	200.22	210.61
Vehicles	395.90	50.00	40.39	405.51	120.98	36.02	17.10	139.90	265.61	274.92
<b>Total</b>	16733.05	437.18	47.89	17122.34	6430.27	905.06	20.58	7314.75	9807.59	10302.78
Previous Year	16320.75	904.85	492.55	16733.05	5787.13	888.43	245.27	6430.27	10302.78	10533.62

Note : Interest on borrowed capital of Rs. NIL- for the purchase of Fixed Assets has been capitalised as detailed below:

1. Plant and Machinery	NIL
2. Building	NIL
Total	<u>NIL</u>

**Notes - (Continued)**

	As at 31.03.2013	(₹ in Lacs) As at 31.03.2012
<b>Note No. 12</b>		
<b>NON-CURRENT INVESTMENTS</b>		
Long term, Unquoted, at cost	<u>907.36</u>	<u>907.36</u>
<i>Ref Sub Note 2</i>	<u>907.36</u>	<u>907.36</u>
<b>Note No. 13</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
<i>Ref Sub Note 3</i>	<u>1403.30</u>	<u>1132.98</u>
	<u>1403.30</u>	<u>1132.98</u>
<b>Note No. 14</b>		
<b>OTHER NON-CURRENT ASSETS</b>		
	<u>227.20</u>	<u>219.70</u>
	<u>227.20</u>	<u>219.70</u>
<b>Note No. 15</b>		
<b>CURRENT INVESTMENTS</b>	<u>46.83</u>	<u>21.58</u>
<i>Ref Sub Note 2</i>	<u>46.83</u>	<u>21.58</u>
<b>Note No. 16</b>		
<b>INVENTORIES</b>		
(As valued and certified by the Management)		
Raw Materials	<u>3434.33</u>	<u>3395.40</u>
Finished Goods	<u>9174.93</u>	<u>6055.16</u>
Stores	<u>774.67</u>	<u>711.66</u>
	<u>13383.93</u>	<u>10162.22</u>
<b>Note No. 17</b>		
<b>TRADE RECEIVABLES</b>		
(Unsecured & considered good)		
- Debts outstanding for more than six months	<u>1933.34</u>	<u>175.13</u>
Other Debtors	<u>27470.05</u>	<u>27325.62</u>
	<u>29403.39</u>	<u>27500.75</u>

**Notes - (Continued)**

	As at / For the Year ended 31.03.2013	(₹ in Lacs) As at/ For the Year ended 31.03.2012
<b>Note No. 18</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash in hand	13.68	14.80
Balances with scheduled banks		
- in Current Accounts	9.99	38.74
- in Deposit Accounts	2335.94	2006.79
	<u>2359.61</u>	<u>2060.33</u>
<b>Note No. 19</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured considered good; recoverable in cash or in kind or for value to be received)		
Deposits	1374.74	1350.75
Advance for supplies and expenses	809.33	3296.13
Staff advances & Prepaid Expenses	322.61	228.86
Advances to Subsidiaries	247.02	169.78
	<u>2753.70</u>	<u>5045.52</u>
<b>Note No. 20</b>		
<b>OTHER CURRENT ASSETS</b>	<u>9808.39</u>	<u>5338.88</u>
<b>Note No. 21</b>		
<b>REVENUE FROM OPERATIONS</b>		
Domestic Sales FG	110518.44	107443.81
Export Sales	3935.24	5141.73
Excise Duty	9963.47	8315.58
Processing Charges	217.98	116.84
Duty Drawback / Rate Difference	149.92	357.57
	<u>124785.05</u>	<u>121375.53</u>
Excise Duty Collected	9988.30	8362.39
	<u>114796.75</u>	<u>113013.14</u>

**Notes - (Continued)**

	For the year ended 31.03.2013	(₹ in Lacs) For the year ended 31.03.2012
<b>Note No. 22</b>		
<b>OTHER INCOME</b>		
Income from Windmills	234.96	134.37
Interest Receipts	239.79	205.02
Dividend Received	87.41	120.03
Profit on sale of Fixed Assets	109.48	104.57
Rent Received	14.91	13.89
Service Charges received	67.20	67.20
Sales Tax Incentive Received	17.85	64.62
Miscellaneous Income	—	—
	<u>771.60</u>	<u>709.70</u>
Less: Income from Wind Mill Set-off against Power & Fuel	234.96	134.37
	<u>536.64</u>	<u>575.33</u>
<b>Note No. 23</b>		
<b>CONSUMPTION OF MATERIALS</b>		
<b>Raw Materials</b>		
Opening Stock - 01/04/2012	3395.39	2718.94
Purchases	72168.32	71315.74
Materials Inward	1104.96	865.08
Customs Duty / Exchange Difference	161.32	140.67
Expenses for Import Licence	2.91	3.21
	<u>73437.51</u>	<u>72324.70</u>
Less: Discount / Licence	247.35	249.47
	<u>73190.16</u>	<u>72075.23</u>
Closing Stock - 31/03/2013	3434.33	3395.39
(A) Cost of Materials Consumed	<u>73151.22</u>	<u>71398.78</u>
<b>Stores</b>		
Opening Stock - 01/04/2012	711.66	612.69
Purchases	4238.76	4405.74
Materials Inward	256.32	—
Closing Stock - 31/03/2013	774.67	711.66
(B) Cost of Materials Consumed	<u>4432.07</u>	<u>4306.77</u>
Cost of Materials Consumed -(A+B)	<u>77583.29</u>	<u>75705.55</u>
<b>Purchase of Stock-in-trade</b>	<u>23729.61</u>	<u>18287.48</u>
<b>Increase / Decrease in Stock</b>		
Finished Goods as on 31/03/2013	9174.92	6055.16
Finished Goods as on 01/04/2012	6055.16	9362.80
Change	<u>(3119.76)</u>	<u>3307.64</u>
Add: Own Consumption	178.65	526.01
Net Change	<u>(3298.41)</u>	<u>2781.63</u>

**Notes - (Continued)**

	For the year ended 31.03.2013	(₹ in Lacs) For the year ended 31.03.2012
<b>Consumption of Materials</b>		
<b>Steel Scrap</b>		
Imported	16811.72	12801.52
Percentage	77.40	72.57
Indegenous	4910.13	4839.13
Percentage	22.60	27.43
<b>Ingot, Billet, Re-rollables</b>		
Indegenous	40357.67	43654.61
Percentage	100.00	100.00
<b>Stores</b>		
Imported	4.94	1.72
Percentage	0.11	0.04
Indegenous	4427.13	4305.05
Percentage	99.89	99.96
<b>PP/HDPE Granules</b>		
Imported	193.98	1021.23
Percentage	2.49	10.87
Indegenous	7610.88	8374.23
Percentage	97.51	89.13
<b>Note No. 24</b>		
<b>EMPLOYEE BENEFIT EXPENSE</b>		
Salaries and Wages	2605.97	2668.47
Welfare Expenses	137.51	48.06
	<u>2743.48</u>	<u>2716.53</u>
<b>Note No. 25</b>		
<b>FINANCIAL COSTS</b>		
Interest	3889.60	2791.39
Other Finance Charges	1472.82	2214.11
	<u>5362.42</u>	<u>5005.50</u>
<b>Note No. 26</b>		
<b>OTHER EXPENSES</b>		
Power	5571.50	4714.52
Repairs Machinery	158.93	115.76
Repairs Building	8.43	4.74
Other Manufacturing Expenses	40.03	38.98
Processing Charges	646.58	273.79
Insurance	23.91	27.67
Rent	81.40	97.98
Loss on Sale of Fixed Assets	8.61	9.16
Rates & Taxes	38.49	52.70
Legal & Consultancy Charges	127.42	108.52
Payment to Auditors	4.00	4.00
Transport Charges	341.55	322.44
Brokerage & Commission	138.69	191.21
Selling & Administration Expenses	604.48	693.86
Excise Duty Expenses	14.48	10.08
	<u>7808.50</u>	<u>6665.41</u>



**Notes - (Continued)**

	As at 31.03.2013	(₹ in Lacs) As at 31.03.2012
<b>Sub Note 1</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured Loans</b>		
<b>Term Loan form Banks:</b>		
Andhra Bank	6673.23	3414.44
Canara Bank	9291.03	6408.24
Syndicate Bank	4144.51	3330.84
State Bank of India	73.88	1535.52
State Bank of India (Wind Mill)	19.50	79.14
Indian Overseas Bank	7077.80	3460.80
Shamrao Vithal Co-op Bank Ltd	1900.21	1862.35
<b>From Financial Institutions:</b>		
Industrial Development Bank of India	1046.48	1750.64
	<u>30226.65</u>	<u>21841.97</u>
<b>Others:</b>		
Tata Capital	165.31	260.72
Electronica Finance Ltd	55.71	-
	<u>30447.67</u>	<u>22102.69</u>
Less: Current Component on Longterm Borrowings	1570.40	1616.17
	<u>28877.26</u>	<u>20486.52</u>

**SHORT-TERM BORROWINGS**
**Working Capital**

Canara Bank	7599.68	5734.55
Syndicate Bank	4733.04	4603.28
State Bank of India	3318.09	3073.30
Andhra Bank	1323.13	1703.99
IDBI Bank Ltd	1519.23	1500.00
Indian Overseas Bank	3190.36	-
	<u>21683.53</u>	<u>16615.12</u>

**Notes:**

1. Against hypothecation of book debts, inventories & second charge on Fixed Assets of the Company.
2. Secured by first charge on fixed assets on above loan.
3. First Charge on Wind Mill. In addition, the above loans are also guaranteed by the directors.
4. Secured by first charge on balance of fixed assets of the company. In addition, the above loans are also guaranteed by directors.

**Notes - (Continued)**

	<b>As at 31.03.2013</b>	(₹ in Lacs) As at 31.03.2012
<b>Sub Note 2</b>		
<b>NON-CURRENT INVESTMENTS</b>		
- 11,25,000 Equity Shares of Rs.10/-each in Cosmic Global Limited *	<b>112.50</b>	112.50
- 50,000 Equity Shares of Rs.10/- each in Tulsyam Power Limited **	<b>5.00</b>	5.00
- 49,400 Equity Shares of Rs.10/- each Balaji Engineering & Galvanizing Limited *	<b>4.94</b>	4.94
- 64,89,200 Equity Shares of Rs.10/- each Chittrakoot Steel & Power P Limited **	<b>648.92</b>	648.92
- 50000 Equity Shares of Rs.10/-each in Color Peppers Media P Ltd**	<b>5.00</b>	5.00
- In Bonds of Rs.100/- each in Krishana Bhagya Jaala Nigam Ltd. (17% Secured Redeemable NCB)	<b>1.00</b>	1.00
- 10,00,000 Equity Shares of Rs.10/- each Buildmet Fibers P Limited	<b>115.00</b>	115.00
- 1,50,000 Equity Shares of Rs.10/- in T. G. Logistics P Ltd**	<b>15.00</b>	15.00
	<b><u>907.36</u></b>	<u>907.36</u>
* Subsidiary Company		
** Wholly Owned Subsidiary Company		
<b>CURRENT INVESTMENTS</b>		
In Govt. Securities	<b>0.09</b>	0.09
- 10 Equity Shares of Rs.90/- each in Karnataka Woven Sacks Construction P Ltd.	<b>0.01</b>	0.01
- 864 Equity shares of Rs.10/- each in Syndicate (Market Value Rs. 95947/-)	<b>0.43</b>	0.43
- 25 Shares of Rs.100/- each in The Shamrao Vithal Co-op Bank Ltd	<b>0.05</b>	0.05
- 2,10,00,000 Equity Shares of Re.0.10 per share TVH Energy Resources Pvt Ltd.	<b>21.00</b>	21.00
- 2,52,451 Equity Shares in NSL Wind Power Company (Phoolwaqndi) Ltd.	<b>25.25</b>	-
	<b><u>46.83</u></b>	<u>21.58</u>
<b>Sub Note 3</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
Advance Income Tax Paid	<b>1234.98</b>	1048.24
Advance Income tax TDS	<b>146.13</b>	63.51
Advance Fringe Benefit tax	<b>20.83</b>	20.83
Advance TCS	<b>1.36</b>	0.40
	<b><u>1403.30</u></b>	<u>1132.98</u>

## **REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF TULSYAN NEC LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TULSYAN NEC LIMITED AND ITS SUBSIDIARIES**

We have examined the attached consolidated Balance Sheet of Tulsyan NEC Limited and its subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power P Limited, Tulsyan Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media P Limited and T.G. Logistics Pvt Ltd as at 31<sup>st</sup> March, 2013 and the Consolidated Statement of Profit & Loss for the year ending as on that date.

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 prepared, in all material respects, in accordance with an identical reporting framework and 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.

The financial statements of Tulsyan NEC Limited incorporate the accounts of Cosmic Global Limited, Chitrakoot Steel & Power Pvt Limited, Tulsyan Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media Pvt Limited & T.G. Logistic Pvt Ltd as at 31<sup>st</sup> March, 2013 which has been audited by their auditors and whose report has been considered by us.

We did not audit the financial statements of their subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power P Limited, Tulsyan Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media P Limited and T.G. Logistic Pvt Ltd as at 31<sup>st</sup> March, 2013 whose financial statements reflect total assets of Rs.4647.91 lakhs and gross revenue of Rs.157.74 lakhs for the year then ended. These financial statements have been audited by another auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of subsidiaries, are based solely on report of the other auditors.

We report that the consolidated financial statements have been prepared in accordance with the requirements of AS-21- Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Tulsyan NEC Limited and its subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power P Limited, Tulsyan Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media P Limited and T.G. Logistic Pvt Ltd as at 31<sup>st</sup> March, 2013 included in the consolidated financial statements.

On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Tulsyan NEC Limited and its aforesaid subsidiaries, the consolidated financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India.

- a. in the case of the consolidated Balance Sheet of the consolidated state of affairs of Tulsyan NEC Limited and its subsidiaries as at 31<sup>st</sup> March, 2013;
- b. in the case of the consolidated Statement of Profit & Loss of the consolidated results of operation of Tulsyan NEC Limited and its subsidiaries for the year ended on that date; and
- c. in the case of consolidated Cash Flow Statement, of the consolidated cash flow of Tulsyan NEC Limited and its subsidiaries for the year ended on that date.

**For C A PATEL & PATEL**  
Chartered Accountants  
Firm Registration No.: 005026 S

**BHAVESH N PATEL**  
Partner  
Membership No. 26669

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note No.	As at March 31, 2013	(₹ in Lacs) As at March 31, 2012
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1469.38	1087.00
Reserves & Surplus	3	11747.59	10566.44
		<u>13216.97</u>	<u>11653.44</u>
<b>Minority Interest</b>		82.44	84.58
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	30363.49	22008.81
Deferred Tax Liabilities		1418.14	1392.75
Other Long Term Liabilities	5	13570.91	6511.85
Long Term Provisions	6	668.41	668.41
		<u>46020.95</u>	<u>30581.82</u>
<b>Current Liabilities</b>			
Short Term Borrowings	7	24076.90	18911.82
Trade Payables	8	28316.42	24595.48
Other Current Liabilities	9	851.01	843.17
Short Term Provisions	10	1579.94	1833.60
		<u>54824.27</u>	<u>46184.07</u>
<b>TOTAL</b>		<u>114144.63</u>	<u>88503.91</u>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
(i) Tangible assets	11	11595.48	12004.92
(ii) Capital work-in-progress		39479.78	21932.75
Non-Current Investments	12	116.03	116.00
Deferred tax assets (net)		41.12	6.22
Long Term Loans and Advances	13	1752.69	1380.70
Other Non-Current Assets	14	228.31	221.05
		<u>53213.41</u>	<u>35661.65</u>
<b>Current assets</b>			
Current Investment	15	46.83	21.61
Inventories	16	14468.02	10732.26
Trade Receivables	17	30914.76	28620.25
Cash and Cash Equivalents	18	2376.32	2097.08
Short Term Loans and Advances	19	3299.02	6014.97
Other Current Assets	20	9826.27	5356.10
		<u>60931.22</u>	<u>52842.27</u>
<b>TOTAL</b>		<u>114144.63</u>	<u>88503.91</u>

As per our report of even date

For **M/s. C.A. PATEL & PATEL**  
Chartered Accountants  
FR No. 005026 S

On Behalf of the Board

**BHAVESH N PATEL**  
Partner Managing Director  
M. No. 26669

**SANJAY TULSYAN**  
Executive Chairman

**LALITKUMAR TULSYAN**

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**A.P. VENKATESWARAN**  
Whole-time Director - Finance

**C. RAMACHANDRAN**  
Director

**V. SUBRAMANI**  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

	Note No.	Year ended March 31, 2013	(₹ in Lacs) Year ended March 31, 2012
I. Revenue from operations	20	<b>120577.40</b>	121414.66
II. Other Income	21	<b>553.53</b>	601.58
<b>III. Total Revenue (I +II)</b>		<b><u>121130.93</u></b>	<u>122016.24</u>
IV. Expenses:			
Cost of materials consumed/Services Rendered	22	<b>81844.37</b>	82298.47
Purchase of Stock-in-Trade	22	<b>23728.13</b>	18287.48
Increase / Decrease in Stocks	22	<b>(3398.75)</b>	2594.18
Employee benefit expense	23	<b>3131.60</b>	3041.32
Financial costs	24	<b>5747.77</b>	5312.77
Other expenses	25	<b>8360.70</b>	7331.45
Depreciation and amortization expense	10	<b>1045.23</b>	1003.15
<b>Total Expenses</b>		<b><u>120459.06</u></b>	<u>119868.82</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	<b>671.87</b>	2147.42
VI. Exceptional Items		<b>11.31</b>	11.31
VII. Profit before extraordinary items and tax (V - VI)		<b>660.56</b>	2136.11
VIII. Extraordinary Items		<b>-</b>	-
<b>IX. Profit before tax (VII - VIII)</b>		<b><u>660.56</u></b>	<u>2136.11</u>
X. Tax expense:			
(1) Current tax		<b>167.67</b>	512.50
(2) Deferred tax		<b>28.01</b>	(47.59)
(3) MAT Credit Entitlement / Previous Year Tax		<b>1.44</b>	(34.07)
<b>XI. Profit(Loss) from the perid from continuing operations</b>	(IX-X)	<b><u>463.43</u></b>	<u>1705.27</u>
XII. Profit / (Loss) from discontinuing operations		<b>-</b>	-
XIII. Tax expense of discounting operations		<b>-</b>	-
XIV. Profit / (Loss) from Discontinuing operations (XII - XIII)		<b>-</b>	-
<b>XV. Profit / (Loss) for the period (XI + XIV)</b>		<b><u>463.43</u></b>	<u>1705.27</u>
XVI. Earning per equity share:			
(1) Basic		<b>3.15</b>	15.69
(2) Diluted		<b>3.15</b>	15.69

As per our report of even date

For **M/s. C.A. PATEL & PATEL**  
Chartered Accountants  
FR No. 005026 S

On Behalf of the Board

**BHAVESH N PATEL**  
Partner  
M. No. 26669**SANJAY TULSYAN**  
Managing Director**LALITKUMAR TULSYAN**  
Executive ChairmanPlace : Chennai  
Date : 14<sup>th</sup> August, 2013**A.P. VENKATESWARAN**  
Whole-time Director - Finance**C. RAMACHANDRAN**  
Director**V. SUBRAMANI**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(Pursuant to Clause 32 of Listing Agreement)

	2012-13	(₹ in Lacs) 2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax as per Statement of Profit & Loss	660.56	2136.11
Non-cash Adjustments		
Depreciation	1045.23	1003.15
Depreciation on old Assets sold	(20.58)	(245.27)
Dividend Income	(87.42)	(120.03)
Interest Expense	4254.10	3082.28
Interest Income	(245.16)	(211.90)
Right Issue/ Misc. Expenses incurred during the year	(0.12)	(18.44)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>5606.62</u>	<u>5625.90</u>
Adjustments for:		
Inventories	(3735.76)	2419.76
Trade Receivables	(2294.51)	(14474.62)
Short-Term Loans and Advances	(1754.22)	(4169.66)
Long-Term Loans and Advances	(379.25)	(683.16)
Long-Term Provisions	-	(15.79)
Other Long-Term Liabilities	7059.07	1243.79
Short-Term Borrowing	5165.07	3175.56
Trade Payables	3270.94	9953.88
Other Current Liabilities	7.83	640.05
Short-Term Provisions	(131.25)	206.74
<b>Net Cash from Operating Activities before Income-tax</b>	<u>13264.54</u>	<u>3922.45</u>
Income Tax Paid	(57.93)	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>13206.61</b>	<b>3922.45</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible Assets and Payment towards CWIP	(18213.53)	(18788.72)
Proceeds from Sale of Fixed Assets	47.90	492.55
Current / Non-current Investments	(25.25)	(35.28)
Interest Income	245.16	211.90
Dividend Income	87.42	120.03
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<u>(17858.30)</u>	<u>(17999.52)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment) / Proceeds from Long-term Borrowings	8354.69	13624.39
Interest Paid	(4254.10)	(3082.28)
Dividend Paid	(367.06)	(72.00)
Tax on Proposed Dividend	(41.30)	(8.96)
Share Capital / Premium Received	1238.70	3561.92
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<u>4930.93</u>	<u>14023.07</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (D) = (A+B+C)</b>	<b>279.24</b>	<b>(54.01)</b>
Cash and Cash Equivalents at the beginning of the year	2097.08	2151.09
<b>Cash and Cash Equivalents at the end of the year</b>	<u>2376.32</u>	<u>2097.08</u>

As per our report of even date

On Behalf of the Board

 For **M/s. C.A. PATEL & PATEL**
**SANJAY TULSYAN**
**LALITKUMAR TULSYAN**

Chartered Accountants

Managing Director

Executive Chairman

FR No. 005026 S

**BHAVESH N PATEL**
**A.P. VENKATESWARAN**
**C. RAMACHANDRAN**
**V. SUBRAMANI**

Partner

Whole-time Director - Finance

Director

Company Secretary

M. No. 26669

 Place : Chennai, Date : 14<sup>th</sup> August, 2013

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

*(All amounts in ₹ in lacs unless otherwise stated)*

**Note No. 1**
**NATURE OF OPERATION**

Tulsyam NEC Limited is engaged in the Manufacturing TMT bars and Synthetics Woven Fabrics and Sacks. It has manufacturing plant at Chennai (Ambattur & Gummidipoondi) and Bangalore (Dodabalapur) and its subsidiaries are:

Sl. No.	Name of the Company	Nature of Business	Shareholding
1	Cosmic Global Limited	IT Enabled Services	76.71%
2	Chitrakoot Steel & Power P Limited	Sponge Iron Manufacturing	100%
3	T. G. Logistics P Limited	Logistics	100%
4	Color Peppers Media P Limited	Media	100%
5	Tulsyam Power Limited	Power *	100%
6	Balaji Engineering & Galvanizing Limited	Galvanizing*	98.80%

\* Commercial Operation not yet commenced

**1. Significant Accounting Policies:**
**1.1 Basis of preparation of Financial Statements**

- The financial statements are prepared under the historical cost convention on accrual basis of accounting to comply in all material respects with mandatory accounting standard as notified by the Companies(Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act').
- Accounting policies have been consistently applied by the company and the accounting policies not referred to otherwise, are in conformity with Generally Accepted Accounting Principles (GAAP).

**1.2 Principles of Consolidation:**

- Consolidated Financial Statements relate to Tulsyam NEC Limited, Chennai and its Subsidiaries (The Company).
- The Consolidated Financial Statements have been prepared on the following basis:
  - The Financial Statements of the Company and its Subsidiaries have been prepared on a line by line consolidation by adding the book values of like items of assets, liabilities, income and expenses as per the respective audited financial statements of the respective companies.
  - The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's individual financial statement.
  - Minority Interest consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in equity subsequent to the dates of investments.

**1.3 Fixed Assets and Depreciation**

- Fixed Assets & Capital work in Progress:

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalized inclusive of all direct costs and attributable overhead.

Capital work-in-progress comprises of amount paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Assets held for disposal are stated at the lower of net book value and the estimated net realizable value.

- Financial costs incurred up to the date of commissioning of assets are capitalised.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

(All amounts in ₹ in lacs unless otherwise stated)

- c. Depreciation has been provided as follows:
- i) Under WDV method on assets acquired up to 31.12.1985 at the then prevailing rates.
  - ii) Under SLM method on assets acquired after 31.12.1985 and up to 15.12.1993 at the rates as originally prescribed in Schedule XIV to the Companies Act, 1956, and on assets acquired thereafter at the revised rates as per Notification GSR 756(E) dated 16.12.1993.
  - iii) Depreciation on revaluation is adjusted against Revaluation Reserve.
  - iv) Cost of Leasehold land is amortised over the lease period.
  - v) Plant and Machinery and Furniture and Fittings which cost are less than Rs.5000/- each are depreciable at the rate of 100% in the year of purchase.

**Depreciation**

Type of asset	Rate of Depreciation
Land	<b>NIL</b>
Factory buildings	<b>3.34</b>
Office premises	<b>3.34</b>
<b>Pant and machinery:</b>	
Double shift	<b>7.42</b>
Triple Shift	<b>10.34</b>
Computer	<b>16.21</b>
Lab equipments	<b>4.75</b>
Office and other equipments	<b>6.33</b>
Vehicles	<b>9.50</b>

**Amortisation**

Type of assets	Basis
Land Leasehold	Period of lease
ERP software	Straight line basis over a period of five years

**1.4 Contingent Liabilities**

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the Notes to the Financial Statements wherever practicable.

	As on 31.03.2013	As on 31.03.2012
Guarantees Outstanding	<b>159.48</b>	76.08
FLC with Bank	–	–
Entry Tax	<b>80.44</b>	80.44
Excise Duty	<b>9.96</b>	9.96

The Company has executed (during the year 2009-10 and 2011-12) Corporate Guarantee in favour of the Shamrao Vitthal Co-operative Bank Limited, Mumbai for the loan taken by M/s. Chitrakoot Steel and Power Pvt. Ltd., wholly owned subsidiary of the Company, for Rs.25.00 Crores



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

(All amounts in ₹ in lacs unless otherwise stated)

**1.5 Foreign Exchange Transactions:**

All foreign currency transactions are recorded at the average exchange rate prevailing during the transaction occurs. Outstanding balances of foreign currency monetary items are reported using the period end rates. Pursuant to the notification of the companies (Accounting Standard) amendment Rules 2009 issued by the Ministry of Corporate Affairs on 31<sup>st</sup> March 2009 amending Accounting Standard-11(AS-11), the effect of changes in Foreign Exchange Rates (Revised 2003), exchange difference relating to long term monetary items are dealt with in the following manner

Exchange difference relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable capital asset are added to/deducted from the cost of the assets and depreciated over the balance life of the asset.

In other cases, such difference are accumulated in the "Foreign Currency Translation Difference Account" and amortized to the profit and loss account over the balance life of the long term monetary item but not beyond 31<sup>st</sup> March, 2013.

All other exchange difference are recognized as income or expenses in the profit and loss account (discloses separately under the head Exceptional items in the Schedule-VI, Part-II of the Companies Act, 1956). Foreign exchange transactions are as follows:

Transactions	As on 31.03.2013	As on 31.03.2012
CIF Value of imports (Raw materials)	<b>4706.65</b>	13785.76
Earnings in foreign Exchange (FOB)	<b>4410.10</b>	5753.77
Exchange in Foreign currency for other matters	<b>239.92</b>	340.78
Interest paid on \$ Loan	<b>203.67</b>	254.83
Loan Paid	<b>4086.70</b>	4851.05
Tangible Assets in Capital Work-in-progress	<b>656.06</b>	656.06

During the year foreign exchange transaction towards Royalty, know-how, professional fees & consultant fees were NIL. Hence not disclosed in the notes on accounts.

**1.6 Other Significant Accounting Policies:**

These are set out in the Notes to the Financial Statements of the Company and its Subsidiaries.

**2. Segment Reporting**
**A. Primary Segment Reporting - by Business Segment on Type of Products**

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the type of products and differential risk and returns of the segments.

The Company and its subsidiaries have two products viz. Steel and Synthetic and three services viz. IT Enabled Services, Logistics and Media.

1.	Sales/ Other income	Steel	Synthetic	ITES	Logistics	Media	Total
(I) Sales- External	101800.76	15625.20	854.89	2294.29	2.23	120577.37	
(ii) Sales- Inter-segment	-	-	-	-	-	-	
(iii) Other Income-External	243.32	302.21	12.05	0.00	0.00	557.58	
(iv) Other Income-Inter-segment	-	-	-	-	-	-	
<b>Total</b>	<b>102044.08</b>	<b>15927.41</b>	<b>866.94</b>	<b>2294.29</b>	<b>2.23</b>	<b>121134.95</b>	

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**
*(All amounts in ₹ in lacs unless otherwise stated)*

<b>Sales/ Other income</b>	<b>Steel</b>	<b>Synthetic</b>	<b>ITES</b>	<b>Logistics</b>	<b>Media</b>	<b>Total</b>
<b>2. Segment Results</b>						
Profit/(Loss) before interest & Tax	3892.35	855.40	153.80	48.53	(35.62)	4914.46
Less: Interest (unallocable charge)						4253.90
Profit /(Loss) after interest						660.56
Less: Other unallocable expense						-
Profit/(Loss) before Tax						660.56
<b>B Other Information*</b>						
Segment assets	99778.72	13773.38	922.48	313.60	114.16	114902.34
Adj: Eliminations	40899.56	(41099.95)	125.79	239.38	(164.78)	-
	<u>140678.28</u>	<u>(27326.57)</u>	<u>1048.27</u>	<u>552.98</u>	<u>(50.62)</u>	<u>114902.34</u>
Segment Liabilities	28927.45	84624.83	922.30	313.60	114.16	114902.34
Capital Employed	39940.00	4195.42	387.71	198.31	(52.13)	44669.31
Capital Expenditure (Fixed Assets)	226.84	235.45	42.39	161.78	0.00	666.46
Depreciation	697.04	306.46	11.82	28.94	0.97	1045.23

\* Figures related to Tulsyan Power Limited and Balaji Engineering & Galvanizing Limited have not been included, since commercial operation not yet commenced.

**3. Related parties Disclosure**

Disclosure as required by Accounting Standards 18 "Related Party Disclosures" are given below:

**a) List of Related Parties**

- |   |   |
|---|---|
| 1. Cosmic Global Limited                | Subsidiary                                  |
| 2. Chitrakoot Steel & Power P Ltd       | Subsidiary                                  |
| 3. Tulsyan Power Limited                | Subsidiary                                  |
| 4. Balaji Engineering & Galvanizing Ltd | Subsidiary                                  |
| 5. Color Peppers Media P Ltd.           | Subsidiary                                  |
| 6. T G Logistics P Ltd                  | Subsidiary                                  |
| 7. Tulsyan Smelters P Ltd               | Associate                                   |
| 8. Shri Lalit Kumar Tulsyan             | Executive Chairman / Key Management Person  |
| 9. Shri Sanjay Tulsyan                  | Managing Director / Key Management Person   |
| 10. Shri A P Venkateswaran              | Director-Finance / Key Management Person    |
| 11. Shri Sanjay Agarwalla               | Whole-time Director / Key Management Person |

**b) Transaction with related parties**

- |                                       |   |
|---------------------------------------|---|
| Purchase of Goods - Subsidiary        | 600.52 (Chitrakoot Steel & Power P Ltd)   |
| Sale of Goods - Subsidiary            | 0.87 (Chitrakoot Steel & Power P Ltd)     |
| Purchase of Fixed Assets - Associates | NIL                                       |
| Sale of Fixed Assets - Associates     | NIL                                       |
| Rendering Services - Associates       | NIL                                       |
| Receiving Services - Subsidiary       | 730.93 (TG Logistics Private Limited)     |
| Receiving Services - Associates       | 114.25 (Tulsyan Smelters Private Limited) |

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**
*(All amounts in ₹ in lacs unless otherwise stated)*

Agency Arrangements	NIL
Leasing or Hire Purchase Arrangement - Associates	NIL
Transfer of Research & Development	NIL
Licence Agreements	NIL
Interest Paid	NIL

**Outstanding balances as on 31.03.2013**

Amount Receivable (Associates and Subsidiaries)	372.95
Amount Payable (Associates and Key Management Persons)	137.57
Equity Contribution in Subsidiary in Cash	791.36
Guarantees and collaterals	NIL
Payment towards Management (Employment) contracts Key Management Personnel	181.94

- The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made.
- Previous year figures are regrouped and reclassified whenever necessary to conform to the current year classification as per Revised Schedule VI of the Companies Act, 1956.

As per our report of even date

For **M/s. C.A. PATEL & PATEL**  
Chartered Accountants  
FR No. 005026 S

On Behalf of the Board

**BHAVESH N PATEL**  
Partner  
M. No. 26669

**SANJAY TULSHYAN**  
Managing Director

**LALITKUMAR TULSHYAN**  
Executive Chairman

Place : Chennai  
Date : 14<sup>th</sup> August, 2013

**A.P. VENKATESWARAN**  
Whole-time Director - Finance

**C. RAMACHANDRAN**  
Director

**V. SUBRAMANI**  
Company Secretary

## CONSOLIDATED NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

	As at 31.03.2013	(₹ in Lacs) As at 31.03.2012
<b>Note No. 2</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
2,20,00,000 Equity Shares of Rs.10/- each	<u>2200.00</u>	<u>2200.00</u>
<b>Issued, Subscribed &amp; Paid-up:</b>		
1,44,56,752 (50,00,000) Equity Shares of Rs.10/- each	<u>1469.38</u>	<u>1087.00</u>
2,47,027 (95,66,565) Equity Shares of Rs.6/- each paid up	<u>1469.38</u>	<u>1087.00</u>
2,96,221 (4,33,435) Equity Shares of Rs.3/- each paid up		
<b>Note No. 3</b>		
<b>RESERVES AND SURPLUS</b>		
	<u>As on 01.04.2012</u>	<u>As on 31.03.2013</u>
Share Premium	2477.99	3960.25
State Subsidy	10.00	10.00
Revaluation Reserve	10.13	6.77
Investment Allowance Reserve	59.39	59.39
General Reserve	2365.00	2390.00
Profit & Loss Account	4862.15	5172.66
Share Application Money	50.00	50.00
Capital Reserve	165.51	158.31
	<u>10000.16</u>	<u>11807.38</u>
Less: Right Issue Expenses	60.66	60.78
	<u>9939.50</u>	<u>11746.60</u>
Add: Share Call Money received pending for Conversion	626.94	0.99
Total	<u>10566.44</u>	<u>11747.59</u>
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Note No. 4</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured Loans</b>		
<b>From Banks</b>		
- Term loans <i>Ref Sub Note 1</i>	<u>30247.45</u>	21886.52
- Vehicle loans	<u>116.04</u>	<u>122.29</u>
	<u>30363.49</u>	<u>22008.81</u>

**Consolidated Notes - (Continued)**

	As at 31.03.2013	(₹ in Lacs) As at 31.03.2012
<b>Note No. 5</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
<b>UnSecured Loans</b>		
From Body Corporate	8048.41	3461.19
From Directors	41.70	11.75
From Others	1043.11	641.72
Interest Accured & Due	374.90	146.50
	<u>9508.12</u>	<u>4261.16</u>
<b>IFST</b>	-	34.10
Others	4062.79	2216.59
	<u>13570.91</u>	<u>6511.85</u>
<b>Note No. 6</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for Taxation	650.00	650.00
Fringe Benefit Tax Payable	18.41	18.41
	<u>668.41</u>	<u>668.41</u>
<b>Note No. 7</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured Working Capital Loans from Banks:</b>		
Banks <i>Ref. Sub. Note 1</i>	22435.06	17187.19
Current Component of Long-Term Borrowings	1641.84	1724.63
	<u>24076.90</u>	<u>18911.82</u>
<b>Note No. 8</b>		
<b>TRADE PAYABLES</b>		
Sundry Creditors:		
- For Supplies and Services	23051.51	24261.10
- For Expenses and Others	50.48	60.10
- For Project / Capital Equipment	5214.43	274.28
	<u>23816.42</u>	<u>24595.48</u>
<b>Note No. 9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Other Current Liabilities	851.01	843.17
	<u>851.01</u>	<u>843.17</u>
<b>Note No. 10</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Expenses	1460.63	1491.91
Provision for Dividend	102.66	309.70
Corporate Dividend Tax	16.65	31.99
	<u>1579.94</u>	<u>1833.60</u>

**Consolidated Notes - (Continued)**
**Note No. 11**
**FIXED ASSETS**

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 1st April 2012	Additions upto 31st March 2013	Sold upto 31st March 2013	As on 1st April 2012	For the year upto 31st March 2013	Adjusted on up to 31st March 2013	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
Land	1465.22	-	2.51	-	-	-	-	1462.71	1465.22
Land Leasehold	95.47	-	-	4.39	0.88	-	5.27	90.20	91.08
Factory Buildings	3362.62	55.61	5.00	699.01	112.50	3.48	808.03	2605.20	2663.61
Office Premises	20.69	-	-	6.03	0.73	-	6.76	13.93	14.66
Plant & Machinery	13008.42	301.57	-	5851.49	805.02	-	6656.51	6653.48	7156.93
Works Equipments	98.68	24.43	-	63.42	6.80	-	70.22	52.89	35.26
Lab Equipment	12.05	-	-	4.53	0.66	-	5.19	6.86	7.52
Office & Other Equip.	623.70	73.09	-	368.83	54.34	-	423.17	273.62	254.87
Vehicles	482.91	211.78	40.39	167.13	67.66	17.10	217.69	436.61	315.78
<b>Total</b>	<b>19169.76</b>	<b>666.48</b>	<b>47.90</b>	<b>7164.83</b>	<b>1048.59</b>	<b>20.58</b>	<b>8192.84</b>	<b>11595.50</b>	<b>12004.93</b>
Previous Year	18713.63	948.68	492.55	6403.61	1006.50	245.28	7164.83	12004.93	12310.02

Note : Interest on borrowed capital of Rs. NIL for the purchase of Fixed Assets has been capitalised as detailed below:

Plant and Machinery	NIL
Building	<u>NIL</u>
<b>Total</b>	<u><u>NIL</u></u>

**Consolidated Notes - (Continued)**

	As at 31.03.2013	(₹ in Lacs) As at 31.03.2012
<b>Note No. 12</b>		
<b>NON-CURRENT INVESTMENTS</b>		
Long term, Unquoted, at cost	116.03	116.00
<i>Ref Sub Note 2</i>	<u>116.03</u>	<u>116.00</u>
<b>Note No. 13</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
<i>Ref Sub Note 3</i>	1752.69	1380.70
	<u>1752.69</u>	<u>1380.70</u>
<b>Note No. 14</b>		
<b>OTHER NON-CURRENT ASSETS</b>		
	228.31	221.05
	<u>228.31</u>	<u>221.05</u>
<b>Note No. 15</b>		
<b>CURRENT INVESTMENTS</b>		
	46.83	21.61
	<u>46.83</u>	<u>21.61</u>
<b>Note No. 16</b>		
<b>INVENTORIES</b>		
(As valued and certified by the Management)		
Rawmaterials	4491.12	3982.78
Finished Goods	9202.23	6037.82
Stores	774.67	711.66
	<u>14468.02</u>	<u>10732.26</u>
<b>Note No. 17</b>		
<b>TRADE RECEIVABLES</b>		
(Unsecured)		
- Debts outstanding for more than six months	2226.05	503.31
Other Debtors	28688.71	28116.94
	<u>30914.76</u>	<u>28620.25</u>

**Consolidated Notes - (Continued)**

	As at / For the Year ended 31.03.2013	(₹ in Lacs) As at / For the Year ended 31.03.2012
<b>Note No. 18</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash in hand	24.74	42.16
Balances with scheduled banks:		
- in Current Accounts	-	4.78
- in Deposit Accounts	2351.58	2050.14
	<u>2376.32</u>	<u>2097.08</u>
<b>Note No. 19</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured considered good; recoverable in cash or in kind or for value to be received)		
Deposits	1408.23	1387.62
Advance for supplies and expenses	1137.33	3876.00
Staff advances & Prepaid Expenses	380.63	239.18
Advances to Subsidiaries	372.83	512.17
	<u>3299.02</u>	<u>6014.97</u>
<b>Note No. 20</b>		
<b>OTHER CURRENT ASSETS</b>	9826.27	5356.10
<b>Minority Interest</b>		
Minority Interest	82.44	84.58
<b>Note No. 21</b>		
<b>REVENUE FROM OPERATIONS</b>		
Domestic Sales FG	112753.81	112384.32
Export Sales	3935.24	5141.73
Excise Duty	10218.98	8815.68
Processing Charges	611.84	116.84
Duty Drawback	149.92	357.57
Service Charges / Sponsorship Received	3151.43	3461.02
	<u>130821.16</u>	<u>130277.16</u>
Excise Duty Collected	10243.76	8862.48
	<u>120577.40</u>	<u>157032.46</u>



**Consolidated Notes - (Continued)**

(₹ in Lacs)

	For the year ended 31.03.2013	For the year ended 31.03.2012
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**Note No. 22**
**OTHER INCOME**

Income from Windmills	234.96	134.37
Interest Receipts	245.16	211.90
Dividend Received	87.41	120.03
Profit on sale of FA	109.48	104.57
Rent Received	14.91	13.89
Service Charges received	67.20	67.20
Sales Tax Incentive Received	17.85	64.62
Miscellaneous Income	11.52	19.37
	<b>788.49</b>	<b>735.95</b>
Less: Income from Wind Mill	234.96	134.37
	<b>553.53</b>	<b>601.58</b>

**Note No. 23**
**CONSUMPTION OF MATERIALS**
**Raw Materials**

Opening Stock - 01/04/2012	3677.65	3102.33
Purchases	74370.37	75076.35
Materials Inward	1104.96	865.08
Customs Duty	161.32	140.67
Expenses for Import Licence	2.91	3.21
	<b>75639.56</b>	<b>76085.32</b>
Less: Discount/Licence	251.40	249.47
	<b>75388.16</b>	<b>75835.85</b>
Closing Stock - 31/03/2013	4109.72	3677.65
<b>Cost of Materials Consumed (A)</b>	<b>74956.09</b>	<b>75260.53</b>

**Stores**

Opening Stock - 01/04/2012	711.66	612.69
Purchases	4238.76	4405.74
Materials Inward	256.32	255.43
Closing Stock - 31/03/2013	774.67	711.66
<b>Cost of Materials Consumed (B)</b>	<b>4432.07</b>	<b>4306.77</b>
<b>Cost of Services Rendered (C)</b>	<b>2456.20</b>	<b>2731.17</b>
<b>Cost of Materials Consumed - (A+B+C)</b>	<b>81588.05</b>	<b>82298.47</b>
Purchase of Stock-in-trade	23728.13	18287.48
<b>Increase/Decrease in Stock</b>		
Finished Goods as on 31/03/2013	9470.22	6250.12
Finished Goods as on 01/04/2012	6250.13	9370.31
Change	<b>(3220.09)</b>	<b>3120.19</b>
Add: Own Consumption	178.65	526.01
Net Change	<b>(3398.75)</b>	<b>2594.18</b>

**Consolidated Notes - (Continued)**

(₹ in Lacs)

	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>Steel Scrap</b>		
Imported	16811.72	12801.52
Percentage	77.40	72.57
Indegenous	4910.13	4839.13
Percentage	22.60	27.43
<b>Ingot, Billet, Re-rollables</b>		
Indegenous	40357.67	43654.61
Percentage	100.00	100
<b>Stores</b>		
Imported	4.94	1.72
Percentage	0.11	0.04
Indegenous	4427.13	4305.05
Percentage	99.89	99.96
<b>PP/HDPE Granules</b>		
Imported	193.98	1021.23
Percentage	2.49	10.87
Indegenous	7610.88	8374.23
Percentage	97.51	89.13
<b>Iron Ore</b>		
Indegenous	679.40	1434.58
Percentage	100	100
<b>Coal</b>		
Indegenous	765.10	1897.92
Percentage	100	100
<b>Dolomite</b>		
Indegenous	1.60	7.51
Percentage	100	100

**Note No. 24**
**EMPLOYEE BENEFIT EXPENSE**

Salaries and Wages	2986.38	2989.06
Welfare Expenses	145.22	52.26
	<u>3131.60</u>	<u>3041.32</u>

**Note No. 25**
**FINANCIAL COSTS**

Interest	4254.10	3082.28
Other Finance Charges	1493.67	2230.49
	<u>5747.77</u>	<u>5312.77</u>

**Consolidated Notes - (Continued)**

	For the year ended 31.03.2013	(₹ in Lacs) For the year ended 31.03.2012
<b>Note No. 26</b>		
<b>OTHER EXPENSES</b>		
Power	5585.35	4731.01
Repairs Machinery	165.98	120.12
Repairs Building	8.43	4.74
Other Mfg Expenses	435.78	412.46
Processing Charges	646.58	273.79
Insurance	25.45	30.15
Rent	104.62	112.61
Loss on Sale of Fixed Assets	8.61	9.16
Rates & Taxes	50.63	62.87
Legal & Consultancy Charges	134.43	113.98
Payment to Auditors	7.50	7.50
Transport Charges	349.44	322.44
Brokerage & Commission	144.35	196.78
Selling & Administration Expenses	677.84	918.74
Excise Duty Expenses	15.72	15.10
	<u>8360.70</u>	<u>7331.45</u>
	As at	As at
<b>Sub Note 1</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>LONG TERM BORROWINGS</b>		
<b>Secured Loans</b>		
<b>Term Loan form Banks</b>		
Andhra Bank	6673.24	3414.44
Canara Bank	9291.03	6408.24
Syndicate Bank	4144.51	3330.84
State Bank of India	73.88	1535.52
State Bank of India (Wind Mill)	19.50	79.14
Indian Overseas Bank	7077.80	3460.80
Shamrao Vithal Co-op Bank Ltd	3150.20	3262.35
<b>From Financial Institutions</b>		
Industrial Development Bank of India	1046.48	1750.64
	<u>31476.64</u>	<u>23241.97</u>
Tata Capital	165.31	260.72
Electronica Finance Ltd	55.71	-
Sundaram Finance Ltd	120.19	-
	<u>31817.85</u>	<u>23502.68</u>
Less: Current Component on Longterm Borrowings	1570.40	1616.16
	<u>30247.45</u>	<u>21886.52</u>

**Consolidated Notes - (Continued)**

	As at 31.03.2013	(₹ in Lacs) As at 31.03.2012
<b>SHORT-TERM BORROWINGS</b>		
<b>Working Capital</b>		
Canara Bank	7599.68	5734.55
Syndicate Bank	4733.04	4603.28
State Bank of India	3318.09	3073.30
Andhra Bank	1323.13	1703.98
IDBI Bank Ltd	1519.23	1500.00
Indian Overseas Bank	3190.36	-
Shamrao Vithal Co-op Bank Ltd	751.53	572.08
	<u>22435.06</u>	<u>17187.19</u>

Notes:

1. Against hypothecation of book debts, inventories & second charge on Fixed Assets of the Company.
2. Secured by first charge on fixed assets on above loan.
3. First Charge on Wind Mill. In addition, the above loans are also guaranteed by the directors.
4. Secured by first charge on balance of fixed assets of the company. In addition, the above loans are also guaranteed by directors.

**Sub Note 2**
**NON-CURRENT INVESTMENTS**

- In Bonds of Rs.100/- each in Krishana Bhagya Jaala Nigam Ltd. (17% Secured Redeemable NCB)	1.00	1.00
- 10,00,000 Equity Shares of Rs. 10/- each Buildmet Fibers P Limited	115.00	115.00
	<u>116.00</u>	<u>116.00</u>

\* Subsidiary Company

\*\* Wholly Owned Subsidiary Company

**CURRENT INVESTMENTS**

In Govt. Securities	0.09	0.09
- 10 Equity Shares of Rs.90/- each in Karnataka Woven Sacks Construction P Ltd.	0.01	0.01
- 864 Equity shares of Rs.10 each in Syndicate (Market Value Rs. 105365/-)	0.43	0.43
- 75 Shares of Rs. 100/- each in The Shamrao Vithal Co-op Bank Ltd	0.08	0.08
- 2,10,00,000 Equity Shares of Re.0.10 per share TVH Energy Resources Pvt Ltd.	21.00	21.00
- 2,52,451 Equity Shares in NSL Wind Power Company (Phoolwandi) Ltd	25.25	-
	<u>46.86</u>	<u>21.61</u>

**Sub Note 3**
**LONG TERM LOANS AND ADVANCES**

Advance Income Tax Paid	1234.98	1250.38
Advance Income tax TDS	146.13	63.51
Advance Fringe Benefit tax	20.83	20.83
Advance TCS	1.37	0.40
	-	45.76
	<u>1403.31</u>	<u>1380.88</u>



**TULSYAN**

**TULSYAN NEC LIMITED**

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

**ANNUAL GENERAL MEETING - 23<sup>RD</sup> SEPTEMBER, 2013 AT 11.00 A.M.**

DP ID	
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Client ID/ Folio No.	
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No. of Shares	
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NAME & ADDRESS OF THE REGISTERED SHAREHOLDERS
---

I certify that I am registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Narada Gana Sabha, Mini Hall, 254, T.T.K. Road, Chennai - 600 018 on Monday the 23<sup>rd</sup> September, 2013 at 11.00 a.m.

\_\_\_\_\_  
Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

**TULSYAN NEC LIMITED**

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

I/We ..... of  
..... in the district of ..... being a member / members of  
TULSYAN NEC LIMITED appoint ..... of  
..... in the district of ..... or / failing him  
..... of ..... in the district of ..... as  
my / our proxy to vote for me/us on my / our behalf at the ANNUAL GENERAL MEETING of the Company  
to be held on Monday the 23<sup>rd</sup> September, 2013 and at any adjournment thereof.

Signed this..... day of .....2013

DP ID	
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Client ID/ Folio No.	
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No. of Shares	
------------------	--

Signature ..... 

Affix a Re. 1 Revenue Stamp
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 .....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.