

# Tulsyan NEC Limited

Proceedings of the 74<sup>th</sup> Annual General Meeting  
Thursday, September 30, 2021 at 11.30 a.m.

<b>Welcome Address</b>	Company Secretary	: <p>Good Morning to all the Members, Directors and the Auditors.</p> <p>This is Parvati Soni, Company Secretary of Tulsyan NEC Limited and joining this AGM through VC from Hyderabad.</p> <p>I welcome you all to this 74<sup>th</sup> Annual General Meeting of the Company.</p> <p>Hope, you and your family members are safe and healthy.</p> <p>In view of the prevailing COVID-19 pandemic and to maintain the social distancing norms for health and safety of the people, the Ministry of Corporate Affairs (MCA), Government of India, vide its circular dated 13<sup>th</sup> January, 2021 read with General Circular No. 20/2020, dated 05<sup>th</sup> May, 2020 has permitted holding of the AGM of a Company through Video Conference (VC) or Other Audio Visual Means (OAVM), during the calendar year 2021, without the physical presence of the Members at a common venue.</p> <p>Accordingly, the 74<sup>th</sup> AGM of the Company has been convened and is being conducted today through VC, in compliance with the provisions of the Companies Act, 2013 and the aforesaid MCA Circulars.</p> <p>Before we start the proceedings of this AGM, I would like to give you an overview of the process to participate at this meeting through VC. The facility to participate at this meeting through VC / OAVM is being made available for members on first come first serve basis.</p> <p>During the AGM, if any Shareholders faces technical issue, he or she may contact the helpline number mentioned in the AGM notice.</p> <p>The Members who have joined this meeting are by default, put on mute mode to avoid any disturbance arising from background and ensure smooth and stimulus conduct of the meeting.</p> <p>The Statutory Registers as required under the Companies Act, 2013 and the relevant documents referred to in the AGM Notice are made available for inspection of the Members throughout the Meeting in electronic mode.</p> <p>Now, I would like to introduce the Board of Directors and the other participants of this meeting:</p>
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		<ol style="list-style-type: none"> <li>1) Mr. Lalit Kumar Tulsyan, Executive Chairman</li> <li>2) Mr. Sanjay Tulsyan, Managing Director</li> <li>3) Mr. Sanjay Agarwalla, Whole Time Director</li> <li>4) Mr. Manogyanathan Parathsarathy, Independent Director and the Chairman of (i) Audit Committee (ii) Nomination &amp; Remuneration Committee and Stakeholders Relationship committee</li> <li>5) Mr. Somasundaram Ponsing Mohan Ram, Independent Director</li> <li>6) Mrs. Antonisamy Axilium Jayamary, Independent Director</li> <li>7) Mr. Shantha Kumar RP, Chief Financial Officer</li> <li>8) Mrs. Uma Ramaswamy, General Manger</li> <li>9) Mr. S. Sankar, AGM-Accounts</li> <li>10) Mr. Srivathsan, Partner, M/s. CNGSN &amp; Associates, LLP., Chartered Accountants, Chennai - Statutory Auditors of the Company</li> <li>11) Mr. M. Damodaran, Managing Partner, M/s. Damodaran &amp; Associates LLP, Practising Company Secretaries, Chennai - Secretarial Auditors and Scrutiniser of the Company</li> <li>12) Mr. M. R. Krishna Murthy, Designated Partner, M/s. Murthy &amp; Co LLP - Cost Auditors of the Company</li> <li>13) Mr. P. Muralidharan, Joint Manager, CAMEO Corporate Services Limited - Registrar and Share Transfer Agent of the Company.</li> </ol> <p>Now I would request all the aforementioned participants to do their respective roll calls by stating their name and location of joining and confirming that no unauthorised person is attending the meeting from their location.</p> <p>With the consent of all the members present, I would request Mr. Lalit Kumar Tulsyan to chair and conduct the proceedings of the meeting.</p>
	<p style="text-align: center;">Chairman :</p>	<p>Good morning to all the stakeholders. I, on behalf of the Board of Directors, welcome you all to the 74<sup>th</sup> Annual General Meeting of the Company.</p> <p>I hope, you and your family members are safe and in good health, as we are passing through the COVID-19 pandemic.</p> <p>Notice of the 74<sup>th</sup> AGM along with the copies of the audited accounts for the year ended March 31, 2021 together with the directors' report and auditors' report were sent via email to all the shareholders, who have registered their email ids with the Company or with the Registrar and Share Transfer Agents (RTA) i.e. Cameo Corporate Services Limited, within the statutory time period.</p> <p>I hope that all the Members and other participants of the</p>

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		<p>Company have received the 74<sup>th</sup> AGM notice and the Annual Report for the year ended 31<sup>st</sup> March, 2021 well in advance and I take it that they have gone through all the agenda items mentioned in Notice of the 74<sup>th</sup> AGM.</p> <p>Since, all the Resolutions as set out in the Notice of the 74<sup>th</sup> AGM have already been put to vote through remote e-voting, the resolutions need not be proposed or seconded by the Shareholders at the meeting in terms of the Secretarial Standards – 2 issued by the ICSI.</p> <p>Requisite Quorum being present, I declare the meeting is properly constituted and call the meeting to order.</p> <p>Now, I would request the Company Secretary to read out all the agenda items mentioned in the Notice of 74<sup>th</sup> AGM of the Company.</p>
	Company Secretary	<p>Thank You Chairman Sir.</p> <p>With permission of the Chairman, Other Board of Directors and the Members present at the meeting, I take as read the agenda items of the Notice of 74<sup>th</sup> AGM as follows-</p> <p><b>ORDINARY BUSINESS:</b></p> <p><b>Agenda Item No. 1:</b></p> <p>To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors thereon - Ordinary Resolution</p> <p>As per the provisions of Section 145 of the Companies Act, 2013, the qualifications, if any, in the Auditors' Report has to be read at the AGM.</p> <p>Accordingly, I would take as read the following matter as described in the Para "Basis for Qualified Opinion section of the Report on the Audit of the Standalone Financial Statements" (Refer page 61 of the Annual Report):</p> <p><b>1. Going Concern</b></p> <p>We draw attention to the fact that the Company is continuously incurring losses and its net worth is totally eroded on 31.03.2021. During the Financial year 2015-16 the Company's loans and liabilities were restructured under the Corporate Debt Restructuring Scheme providing certain reliefs and concessions. As per the scheme the company's repayment obligations were restructured. The Banks also provided certain reliefs/waivers/sacrifices by reducing the rate of interest. Interest was provided in the books at the lowered rates of interest. However upon the non-adherence to the scheme by the company, the concessions so</p>

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		<p>provided under the scheme were withdrawn by some of the banks with retrospective effect and charged the interest at original rates. Consequent to the withdrawal of concessions, few banks have debited the account of the company for the differential amount of interest and other concessions given as per CDR scheme. The period of withdrawal relates from May 1st 2014 to the date of debit.</p> <p>The Company had sought waiver of the said debits in the various restructuring proposals submitted to the bank. The charges as debited have been recognized as Finance charges in the period of debit. During the year the company had submitted a Compromise Settlement proposal as detailed below.</p> <p><b>Management's Response to the Statutory Auditors' qualifications / comments:</b></p> <p>The company has shown improved performance in sale of steel during the year as compared to the previous year and with the steel sector showing sign of recovery and buoyancy the Turnover and profitability would increase further during the Current FY. With respect to the power division the sales during the last few months have shown improvement with increase in the demand. Together the performance from current FY is expected to be better than what was witnessed in the last few years.</p> <p>Despite the losses incurred and unfavourable business circumstances, the company is able to achieve reasonable levels of Capacity utilization and is in a position to meet all its operational expenses from out of operations and is up to-date with all obligations. Further, the company has entered into compromise settlement with one of the Bank and is in discussion with other banks which substantially reduce the debt. The company is capable fo meeting obligations in respect of reduced debt on account of the compromise settlement. Therefore all the uncertainties have been substantially addressed with definite plan and proposal and therefore the Board firmly believes that the company would be able to continue as a going concern.</p> <p><b>2. Compromise Settlement</b></p> <p>We draw attention to Note No 44 and 52 regarding the Compromise Settlement. The Company has submitted a Bilateral Compromise proposal for the consideration of the Consortium of lenders. Subsequent to the Balance Sheet date, the Compromise Settlement proposal has been accepted by one of the banks with certain conditions and the application with the other banks/ financial institutions are under negotiation and a decision is yet to be taken by the lenders. The Company is in the process of complying with the conditions of the Compromise Settlement proposal approved and is following up with the other lenders for approving the respective Compromise Settlement proposals submitted. We were informed that the Company's</p>
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		<p>management is confident of complying with the conditions of the Compromise proposal approved and also getting approval for the other pending compromise proposals. Based on the above, the management believes that it will result in significant reduction in the outstanding dues to the lenders, including interest.</p> <p>Considering the above, the Company has</p> <ul style="list-style-type: none"><li>(a) reversed the interest charged by the banks during the year under audit</li><li>(b) did not provide for interest where the banks have not charged interest.</li></ul> <p>In the opinion of the management, in view of the Compromise Settlement already approved by a Bank/under negotiation with the other bankers, there will be no further interest liability on the Company and the above accounting treatment considered will not significantly impact of the financial statements in the current and future periods.</p> <p>In the absence of any specific confirmation of balances received from the banks/ financial institutions on the final dues of principal and interest, we are unable to comment on the appropriateness of the aforesaid reversal of interest charged during the year and the non-provision of interest in other cases. The impact of the above accounting treatment on the financial statements is not presently determinable. The Company's ability to continue as a Going Concern is dependent on the successful completion of Compromise Settlement obligations.</p> <p><b>Management's Response to the Statutory Auditors' qualifications / comments:</b></p> <p>The company has entered into a compromise settlement which is holding 54.53% of security and has offered settlement on similar terms to other banks. The offers of the company are under consideration of these banks. The offer envisages waiver of entire interest outstanding and also a waiver of a portion of the principle amount as well. Thus, Interest debited during the year by the Banks (while the compromise settlement was under consideration), has been accounted as debited by the Banks and has been reversed under the head exceptional items due to expected waiver. In cases where the banks have not debited the interest, no provision has been made on accrual basis on account of the expected waiver. The company is confident of obtaining sanction of the compromise settlement from the Banks and thus, non-provisioning of the interest during the Financial does not alter the financial position of the company or its profit and loss.</p> <p>Now, I would move on to the next agenda item.</p> <p><b>Agenda Item No. 2:</b></p>
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		<p>To appoint a director in place of Mr. Sanjay Tulsyan (DIN: 00632802), Managing Director, who retires by rotation and being eligible offers himself for re-appointment – Ordinary Resolution</p> <p><b>Agenda Item No. 3:</b></p> <p>To re-appoint M/s. CNGSN &amp; Associates LLP, Chartered Accountants, Chennai, as the Statutory Auditors of the Company and to fix their remuneration – Ordinary Resolution</p> <p><b>SPECIAL BUSINESS:</b></p> <p><b>Agenda Item No. 4:</b></p> <p>To ratify the remuneration payable to M/s. Murthy &amp; Co. LLP, Cost Auditors of the Company, for the financial year 2021-2022 - Ordinary Resolution</p> <p><b>Agenda Item No. 5:</b></p> <p>To approve the Related Party Transactions with Chitrakoot Steel and Power Private Limited – Ordinary Resolution</p> <p><b>Agenda Item No. 6:</b></p> <p>To approve the Related Party Transactions with Tulsyan Smelters Private Limited - Ordinary Resolution</p> <p>Now, I would request the Chairman Sir to inform the shareholders on queries, if any, they are having.</p>
	Chairman	<p>: Today, there are 6 resolutions proposed to be passed as set out in the Notice of 74<sup>th</sup> AGM.</p> <p>Since this AGM is being conducted through VC, we had requested the members to send their queries, if any, well in advance. We shall answer all those queries received in advance if such queries can be answered orally and if it is not possible to answer the queries orally then, as promised in the communication sent earlier, we shall send the reply by email to all those members. We shall also answer the queries that were not sent in advance, if feasible or we would request the members, having any queries, to send us an email and expect an earliest reply for the same.</p>
	Chairman	<p>: Now, I would request the Company Secretary to inform the members about the e-voting procedure at the AGM.</p>
	Company Secretary	<p>: Thank You Chairman Sir. Dear members, in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules,</p>

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		<p>2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had provided remote e-voting facility to all the members as on the cut-off date of September 23, 2021, to cast the votes on all resolutions as set forth in the AGM notice from Monday, September 27, 2021 to Wednesday, September 29, 2021 (both days inclusive). Further, members, who had not participated in remote e-voting process could still cast their vote on all resolutions as set forth in the AGM notice through e-voting facility provided by the CDSL during the AGM.</p> <p>Please note that the e-voting window will get closed 15 minutes after the close of the Meeting.</p>
	Company Secretary	<p>Mr. M. Damodaran, Practicing Company Secretary has been appointed as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner and to submit the scrutinizer's report.</p> <p>The combined results of remote e-voting and e-voting at the AGM will be announced within 2 working days of conclusion of the AGM and shall be intimated to the Stock Exchange within 2 working days of conclusion of the AGM and the same shall be made available on the Company's website, on the BSE website and on the website of the CDSL.</p> <p>Now, I would request the Chairman Sir to conclude the meeting with a thanking note.</p>
<b>Conclusion</b>	Chairman :	<p>At last, thank you to everyone who attended our AGM. I express my gratitude to all the members, customers, bankers and employees for their continued support and confidence in our abilities. It gives me great pleasure to thank the Board members on the dais for their contribution, trust and support. I also thank the RTA &amp; CDSL and all the supporting staffs for making this meeting successfully complete. I declare the meeting concluded. I thank you once again all for the co-operation extended in smooth conducting of the meeting.</p>