



TULSYAN NEC LIMITED

CIN : L28920TN1947PLC007437

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

CS Giridhar
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
Web site: www.tulsyanec.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,
Chartered Accountants, Chennai.

Registrar & Share Transfer Agent

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

Steel Division

D-4, SIPCOT Industrial Complex,
Gummudipoondi-601 201,
Tamil Nadu.

Power Plant:

17, Sithurnatham Village,
Gummudipoondi-601 201,
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.

Contents

Notice to the Shareholders	2
Directors' Report	15
Management Discussion and Analysis	22
Report on Corporate Governance	24
Auditors' Report - Standalone	35
Financials - Standalone	40
Auditors' Report - Consolidated	59
Financials - Consolidated	60

NOTICE

Notice is hereby given that the 67th annual general meeting of the members of **Tulsyan NEC Limited** will be held on **Tuesday, the 30th day of September, 2014 at 11.00 am** at “**Narada Gana Sabha, Mini Hall**”, **No.254, TTK Road, Chennai – 600018** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2014 including Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Lalit Kumar Tulsyan (holding DIN 00632823), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution;

“RESOLVED THAT pursuant to Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendation of the Audit Committee, Messrs C.A. Patel & Patel, Chartered Accountants, Chennai, having Firm Registration No.005026S allotted by the Institute of Chartered Accountants of India, be and are hereby appointed as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting for three consecutive years, subject to ratification at every annual general meeting, at a remuneration to be determined by the Board of Directors in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

SPECIAL BUSINESS:

4. To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution;

“RESOLVED THAT the remuneration of Rs.70,000, in addition to reimbursement of travel and out-of-pocket expenses, payable to Mr. M.R. Krishna Murthy, Practising Cost Accountant holding Membership No 7568, allotted by the Institute of Cost Accountants of India, who was appointed as cost auditor of the Company for the year 2014-15 as

recommended by the audit committee and approved by the Board of Directors of the Company, in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, be and is hereby ratified.”

5. To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution;

“RESOLVED THAT pursuant to provisions of section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 Mr. Chakkolath Ramachandran (DIN 00050893), be and is hereby appointed as Non-Executive Independent Director of the Company for a term of five consecutive years with effect from 1st April, 2014, and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Companies Act, 2013 as determined by the Board from time to time.”

6. To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 Mr. Selvaganapathy Ramakrishnan (DIN 01632133), be and is hereby appointed as Non-Executive Independent Director of the Company for a term of five consecutive years with effect 1st April, 2014, and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Companies Act, 2013 as determined by the Board from time to time.”

7. To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution;

“RESOLVED THAT pursuant to provisions of section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory



modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 Mr. Pondavakkam Tharmam Rangamani (DIN 01387032), be and is hereby appointed as Non-Executive Independent Director of the Company for a term of five consecutive years with effect 1st April, 2014, and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Companies Act, 2013 as determined by the Board from time to time."

8. To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 Mr. Kirubanandan Venkatachalam (DIN 01068178), be and is hereby appointed as Non-Executive Independent Director of the Company, to hold office for a term of five consecutive years with effect 1st April, 2014, and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Companies Act, 2013 as determined by the Board from time to time."

9. To consider and if though fit, to pass with or without modification, the following resolution as a special resolution.

"RESOLVED THAT the consent of the Company be and is accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013 to the Board of Directors of the Company, for borrowing from time to time all such sums of money as they may deem requisite for purpose of the business of the company notwithstanding the moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) from Bank, Financial Institutions and other body corporate will exceed the aggregate of the paid up capital and free reserves, provided that the aggregate of the amounts so borrowed and to be borrowed and outstanding at any time (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.2000 crores."

10. To consider and if though fit, to pass with or without modification, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (the "Companies Act") read with the applicable provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other provisions of applicable law/rules and subject to the approval/consent of such appropriate authorities, as may be required, under any statute for time being in force, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee constituted by the Board of Directors of the Company or any person(s) authorized by the Board to exercise the powers conferred on the Board of Directors of the Company by this Resolution) for transactions / contracts / arrangements to be entered into or entered with TG Logistics Private Limited for availing Transportation services in connection with transportation of the Company's goods to the customers of the Company for a period of 3 years with effect from 1st July, 2014 till 30th June, 2017 for a value not exceeding Rs.25 crores in aggregate.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the transactions or contracts with the Company's subsidiary TG Logistics Private Limited, as it may, in its absolute discretion, deem appropriate for the purpose of giving effect to this Resolution."

11. To consider and if though fit, to pass with or without modification, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (the "Companies Act") read with the applicable provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other provisions of applicable law/rules and subject to the approval/consent of such appropriate authorities, as may be required, under any statute for time being in force, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee constituted by the Board of Directors of the Company or any person(s) authorized by the Board to exercise the powers conferred on the Board of Directors of the Company



by this Resolution) for transactions / contracts / arrangements to be entered into with Tulsyan Smelters Private Limited for selling the products of the Company for a period of 3 years with effect from 2nd February, 2015 till 1st February, 2018 for a value not exceeding Rs.1200 crores in aggregate.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the transactions or contracts with Tulsyan Smelters Private Limited, as it may, in its absolute discretion, deem appropriate for the purpose of giving effect to this Resolution."

12. To consider and if though fit, to pass with or without modification, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (the "Companies Act") read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and pursuant to provisions of SEBI circular Ref.No.CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014, and all other provisions of applicable law/rules, the existing related party contract / arrangement between the Company and Chitrakoot Steel and Power Private Limited, for purchase of raw materials, sale of materials and availing of job work relating to manufacturing activity, ranging for a period of 3 years starting from 14th June, 2013 till 13th June, 2016, for a value not exceeding Rs.250 crores in aggregate, for which the approval dated 27th June, 2014 granted by the Regional Director, Ministry of Corporate Affairs, in accordance with the proviso to sub-section (1) of Section 297 of the erstwhile Companies Act, 1956, be and is hereby approved, confirmed and ratified.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the transactions or contracts with Chitrakoot Steel and Power Private Limited, as it may, in its absolute discretion, deem appropriate for the purpose of giving effect to this Resolution."

13. To consider and if though fit, to pass with or without modification, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (the "Companies Act") read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and pursuant to provisions of SEBI circular Ref.No.CIR/CFD/

POLICY CELL/2/2014 dated 17th April 2014, and all other provisions of applicable law/rules, the existing related party contract / arrangement between the Company and Buildmet Fibres Private Limited, for availing job work services, purchase and sale of raw materials and finished goods and supply of office space and management consultancy services, ranging for a period of 3 years starting from 17th February, 2014 till 16th February, 2017, for a value not exceeding Rs.222 crores in aggregate, for which the approval dated 25th March, 2014 granted by the Regional Director, Ministry of Corporate Affairs, in accordance with the proviso to sub-section (1) of Section 297 of the erstwhile Companies Act, 1956, be and is hereby approved, confirmed and ratified.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the transactions or contracts with Buildmet Fibres Private Limited, as it may, in its absolute discretion, deem appropriate for the purpose of giving effect to this Resolution."

14. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, the existing clauses in the Articles of Association (AOA) of the Company be and is hereby modified, revised and replaced with certain new clauses and that the altered and modified AOA, be and are hereby approved and adopted as the Articles of Association of the Company with effect from the date hereof, and they be the regulations of the Company in place, in substitution and to the entire exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps and actions for the purposes of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution, including filing any necessary forms with the Registrar of Companies."

By order of the Board

Lalit Kumar Tulsyan
Executive Chairman

DIN: 00632823

Place: Chennai
Date: 14th August, 2014

NOTES:

1. The Explanatory Statement as per the provisions of section 102 of the Companies Act, 2013 in respect of the special businesses, as set out in the Notice is annexed hereto.
2. **A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**
3. **The register of members and the share transfer register will remain closed for a period of 11 days from 20th September, 2014 to 30th September, 2014 for the purpose of annual general meeting of the Company.**
4. As part of "Green Initiative" in Corporate Governance, Ministry of Corporate Affairs (MCA) vide circular No.18/2011 dated 29.04.2011, has permitted paperless compliances by recognising communication through electronic mode to shareholders under the Companies Act, 1956. Accordingly, it has been decided to send all future communication from the Company including Notices, Annual Reports, Attendance slip, proxy form etc., to the shareholders in electronic form to their registered email address.

Investors are requested to update their e-mail IDs with Depository Participants (DP) for shares held in demat form or with the Registrar and Share Transfer Agent Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 (RTA) (or) the Company in case the shares are held in physical form. The members may also note that the Notice of Annual General Meeting and the Annual Report

will also be available on the Company's website www.tulsyannec.in for download.

5. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
6. Members holding shares in physical form are requested to notify change of address immediately to the Company or its Registrar and Share Transfer Agent of the Company namely Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002. Members holding shares in electronic form are requested to advise change of addresses to their Depository Participants.
7. As a measure of economy, copies of the Annual Report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
8. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover the Slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representatives to attend and vote at the Annual General Meeting.
9. Members may also note that the Notice of the Annual General Meeting and the Annual Report will also be available on the www.tulsyannec.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to investor@tulsyannec.in.
10. The shares of the company have been activated for dematerialisation with National Securities Depository



Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) vide ISIN INE463D01016. Members wishing to dematerialise their shares may approach any Depository Participant (DP).

11. Kindly mention your Folio Number / PAN NO / Client ID / DP ID Number (in case of shares held in electronic form) in all your correspondence to Registrar and Share Transfer Agents and in the case of electronic form to the Depository Participant in order to reply to your queries promptly.

12. In terms of Section 205A read with Section 205C of the Companies Act, 1956, Dividend including Dividend for the year 2006-2007 and subsequent years, which remain unclaimed for a period of seven years, will be transferred on due dates to Investor Education and Protection Fund (IEPF) established by Central Government. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company or its Registrar and Share Transfer Agent Cameo Corporate Services Limited, Chennai.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company will provide / host the required details of unclaimed amounts referred to under Section 205C (2) of the Companies Act, 1956 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar and Share Transfer Agent.

14. Members seeking any information or clarification with regard to the accounts are requested to write to the Company atleast ten days in advance of the meeting so as to enable the Company to keep the information ready.

15. Voting through electronic means:

- a) The Company is pleased to provide members a facility to exercise their right to vote on the

resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.

- b) Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose, viz., 22nd August, 2014.
- c) Mr M. Damodaran, Partner, M. Damodaran & Associates, Practicing Company Secretaries, Chennai has been appointed as scrutinizer for conducting the e-Voting process in a fair and transparent manner.
- d) Members are requested to read the instructions given below.

(A) The instructions for e-Voting are as under:

In case of members' receiving e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:

- i. Open e-mail and then open PDF file viz., "Tulshyan NEC Limited – 67th AGM e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the following URL in the address bar: www.eVoting.nsdl.com
- iii. Click on shareholder – Login
- iv. Enter User ID and password as initial password noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly

recommended not to share the password with any other person and take utmost care to keep the password confidential.

- vi. Home page of e-Voting opens. Go to "eVoting" icon and select "Active Evoting Cycles".
- vii. Select "EVSN" of Tulsyannec Limited.
- viii. Now members are ready for e-Voting as Cast Vote page opens.
- ix. Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
- xii. Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to secretarial@mdassociates.co.in with a copy marked to evoting@nsdl.co.in and investor@tulsyannec.in.

(B) In case of members receiving physical copy of the Notice of AGM:

- i. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (e-Voting Event Number)	USER ID	PASSWORD / PIN

- ii. Please follow all steps from S. No. (ii) to S. No. (xii) of item No. 15(d)(A) above to cast vote.
- e) In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for Members and e-Voting user manual for

Members available at the downloads section of www.evoting.nsdl.com or contact NSDL at the following Telephone No: 022- 24994600.

- f) If members are already registered with NSDL for e-Voting, then they can use their existing user ID and password for casting the vote.
- g) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- h) The e-Voting period commences on 22nd September, 2014 (9:00 am) and ends on 24th September, 2014 (6:00 pm). During this period, members holding shares either in physical form or in dematerialized form, as on 22nd August 2014, may cast their votes electronically. The e-Voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.
- i) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast "in favour" or "against", if any, forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report will be placed on the Company's website www.tulsyannec.in and on the website of NSDL within two days of passing of the resolutions at the AGM and communicated to the Stock Exchanges.

- j) All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during 10.00 am to 12.00 noon on all working days up to and including the date of the AGM.

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given below:



Name of the Director	Mr. Lalit Kumar Tulsiyan	Mr. C. Ramachandran	Mr. S. Ramakrishnan	Mr. P. T. Rangamani	Mr. V. Kirubanandan
Date of Birth	18/02/1960	15/05/1938	15/07/1954	26/08/1934	30/04/1948
Age	54 years	76 years	60 years	80 years	66 years
Expertise in specific functional areas	Corporate Management	Administration	Business Affairs	Corporate Laws	Management
Qualification	B.Com.	I.A.S	B.Com	B.Com., B.Law, F.C.S., B.L	B.E., M.Tech., M.B.A.
List of companies in which directorship is held as on 31 st March, 2014	<p>Tulsiyan NEC Limited</p> <p>Tulsiyan Smelters Private Limited</p> <p>Cosmic Global Limited</p> <p>Tulsiyan Power Limited</p> <p>Balaji Engineering & Galvanizing Limited</p> <p>Chithrakoot Steel & Power Private Limited</p> <p>Buildmet Fibers Pvt Ltd</p> <p>The Plastic Export Promotion Council</p>	<p>Tulsiyan NEC Limited</p> <p>Tamilnadu Petroproducts Limited</p> <p>Elnet Technologies Limited</p> <p>IG3 Infra Limited</p> <p>Elnet Software City Limited</p> <p>Grand Luxe Hotels Limited</p> <p>Appu Hotels Limited</p> <p>The Great Indian Linen & Textile Infrastructure Company Private Limited.</p>	<p>Tulsiyan NEC Limited</p> <p>Buildmet Fibres Private Limited</p> <p>Transpac Asia Private Limited</p> <p>Shakthi Kiran Foods Private Limited</p> <p>Food Creations Private Limited</p> <p>Indian Flexible Intermediate Bulk Container Association</p>	Tulsiyan NEC Limited	Tulsiyan NEC Limited



Name of the Director	Mr. Lalit Kumar Tulsiyan	Mr. C. Ramachandran	Mr. S. Ramakrishnan	Mr. P. T. Rangamani	Mr. V. Kirubanandan
Chairman/Member of the Committees of the Board of other companies in which he is a Director as on 31 st March, 2014	NIL	Member of Audit Committee Tamilnadu Petroproducts Limited Elnet Technologies Limited IG3 Infra Limited Grand Luxe Hotels Limited Appu Hotels Limited Member of Shareholders' Grievance Committee		NIL	NIL
(Chairmanship / membership of committees include only audit and share allotment / transfer-cum-investor grievances committee as covered under Clause 49 of the Listing Agreement, as per the disclosures made by the Directors.)		Tamilnadu Petroproducts Limited Elnet Technologies Limited			
Shareholding as on 31 st March, 2014 Held individually Held jointly with others	41,51,305 equity shares in Tulsiyan NEC Limited	NIL	36,609	NIL	5,000

There is no relationship among any of the Directors in the Company with each other except that Mr. Lalit Kumar Tulsiyan (Chairman) and Mr. Sanjay Tulsiyan (Managing Director) are brothers.

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE 67TH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

The Board, at its meeting held on 30th June, 2014, appointed Mr. M.R. Krishna Murthy, practising cost accountant, holding membership no.7568, allotted by The Institute of Cost Accountants of India, as cost auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act 2013) and fixed a sum of Rs.70,000 as remuneration payable to him, for the financial year 2014-15. The remuneration, as recommended by the audit committee and approved by the Board, is therefore required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules 2014, read with Section 148(3) of the Act 2013. None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.4.

Accordingly, the Board recommends the ordinary resolution, as set out in item no.5, for ratification by the shareholders of the Company.

ITEM NO(s). 5 to 8

The shareholders may be aware that Ministry of Corporate Affairs (MCA) notified majority sections of the Companies Act, 2013 (the Act 2013) along with corresponding Rules. Out of these notified sections, 98 sections of the Act 2013 were made operative effective 12th September 2013, while 184 sections came into effect from 1st April 2014, replacing the corresponding provisions of the Companies Act, 1956.

The new Act 2013, inter alia, prescribed certain specific procedures for selection, appointment and remuneration of Independent Directors (IDs), besides their term can be for a period upto five consecutive years and are not liable to retire by rotation during this period.

Accordingly, the Directors Mr. Chakkolath Ramachandaran (DIN 00050893), Mr. Selvaganapathy Ramakrishnan (DIN 01632133), Mr. Pondavakkam Tharmam Rangamani (DIN : 01387032) and Mr. Kirubanandan Venkatachalam (DIN 01068178) appointed earlier in terms of the erstwhile applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, are proposed to be appointed as Non-Executive Independent Directors for a term of five consecutive years with effect from 1st April, 2014, in compliance with the new provisions of the Act 2013.

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of these Directors, who are proposed to be appointed as Directors in this meeting for a term of five years in terms of the applicable provisions of the Act 2013, nature of their expertise in specific functional areas, their other Directorships and Committee Memberships, their shareholding and relationship with other Directors in the Company are appended to the Notice annexed hereto.

All the aforesaid Directors satisfy the criteria and other attributes for appointment as IDs as per the requirements of the Act 2013 and, being eligible, offer themselves for appointment, for a term of five consecutive years with effect from 1st April, 2014.

Both the Nomination and Remuneration Committee of Directors and the Board were of the opinion, after evaluation of their performance and other attributes, that their continued association would be of immense benefit to the Company and it is desirable to avail their services as IDs for the said term of five consecutive years. All these Directors fulfill the terms and conditions specified under the Act 2013 and rules made thereunder for their appointment as IDs by the shareholders and are independent of the management. The IDs are entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the Board and / or Committees as per applicable provisions of the Companies Act, 2013, as determined by the Board from time to time, within the overall limits specified under the Act 2013.

Accordingly, the Board recommends the resolutions, as set out in item nos.5 to 8, in relation to the terms of appointment of Mr.Chakkolath Ramachandaran (DIN 00050893), Mr.Selvaganapathy Ramakrishnan (DIN 01632133), Mr.Pondavakkam Tharmam Rangamani (DIN 01387032) and Mr.Kirubanandan Venkatachalam (DIN 01068178) as IDs for approval by the shareholders of the Company, by way of ordinary resolutions.

Except Mr.Chakkolath Ramachandaran (DIN 00050893), Mr.Selvaganapathy Ramakrishnan (DIN 01632133), Mr.Pondavakkam Tharmam Rangamani (DIN 01387032) and Mr.Kirubanandan Venkatachalam (DIN 01068178), none of the other Directors or key managerial personnel of the Company or their relatives is concerned or interested,

financially or otherwise, in their respective resolutions for appointment as set out in item nos.5 to 8.

Notices have been received from members of the Company under Section 160 of the Act 2013, along with requisite deposit amount signifying the intention to propose the candidatures of the aforesaid IDs and to move the resolutions set out in item nos.5 to 8 of this Notice.

The Board, therefore, recommends the resolutions, as set out item nos.5 to 8 in the Notice to be approved by the shareholders, by way of ordinary resolutions.

Copies of their letters of appointment, setting out the terms of appointment as IDs will be available for inspection without any fee by the members at the Registered Office / Corporate Office of the Company, during normal business hours on any working day.

ITEM NO. 9

Meaning, Scope & Implication of the items of the business:

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of a Company cannot, except with the consent of the shareholders through a special resolution passed at a general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves. The Board accordingly recommends the Special resolution as set out in item no.9 of this notice for your approval.

Interest of Director, Key Managerial personnel and their relatives:

None of the Directors, Key Managerial Personnel and / or their relatives are interested in the aforesaid resolution.

Relevance of Resolution in any other Company:

The above resolution does not affect the interest of any other Company in any manner.

Inspection of Documents:

No documents are required for inspection by shareholders for the purpose of this resolution.

ITEM NO. 10

Meaning, Scope & Implication of the items of the business:

The Company has entered into a contract or arrangement with its subsidiary, TG Logistics Private Limited for the purpose of availing transportation services. The said transaction / contract with TG Logistics Private Limited is required to be ratified by the shareholders by way of special resolution in terms of Section 188 of the Companies Act, 2013, and in terms of Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. Accordingly, the Board seeks the approval of the shareholders to the resolution set out in item no.10 of the Notice, by way of special resolution.

The details of the contract are as follows :

- a) Nature of relationship: Holding and subsidiary; *subsidiary of Tulsyani NEC Limited.*
- b) The nature, duration of the contract and particulars of the contract or arrangement;

<u>Nature of Transaction</u>	: Transportation Services
<u>Duration</u>	: 3 years with effect from 1 st July, 2014 to 30 th June, 2017
<u>Particulars of contract</u>	: Transportation of goods manufactured by the Company to its customers.
- c) Monetary Value: Estimated value of the proposed transaction with TG Logistics Private Limited: Rs.25 crores for a period of 3 years from 1st July, 2014.

Interest of Director(s), Key Managerial personnel and their relatives:

None of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.10 except to the extent of shareholding of Mr.Sanjay Tulsyani held in TG Logistics Private Limited.

Relevance of Resolution in any other Company:

The above resolution does not affect the interest of any other Company in any manner.

Inspection of Documents:

The contract between the Companies is available for inspection at the registered office during business hours.

ITEM NO. 11

Meaning, Scope & Implication of the items of the business:

The Company has entered into a contract or arrangement with its related entity Tulsyan Smelters Private Limited for selling the products of the company. The Company has obtained the approval from the Ministry of Corporate Affairs vide Ref. MCA/Portal/ 297Mar/2012 dated 14th March, 2012 for the aforesaid arrangement for the period starting from 2nd February, 2012 to 1st February, 2015.

Further, the Company proposes to enter into the transactions / arrangements with Tulsyan Smelters Private Limited for a further period of 3 years from 2nd February, 2015 to 1st February, 2018. This contract / arrangement with Tulsyan Smelters Private Limited requires approval of shareholders by way of special resolution in terms of Section 188 of the Companies Act, 2013, and in terms of Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. Accordingly, the Board seeks the approval of the shareholders to the resolution set out in item no.11 of the Notice, by way of special resolution.

The details of the contract are as follows :

a) Nature of relationship: Tulsyan Smelters Private Limited is a related party of Tulsyan NEC Limited with two Directors holding Directorship in both the Companies.

b) The nature, duration of the contract and particulars of the contract or arrangement:

Nature of Transaction : Consignment Transfer / sales of products of the Company and Commission will be paid as mutually agreed upon.

Duration : 3 years with effect from 2nd February, 2015 to 1st February, 2018

Particulars of contract : Sale of goods manufactured by the Company to its customers.

c) Monetary Value: Estimated value of the proposed transaction with Tulsyan Smelters Private Limited: Rs.1200 crores for a period of 3 years from 2nd February, 2015 to 1st February, 2018.

Interest of Director(s), Key Managerial personnel and their relatives:

None of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.11 except Mr.Sanjay Tulsyan and Mr.Lalit Kumar Tulsyan holding Directorships in both the Companies.

Relevance of Resolution in any other Company:

The above resolution does not affect the interest of any other Company in any manner.

Inspection of Documents:

The copy of the existing approval obtained from the Ministry of Corporate Affairs is available for inspection at the registered office during business hours.

ITEM NO. 12

Meaning, Scope & Implication of the items of the business:

The Company had entered into a contract or arrangement with its subsidiary, Chitrakoot Steel and Power Private Limited for purchase of raw materials, sale of materials and availing of job work relating to manufacturing activity. In accordance with the proviso to sub-section (1) of Section 297 of the erstwhile Companies Act 1956, the Regional Director, Ministry of Corporate Affairs, granted the approval dated 27th June, 2013 for the said contract or arrangement by the Company with its subsidiary Chitrakoot Steel and Power Private Limited. The existing approval has a validity period from 14th June, 2013 till 13th June, 2016.

As per the provisions of SEBI circular Ref.No.CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014, the existing related party contract or arrangement is required to be approved and ratified by the shareholders. Hence, in order to ensure compliance of revised Clause 49 of the Listing Agreement (applicable from October 1, 2014 as per the aforesaid SEBI circular) read with section 188 of the Companies Act, 2013, and Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014, the aforesaid existing approval obtained from the Regional Director, Ministry of Corporate Affairs is required to be approved and ratified by the shareholders by way of a special resolution. Accordingly, the Board seeks the approval of the shareholders to the resolution set out in Item No.12 of the Notice.

The details of the contract are as follows :

- a) Nature of relationship: Chitrakoot Steel and Power Private Limited is a subsidiary Company of Tulsyani NEC Limited.
- b) The nature, duration of the contract and particulars of the contract or arrangement;

Nature of Transactions : i) purchase of Iron ore, coal, sponge, lime and other related materials. ii) sale of coal and iron ore for manufacture of Billet/ingot and iii) availing of job work for manufacturing Billet/ingot.

Duration : 3 years with effect from 14th June, 2013 till 13th June, 2016

Particulars of contract : Contract for i) purchase of Iron ore, coal, sponge, lime and other related materials. ii) sale of coal and iron ore for manufacture of Billet/ingot and iii) availing of job work for manufacturing Billet/ingot.
- c) Monetary Value: Estimated value of the transactions / contracts / arrangements entered into / to be entered into with Chitrakoot Steel and Power Private Limited:- Rs.250 crores for a period of 3 years with effect from 14th June, 2013 till 13th June, 2016

Interest of Director(s), Key Managerial personnel and their relatives:

None of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.12 except Mr.Sanjay Tulsyani, Mr.Lalit Kumar Tulsyani and Mr.Sanjay Agarwalla, holding Directorships in both the Companies.

Relevance of Resolution in any other Company:

The above resolution does not affect the interest of any other Company in any manner.

Inspection of Documents:

The copy of the existing approval obtained from the Ministry of Corporate Affairs is available for inspection at the registered office during business hours.

ITEM NO. 13

Meaning, Scope & Implication of the items of the business:

The Company had entered into a contract or arrangement with its related entity Buildmet Fibres Private Limited for availing job work services, purchase and sale of raw materials and finished goods and supply of office space and management consultancy services. In accordance with the proviso to sub-section (1) of Section 297 of the erstwhile Companies Act 1956, the Regional Director, Ministry of Corporate Affairs, granted the approval dated 25th March, 2014 for the said contract or arrangement by the Company with Buildmet Fibres Private Limited. The existing approval has a validity period from 17th February, 2014 till 16th February, 2017.

As per the provisions of SEBI circular Ref.No.CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014, the existing related party contract or arrangement is required to be approved and ratified by the shareholders. Hence, in order to ensure compliance of revised Clause 49 of the Listing Agreement (applicable from October 1, 2014 as per the aforesaid SEBI circular) read with section 188 of the Companies Act, 2013, and Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014, the aforesaid existing approval obtained from the Regional Director, Ministry of Corporate Affairs is required to be approved and ratified by the shareholders by way of a special resolution. Accordingly, the Board seeks the approval of the shareholders to the resolution set out in item no.13 of the Notice.

The details of the contract are as follows :

- a) Nature of relationship: Buildmet Fibres Private Limited is a related party of Tulsyan NEC Limited with three Directors holding Directorships in both the Companies.
- b) The nature, duration of the contract and particulars of the contract or arrangement;

Nature of Transactions : (i) availing job work services, (ii) purchase and sale of raw materials and finished goods and (iii) supply of office space and management consultancy services.

Duration : 3 years with effect from 17th February, 2014 till 16th February, 2017

Particulars of contract : contract for (i) availing job work services, (ii) purchase and sale of raw materials and finished goods and (iii) supply of office space and management consultancy services.
- c) Monetary Value: Estimated value of the transactions / contracts / arrangements entered into / to be entered into with Buildmet Fibres Private Limited: Rs.222 crores for a period of 3 years starting from 17th February, 2014 till 16th February, 2017.

Interest of Director(s), Key Managerial personnel and their relatives:

None of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.13 except Mr.Sanjay Tulsyan, Mr.Lalit Kumar Tulsyan and Mr.S.Ramakrishnan, holding Directorships in both the Companies.

Relevance of Resolution in any other Company:

The above resolution does not affect the interest of any other Company in any manner.

Inspection of Documents:

The copy of the existing approval obtained from the Ministry of Corporate Affairs is available for inspection at the registered office during business hours.

ITEM NO. 14

Meaning, Scope & Implication of the items of the business:

In order to comply with the provisions of the Companies Act, 2013, the Company is required to amend and modify certain clauses in its existing Articles of Association (AOA). Accordingly, it felt prudent that the same be appropriately amended by inserting certain new articles in place of existing articles in order to bring and align the AOA with that of the provisions of the Companies Act, 2013.

As per the provisions of Section 14 of the Companies Act, 2013, the alteration of Articles of Association requires the approval of shareholders by way of a special resolution. Accordingly, this matter is placed before the shareholders for approval.

The Board of Directors therefore, submits the resolution for your consideration and recommends it to be passed as a special resolution.

Interest of Director, Key Managerial personnel and their relatives:

None of the Directors, Key Managerial Personnel and their relatives are interested or concerned in the said Resolution.

Relevance of Resolution in any other Company:

The above resolution does not affect the interest of any other Company in any manner.

Inspection of Documents:

A printed copy of the altered Articles of Association of the Company shall be available for inspection by any shareholder at the venue of Annual General Meeting.

By order of the Board

Lalit Kumar Tulsyan
Executive Chairman
DIN: 00632823

Place: Chennai
Date: 14th August, 2014

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the sixty-seventh annual report and the audited accounts for the year ended 31st March, 2014.

Financial Highlights

	Rupees in Lakhs	
Particulars	2013-2014	2012-2013
Profit before Depreciation and tax	(1247.81)	1404.51
Less: Depreciation	2168.37	901.69
Profit for the year before Exceptional Items	(3416.18)	502.82
Less: Exceptional Items	493.18	–
Profit for the year	(3909.36)	502.82
Less: Provision for Current Tax	–	97.65
Deferred Tax	2180.59	25.40
Add: Surplus brought forward	5417.87	5129.76
Amount available for Appropriations	(672.08)	5509.53
Appropriations:		
Dividend	–	57.36
Corporate Tax on Dividend	–	9.30
General Reserve	–	25.00
Balance Carried Forward	(672.08)	5417.87

OPERATIONS AND OUTLOOK

During the year under review, a prolonged demand slump and growing interest cost has affected the performance of your Company. The sales and other receipts grew 11.87% YOY to Rs.129033.04 lakhs. EBITDA dropped by 12.46% YOY to Rs.5923.75 lakhs.

As in the past during the current year also there were drastic power cuts consequently affecting our costs and also the production. The other additional Power Plant of 35 MW capacity is under implementation and expected to commence its commercial operation shortly.

Some of the factors attributable to the decline in the profit margins and their impact on the performance of your Company are given hereunder;

Late implementation of Power Plant:

Despite achieving Commercial Operation during December 2012, synchronization of the Power Plant with Grid was achieved by end of July 2013. This delay was attributable to the right of way issue prevailed while laying the transmission towers from Power Plant to TNEB Substation. The Company had installed 48

towers instead of 30 towers as per norms of TNEB on account of right of way issue – a critical factor that had caused delay in implementing the project. Further, the uncertainty and high cost associated in Grid Connectivity had also delayed the whole process of Commercial production by one year. This total delay of one year resulted into loss of Revenue.

Operational inefficiency in Wire Rod:

Your Company has shifted the entire operation of TMT Rod from its Ambattur unit to Gummidipoondi unit and been installing new technology for Wire Rod, a value added product of TMT Bars. This production of wire rods results in saving handling cost and reduces the end cutting wastages.

However, the equipments imported by the Company had not been performing at its optimum level. Your Company had entered into contract with Morgardshammar AB of Sweden for setting up of Wire Rod Machine and with Sund Birsta, Sweden for setting up the handling equipment. Both the Companies are renowned names among the Steel Manufacturing and in the past supplied the equipment to other steel competitors in Indian Market. The output at desired level could not be achieved on account of fault in handling equipments. This has further resulted in production loss and revenue loss. The vendors have acknowledged the fault and started working to resolve the defects and deficiencies in the equipments.

Increase in the Interest Cost due to delay in the Project:

The base rate of your Company's bankers has remained at higher level. The much anticipated decrease in the interest rate has not been materialized leading to high interest cost. Further, the delay in the setting up of the Company's Power Plant and delay in stabilization of Wire Rod division, both have contributed for the revenue loss. The payments of standing finance costs to the Bankers by way of interest on Term Loan / working capital during the periods of delay in the implementation of the power plant / operation of wire rod unit further resulted into revenue loss.

Foreign Exchange fluctuation:

Your Company had imported Scrap and Coal approximately 234861.619 MT. Despite entering into forward booking contract, the foreign exchange fluctuations prevailed during FY 2013-14 impacted the Company's revenue to a greater extent and resulted into loss in revenue.

The price of steel scrap has remained stable whereas the price of TMT bars has been dropped. This has led to the shrink in the gap between the price of the raw material and the finished product thereby causing significant decline in the profit margins. The off-take of steel has been very bad as the steel companies which were anticipated to grow close to 7% per year have grown only close to 1% thereby creating excess capacity in the country causing the steel prices to become lower.

The growth in the steel market is expected to be muted in the short term on account of poor growth in core consumer sectors such as infrastructure and construction. Domestic steel prices are also influenced by trends in raw material prices, demand – supply conditions in the market, international price trends among others. The steel industry is characterized by high capital intensity, high dependence on bulk raw materials, cyclical growth trends, perpetual over-capacity and relatively low profitability.

The Indian economy was expected to grow at 10% and the steel consumption was expected to increase by 12% annually. However, the country's growth has come down to 4.5% and the steel consumption has increased by meagre 2% only. This has caused the problem of over capacity.

Since 2008, the global economies, including India, have experienced a significant turbulence and uncertainty. Despite some stability coming back from actions taken in response to the emerging challenges worldwide, the global economic recovery remains fragile. This has affected the growth path of the Indian steel industry in more than one ways. The world witnessed volatility in commodity prices, more particularly in the case of those related to the steel industry such as iron ore, coking coal, nickel, manganese ores, and non-coking coal. This left a profound impact on the steel industry globally since 2008 and running into 2014. Also, during this period, global steel production and consumption growth have slowed down and the world is faced with an excess capacity in crude steel making to the tune of over 550 million tones. While the Indian steel demand and production have grown steadily till 2011-12, the same also has lost pace in the past two years.

DIVIDEND

The Directors do not recommend any Dividend for the current year.

DIRECTORS

During the year, the Ministry of Corporate Affairs (MCA) has notified majority of the provisions inter alia provisions relating to selection, manner of appointment, roles, functions, duties, re-appointment of Independent

Directors (IDs) and the relevant rules under the Companies Act, 2013 (the Act 2013) and made them effective 1st April 2014. The existing composition of the Company's Board is fully in conformity with the applicable provisions of the Act 2013 and Clause 49 of the Listing Agreement having the following directors as non-executive IDs, namely Mr.C.Ramachandran, Mr. V. Kirubanandan, Mr. S. Ramakrishnan and Mr. P.T. Rangamani.

In terms of the provisions of Section 149(10) read with Section 149(5) of the Act 2013, IDs are eligible to hold office for a term upto five consecutive years on the Board and eligible for re-appointment for the second term on passing special resolutions by the Company. Further as per SEBI Circular Ref.No.CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014, a person who has already served as an Independent Director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

During the period, they will not be liable to 'retire by rotation' as per the provisions of Sections 150(2), 152(2) read with Schedule IV to the Act 2013. It is, therefore, proposed to appoint them as IDs for a consecutive period of five years at the AGM. Necessary declarations have been obtained from them, as envisaged under the Act 2013.

Both the Nomination and Remuneration Committee and the Board also ensured that their appointments as IDs are in compliance with the requirements under the relevant statutes and that there were appropriate balance of skills, experience and knowledge in the Board, so as to enable the Board to discharge its functions and duties effectively.

Notices in writing signifying the intention to offer their candidatures as IDs of the Company along with the requisite deposit have been received from members of the Company in terms of Section 160 of the Act 2013. In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act 2013, two-third of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Accordingly, Mr Lalit Kumar Tulsyan, Chairman and Executive Director of the Company, is, therefore, liable to retire by rotation, at the ensuing AGM, and being eligible, offers himself for re-appointment. The brief resume of this Director proposed to be appointed and re-appointed and other relevant information have been furnished in the Notice convening the AGM. An appropriate resolution for his appointment/ re-appointment is being placed for approval of

the members at the AGM. The Board, therefore, recommends his appointment / re-appointment as Director of the Company.

AUDITORS

Statutory Auditors

The Statutory Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and are being eligible, offer themselves for re-appointment.

As per the provisions of Section 139 (1) and (2) of the Act 2013, the statutory auditors are required to be appointed for a term of five consecutive years i.e., till the conclusion of sixth annual general meeting and ratify their appointment, during the period, in every annual general meeting by an ordinary resolution. The period for which any firm has held office as auditor prior to the commencement of the Act 2013 will be taken into account for calculating the period of five consecutive years, as per the fourth proviso to Section 139(2) of the Act 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

Further, as per Companies (Audit and Auditors) Rules 2014, in case of an audit firm that has been functioning as auditor in the Company for a period of 10 years or more, then the maximum number of consecutive years that the firm may be appointed in the Company shall be 3 years.

Hence, the appointment and rotation of M/s. C.A. Patel & Patel, Chartered Accountants, Chennai, who were earlier appointed as statutory auditors of the Company, at the annual general meeting held on 23rd September, 2013, shall now be governed by the provisions of section 139 of the Companies Act, 2013, and the provisions of Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

Accordingly, Messrs. C.A. Patel & Patel, Chartered Accountants, Chennai, having Firm Registration No.005026S allotted by the Institute of Chartered Accountants of India, are eligible to be re-appointed as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting for three consecutive years, subject to ratification at every annual general meeting.

The Company has obtained necessary certificate under Section 141 of the Act 2013 from the auditor conveying their eligibility for the above appointment. The Audit Committee and Board reviewed their eligibility criteria, as laid down under Section 141 of the Act 2013 and recommended their appointment as Statutory Auditors for the aforesaid period.

Cost Auditor

As required under the Companies (Cost Accounting Records) Rules 2011, the Company filed the Cost Audit Report for the financial year 2012-13 in XBRL format.

As per Companies (Audit and Auditors) Rules 2014, the Board is required to appoint an individual, who is a cost accountant in practice, or a firm of cost accountants in practice, as cost auditor on the recommendations of the Audit committee, which shall also recommend remuneration for such cost auditor. Further, the remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders.

Accordingly, the Board at its meeting held on 30th June, 2013 has appointed M/s Murthy & Co. LLP, Cost Accountants (Membership No. 7568), as Cost Auditor of the Company for conducting the Cost Audit for the financial year 2014-15. The audit committee at its meeting held on 30th June, 2013 has recommended his appointment and remuneration subject to the compliance of all the requirements as stipulated in circular no.15/2011 dated 11th April 2011 issued by the MCA.

As per Companies (cost records and audit) Rules, 2014 notified by Ministry of Corporate Affairs on 1st July 2014, the notice of appointment of Cost Auditor M/s Murthy & Co. LLP, Cost Accountants, as Cost Auditors has been filed with the Registrar of Companies / Ministry of Corporate Affairs through electronic mode in Form CRA-2 as prescribed under the said Rules.

The Company has also received necessary certificate under Section 141 of the Act 2013 conveying his eligibility for re-appointment. The remuneration fixed by the Board, based on the recommendation of the audit committee is required to be ratified by the members at the AGM as per the requirement of Section 148(3) of the Act 2013.

Secretarial Auditors

As required under Section 204 of the Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing the secretarial and related records of the Company and to provide a report in this regard.

Accordingly, M/s. M. Damodaran & Associates, Company Secretaries, Chennai have been appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2014-15 for attaching their report with the Board's report to the shareholders.

CORPORATE GOVERNANCE

The Company has been practising the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity. A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of this Annual Report. The Executive Chairman and the Whole-time Director (Finance & Accounts) have certified to the Board on financial statements and other matters in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's operational and financial performance as well as the initiatives taken by the Company in key functional areas such as Human Resources and Industrial Relations is separately discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

INFORMATION TECHNOLOGY

The Company has been using ERP for integrating its various business processes within the Company and its business partners. The Company continued to implement several projects in supply chain to improve its efficiency and transparency.

INTERNAL CONTROL AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely and statutory obligations are adhered to.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board at its meeting held on 26th February, 2014, constituted a Corporate Social Responsibility Committee with Mr. C. Ramachandran as the Chairman of the Committee, Mr. A.P. Venkateswaran and Mr. P.T. Rangamani as Members.

Your Company strives to undertake activities relating to *promotion of education, environmental sustainability and protection of art and culture* for addressing the social concerns as part of its CSR policy.

SUBSIDIARY COMPANIES

The following are the subsidiaries of the Company as on 31st March, 2014:

- 1) Cosmic Global Limited
- 2) Tulsyam Power Limited
- 3) Chitrakoot Steel and Power Private Limited
- 4) Balaji Engineering & Galvanizing Limited
- 5) Color Peppers Media Private Limited
- 6) TG Logistics Private Limited

As per the General Circular No.2/2011 vide Ref.No.51/12/2007-CL-III dated 8th February 2011 issued by the Ministry of Corporate Affairs, the Balance Sheet, the 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. Any member seeking copy of the annual report(s) of the subsidiary company(ies) may write to the Company Secretary for obtaining copy of the same.

CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement with the Stock Exchanges, the consolidated financial statements of the Company are attached. The Ministry of Corporate Affairs (MCA), Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the stakeholders, on receipt of a request from them, at the registered office of the Company during the business hours on any working day of the Company. If any member or investor wishes to inspect the same, it will be available during the business hours of any working day of the Company.

A statement giving the following information in aggregate of each subsidiary including its subsidiaries consisting of (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation and (j) proposed dividend has been attached with the consolidated balance sheet of

the Company in compliance with the conditions of the said circular issued by MCA.

STATUTORY STATEMENTS

Conservation of energy, technology absorption and foreign exchange earnings and outgo

As per the requirements of Section 217(1)(e) of the Companies Act, 1956 (the Act) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report.

Particulars of employees

The particulars required pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Public 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.

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;
- 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, 2014 and of the Profit/Loss 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, 1956 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.

ACKNOWLEDGEMENT

The Directors thank the bankers, investing institutions, customers and various stakeholders for their valuable support and assistance. The Directors wish to place on record their appreciation of the very good work done by all the employees of the Company during the year under review. The Directors also thank the investors for their continued faith in the Company.

For and on behalf of the Board

Lalit Kumar Tulsyar
Executive Chairman

Place: Chennai
Date: 30th June, 2014

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY	2013-14	2012-13
I Electricity		
a. Purchase in units	58385311	76908697
Total Amount (Rs. in lakhs)	2546.78	5002.81
Rate per unit	4.36	6.50
b. Own generation in units	614096	299110
Unit per liter of diesel	3.22	3.22
Cost per unit	17.36	14.26
c. Windmill Generation (units)	3141905	4271235
d. Power Plant Generation (units)	192729860	---
II a) Coal		
Consumption (MT)	14979.755	15864.18
Total Amount (Rs. in lakhs)	877.38	1004.05
Average Rate (Rs.)	5857	6329.06
b) Coal for Power Plant		
Consumption (MT)	163554	---
Total Amount (Rs. in lakhs)	5699.44	---
Average Rate (Rs.)	3484.74	---
III Furnace Oil		
Consumption (Litres)	659650	2412968
Total Amount (Rs. in lakhs)	249.11	929.01
Average Rate (Rs.)	37.76	38.50
B. CONSUMPTION PER UNIT OF PRODUCTION		
Finished Steel Products	138839	183443
Electricity (Units)	109	109
Furnace Oil(Litres)	5	13
Coal (Kgs)	108	113
MS Billets		
Production	75280	83962
Electricity	616	727
C. TECHNOLOGY ABSORPTION	Not Applicable	Not applicable
D. ACTIVITY RELATING TO EXPORTS	(Rs. in lakhs)	
(i) Foreign Exchange earned	3620.88	3931.24
(ii) Foreign Exchange used	6287.75	4706.95

For and on behalf of the Board

Place: Chennai
Date: 30th June, 2014

Lalitkumar Tulsyar
Executive Chairman



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

Name of the Subsidiary Company	Financial Year of the Subsidiary Company ended on	Extent of Interest of Holding Company at the end of financial year of the Subsidiary Company	Number and face value of shares held by Tulsyani NEC Limited in the Subsidiary 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	In Rupees
Cosmic Global Limited	31-03-2014	76.71%	11,25,000 shares of Rs. 10/- each	17029356	9154356	7875000	
Tulsyani Power Limited	31-03-2014	100%	50,000 shares of Rs. 10/- each	NIL	NIL	NIL	
Chitrakoot Steel and Power Private Limited	31-03-2014	100%	64,89,200 shares of Rs. 10/- each	(17619557)	(17619557)	NIL	
Balaji Engineering and Galvanizing Limited	31-03-2014	98.80%	49,400 shares of Rs. 10/- each	NIL	NIL	NIL	
Color Peppers Media Private Limited	31-03-2014	100%	50,000 shares of Rs. 10/- each	(59066659)	(59066659)	NIL	
TG Logistics Private Limited	31-03-2014	100%	150,000 shares of Rs. 10/- each	(1724679)	(1724679)	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.

III. SEGMENT-WISE/ PRODUCT-WISE

The production of steel rods was 138839 MT compared to 183443 MT in the previous year. The sale of rods during the year was 144012 MT compared to 177223 MT in the previous year.

The production of synthetic products was 9057 MT compared to 10034 MT in the previous year. The sale of synthetic products during the year was 7215 MT compared to 9365 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, expected 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 five 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. Chitrakoot 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 proposed second phase of 35 MW Power Plant which expected commence production at the end of the current financial year 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. The sales and other receipts grew 11.87% YOY to Rs.129033.04 lakhs. EBITDA dropped by 12.46% YOY to Rs. 5923.75 lakhs .

IX. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company, at the year-end had 1711 employees (including contract labour) as compared to 1650 employees 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

Tulsyam NEC Limited is committed to sound Corporate Governance practices. Tulsyam NEC Limited's corporate governance philosophy is built around the values of transparency, professionalism and accountability. Accordingly, the Company has put in place appropriate systems and procedures for reporting, monitoring and control, which ensure a balance of accountability between the Directors and the Management.

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

CORPORATE GOVERNANCE PHILOSOPHY

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.

BOARD OF DIRECTORS

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. 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. All the members of Board are eminent persons with expertise and extensive experience in different fields and have made outstanding contribution to the Industry.

Composition and Category of Directors and details of shareholdings of Directors as on 31st March, 2014 are as follows:

Sl. No	Directors	Category	Designation	Date of appointment	Share holdings in the Company as on 31st March, 2014	
					No. of shares held	% of shares
1	Lalit Kumar Tulsyam	Executive Chairman	Managing Director	12.07.1996	41,51,305	27.68
2	Sanjay Tulsyam	Executive - Non Independent	Managing Director	01.10.1996	44,75,481	29.84
3	A.P.Venkateswaran	Executive - Non Independent	Whole Time Director	09.01.2004	10,500	0.07
4	Sanjay Agarwalla	Executive - Non Independent	Whole Time Director	27.04.2006	5,000	0.03
5	P.T. Rangamani *	Non - Executive Independent	Director	30.03.1994	--	--
6	S.Ramakrishnan *	Non - Executive Independent	Director	31.01.2005	36,609	0.24
7	V.Kirubanandan *	Non - Executive Independent	Director	27.04.2006	5,000	0.03
8	C.Ramachandran *	Non - Executive Independent	Director	12.12.2007	--	--

* As per the judgment of the Board these are Independent Directors within the meaning of explanation to Clause 49(I)(A)(iii) of the Listing Agreement.

Board Meetings and Attendance and Number of other Directorships / Committee Chairmanships & Committee Memberships of each Director in various Companies:

Seven Board Meetings were held during the financial year 1st April, 2013 to 31st March, 2014 on:

30th May 2013, 14th August 2013, 14th November 2013, 16th December 2013, 27th December 2013, 26th February, 2014 and 31st March, 2014. The gap between two meetings did not exceed four months. These meetings were well attended. The Sixty sixth Annual General Meeting (AGM) of the Company was held on 23rd September, 2013. The Chairman of the Audit Committee was present at the AGM.

Name of the Director	Number of Board Meetings attended	Attendance at the last AGM	Other Directorships *	Number of committee memberships/chairmanships (including Tulsyam NEC Limited)	
				Committee memberships**	Committee Chairmanships
Shri Sanjay Tulsyam	Five	Yes	Nine	None	None
Shri Lalit Kumar Tulsyam	Six	Yes	Seven	None	None
Shri P.T. Rangamani	Six	Yes	None	One	One
Shri A.P.Venkateswaran	Six	Yes	None	One	None
Shri S. Ramakrishnan	Six	No	Five	One	None
Shri Sanjay Agarwalla	Six	Yes	Five	None	None
Shri V. Kirubanandan	Six	No	None	One	None
Shri C. Ramachandran	Six	Yes	Seven	Nine	Seven

* includes private companies.

** includes committees where the Director holds the position of Chairman.

None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Chairmanship / Membership of Committees include only audit and share allotment / transfer-cum-investor grievances committee as covered under Clause 49 of the Listing Agreement, as per the disclosures made by the Directors.

BOARD PROCEDURE

A detailed agenda is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting of the overall performance of the Company.

The Board reviews strategy and business plans, minutes of the Board Meetings of Company's unlisted subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, adoption of financial results, major accounting provisions and write-offs, Minutes of Meetings of the Audit and other Committees of the Board, and information on recruitment of officers just below the Board level, including the Company Secretary and the Compliance Officer.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS:

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of Directors, proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, their other Directorships and Committee Memberships, their shareholdings and their relationships, if any, with other Directors are provided in the notice convening the AGM.

AUDIT COMMITTEE:

As on 31st March, 2014, the Committee comprised of 3 Directors: Shri C. Ramachandran, Shri A.P. Venkateswaran and Shri S. Ramakrishnan.

Shri C. Ramachandran, Chairman of the Committee and Shri C. Ramachandran and Shri S. Ramakrishnan are independent Directors. All members of the Committee have good knowledge of accounting and financial management. The Company Secretary is the Secretary to the Committee.

The terms of reference of the Committee are in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee has been granted powers as prescribed under Clause 49II(C) of the Listing Agreement. Generally, all items listed in Clause 49II(D) are covered in the terms of reference and inter-alia include:

- ❖ Acting as a link between the statutory and the internal auditors and the Board of Directors of the Company;
- ❖ Selecting and establish accounting policies, review reports of the statutory and the internal auditors and meet them to discuss their findings, suggestions and other related matters;
- ❖ Reviewing the remuneration payable to the statutory auditors, their appointment/re-appointment and to recommend a change of auditors, if felt necessary;
- ❖ Reviewing financial statements and investments of unlisted subsidiary companies, Management Discussion & Analysis, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis.

The Committee met five times during the year under review and the gap between two Meetings did not exceed four months. During the financial year 1st April 2013 to 31st March 2014, the Committee met on: 30th May 2013, 14th August 2013, 14th November 2013, 16th December 2013 and 26th February 2014. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Shri C. Ramachandran	Five	Five
Shri A.P. Venkateswaran	Five	Five
Shri S. Ramakrishnan	Five	Five

NOMINATION AND REMUNERATION COMMITTEE

The Remuneration Committee of the Board has been renamed as Nomination and Remuneration Committee in compliance with the requirements of Section 178 of the Companies Act, 2013.

The role of the Nomination and Remuneration Committee is to review market practices and to decide on remuneration packages applicable to the Managing Director(s) and Whole-time Director(s) of the Company. The broad terms of reference of the Committee are, to recommend to the Board about the Company's policy on remuneration package for Executive Directors, to advise the Board in framing the remuneration policy for key managerial personnel of the Company from time to time and to attend to any other responsibility as may be entrusted by the Board within the terms of reference.

The said Committee of the Board comprises of three Non-Executive Independent Directors namely Shri V. Kirubanandan, Shri P.T. Rangamani and Shri C. Ramachandran. Payment of remuneration to the Executive Directors is governed by the Agreement executed between the Executive Directors and the Company and approved by the Committee of the Board and the Shareholders in terms of Schedule XIII of the erstwhile Companies Act, 1956. 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 twice during the year 1st April, 2013 to 31st March, 2014 on 30th May, 2013 and 14th August, 2013.

Members	Number of Meetings	
	Held	Attended
Shri V. Kirubanandan	Two	Two
Shri P.T.Rangamani	Two	Two
Shri C. Ramachandran	Two	Two

REMUNERATION TO DIRECTORS

While deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee consider the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board and the Nomination and Remuneration Committee regularly tracks the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

REMUNERATION PAID

The Remuneration paid to Non-Executive-Independent Directors is by way of sitting fees and reimbursement of expenses incurred in attending the Board and Committee Meetings.

The remuneration paid to Chairman (Executive), Managing Director and the Whole-time Director are fixed by the Remuneration Committee which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

Detailed information of Directors' remuneration paid during the year 2013-14:

Name and Designation	Total Remuneration (including incentive) (in Rs.)	Sitting fee (in Rs.)	Relationship with other Directors
Shri Sanjay Tulsyani (Executive)	60,00,000	–	Brother of Shri Lalit Kumar Tulsyani
Shri Lalit Kumar Tulsyani (Executive)	60,00,000	–	Brother of Shri Sanjay Tulsyani.
Shri A.P.Venkateswaran (Executive)	44,77,305	–	–
Shri Sanjay Agarwalla (Executive)	21,00,000	–	–
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	–

The Company has not advanced loans to any Director during the year.

Managerial Remuneration paid during the year 2013-14 was Rs. 185.77 lakhs. The Company has obtained requisite approvals from the Central Government for the payment of remuneration in excess of the limits provided under schedule XIII of the erstwhile Companies Act, 1956.

SHARE ALLOTMENT/TRANSFER – CUM – INVESTOR GRIEVANCES COMMITTEE

The Company's Share Allotment/Transfer – cum – Investor Grievances Committee functions under the Chairmanship of Shri.P.T. Rangamani, Non-Executive Independent Director. Shri V. Kirubanandan and Shri C. Ramachandran are the other members of the Committee. Shri. CS Giridhar, Company Secretary, is the Compliance Officer of the Company. The Committee meets as and when required, to inter-alia deal with matters relating to its terms of reference which include transfer of shares and monitoring redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc. The Committee met four times during the year 1st April 2013 to 31st March 2014 on: 30th May 2013, 14th August 2013, 14th November 2013 and 26th February 2014.

Members	Number of Meetings	
	Held	Attended
Shri P.T.Rangamani	Four	Four
Shri V. Kirubanandan	Four	Four
Shri C. Ramachandran	Four	Four

During the year, 18 complaints were received from the Shareholders, all of which have been attended to and resolved. As of 31st March 2014, there are no pending share transfers or complaints from the shareholders.

DISCLOSURES**CODE OF CONDUCT AND ETHICS FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT PERSONNEL:**

The Company has in place the Code of Conduct and Ethics for member of the board and senior management personnel (the Code) approved by the board. The Code has also been displayed on the Company's website www.tulsyannec.in. All the members of the Board and senior management personnel have confirmed compliance with the Code for the year ended 31st March 2014. The Annual Report contains a declaration to this effect signed by the Whole-time Director.

CEO-CFO CERTIFICATION

As required under Clause 49V of the Listing Agreement with the Stock Exchanges, the Executive Chairman and Whole-time Director (Finance & Accounts) of the Company have certified to the Board regarding the financial statements, and matters related to internal controls in the prescribed format for the year ended 31st March, 2014.

SUBSIDIARY COMPANIES

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20 per cent of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any material non-listed Indian subsidiary during the year under review. The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The minutes of Board Meetings of subsidiaries of the Company are placed before the Board of Directors of the Company.

RELATED PARTY TRANSACTIONS

During the financial year 2013-14, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management, holding company, subsidiaries or relatives that may have potential conflict with the interests of the Company at large. Further, details of related party transactions form part of notes to the accounts of the Annual Report.

ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The Company has followed the Accounting Standards laid down by The Institute of Chartered Accountants of India and The Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

DETAILS OF NON-COMPLIANCE RELATING TO CAPITAL MARKETS

The Company has received Notices from BSE Ltd. imposing penalty for non submission of financial results for the quarter ended 31st December 2013 and 31st March 2014 within the timelines stipulated under Clause 41 of the Listing Agreement. The Company has paid the fine as required by the stock exchange in accordance with SEBI circular CIR/MRD/DSA/31/2013 dated September 30, 2013.

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its Designated Employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Code lays down Guidelines, through which it advises the designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautions them of the consequences of violations.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report (MDA) has been attached as a separate chapter and forms part of this Annual Report.

COMPLIANCE WITH CLAUSE 49

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. As regards the non-mandatory requirements, the Company has set up the Remuneration Committee of the Board of Directors, the details of which have been provided under the section "Committees of the Board". During the year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure that its financial statements remained unqualified. The Company has not adopted any other non-mandatory requirement specified in Annexure 1D of the Clause 49.

MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly results as required under Clause 41 of the Listing Agreement are normally published in 'Trinity Mirror' all Editions in English and in Tamil 'Makkal Kural'. These are not sent individually to the Shareholders. The Company's results are displayed on the Company's website at www.tulsyanec.in. The Company has not made any presentations to any institutional investors/analyst during the year.

GENERAL BODY MEETINGS

Details of Annual General Meetings held during past three years and Special Resolutions passed

Year	Date	Time	Venue	Special Resolution Passed
2011	14th September, 2011	11.00 am	Naradha Gana Sabha Mini Hall 254 T.T.K. Road Chennai – 600 018	Reappointment and revision in remuneration to Managing Director.
				Reappointment and revision in remuneration to the Chairman.
				Reappointment and revision in remuneration to the whole-time Director.
2012	28th September, 2012	2.00 pm	Naradha Gana Sabha Mini Hall 254 T.T.K. Road Chennai – 600 018	Increase in remuneration to the whole-time Director.
				Appointment of Shri Manish Kumar Sharma for holding office or place of profit as Vice President - Production, Quality Assurance & Export.
				Appointment of Shri Alka Tulsyan for holding office or place of profit as Vice President– Admin.
2013	23rd September, 2013	11.00 am	Naradha Gana Sabha Mini Hall 254 T.T.K. Road Chennai – 600 018	Approval for payment of remuneration to the Managing Director
				Approval for payment of remuneration to the Chairman.
				Approval for payment of remuneration to the whole-time Director.

Details of Extraordinary General Meeting (EGM) held during past three years and special resolution passed

Year	Date	Time	Venue	Special Resolution Passed
2013	14th September, 2013	11.00 am	Naradha Gana Sabha Mini Hall 254 T.T.K. Road Chennai – 600 018	Approval for allotment of 2,00,00,000 (Two crores) 6% Non – Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees ten) each at a premium of Rs. 90/- (Rupees ninety) per share in one lot or such other lots to select group of persons.
				Increase in Authorised Share Capital and amendment of Memorandum of Association and Articles of Association of the Company.

No Extraordinary General Meeting was held during 2011-12 and 2012-13.

No Special Resolution was passed through Postal Ballot during 2011-12, 2012-13 and 2013-14.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date and Time : 30th September, 2014 at 11.00 am

Venue : Naradha Gana Sabha (Mini Hall),
254, T.T.K. Road, Chennai – 600 018

Financial Calendar : Results for the quarter ended (Tentative)

30th June, 2014	–	Before 14.08.2014
30th September, 2014	–	Before 14.11.2014
31st December, 2014	–	Before 14.02.2015
31st March, 2015	–	Before 30.05.2015

Date of Book Closure : 20th September, 2014 to 30th September, 2014 (both days inclusive)

Dividend Payment Date : No Dividend has been recommended by Board of Directors of the Company

Listing on Stock Exchanges

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Madras Stock Exchange Limited and Calcutta Stock Exchange Limited. The requisite listing fees have been paid in full to the Stock Exchanges where the Company's shares are listed.

Tulsyam NEC Limited's Stock Exchange Codes

BSE 513629

MSE Tulsyam NEC

Demat ISIN Number in NSDL and CDSL for Equity Shares : INE463D01016

Stock Market Price Data : Monthly High/Low of Market price of the company's shares traded in the Stock Exchange; Mumbai during the year 2013-14 is furnished below.

Month	High (in Rs.)	Low (in Rs.)
April 2013	30.20	22.25
May 2013	29.05	24.15
June 2013	28.40	23.70
July 2013	24.60	19.80
August 2013	20.00	15.70
September 2013	18.70	15.50
October 2013	19.55	17.00
November 2013	30.20	18.00
December 2013	29.85	25.70
January 2014	27.90	22.65
February 2014	25.45	16.30
March 2014	20.85	16.85



Registrar and Share Transfer Agent : Cameo Corporate Services Limited,
 Subramanian Building, #1 Club House Road,
 Chennai – 600 002
 Phone : 044 2846 0390
 Fax : 044 2846 0129
 Email : investor@cameoindia.com

Distribution of shareholding as on 31st March, 2014

Shareholdings in Rs.	Number of Shareholders	Percentage of Shareholders	Share Capital in Rs.	Percentage of Shareholding
10 to 5000	5775	88.58	6901410	4.60
5001 to 10000	305	4.67	2494570	1.66
10001 to 20000	167	2.56	2536740	1.69
20001 to 30000	67	1.02	1732580	1.16
30001 to 40000	26	0.39	941150	0.63
40001 to 50000	34	0.52	1598240	1.07
50001 to 100000	69	1.05	5507080	3.67
100001 & above	76	1.16	128288230	85.53
Total	6519	100.00	150000000	100.00

Shareholding Pattern as on 31st March, 2014

S.No.	Category of Shareholders	Number of shareholders	Total Holdings	Holdings in %
1	Resident	5899	3327983	22.19
2	NRI	477	97446	0.65
3	Corporate Body	121	813031	5.42
4	Clearing Member	7	750	0.00
5	Mutual Funds	3	2000	0.01
6	Promoters	12	10758790	71.73
	Total	6519	150000000	100.00

DEMATERIALISATION OF SHARES

As on 31st March 2014, 85.37 per cent of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share, as trading in the Equity Shares of the Company on exchanges is permitted only in dematerialised form. Non-Promoters' holding is 28.27 per cent.

OUTSTANDING ADRS / GDRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

OFFICES OF THE COMPANY

REGISTERED OFFICE:

61 Sembudoss Street
 Chennai – 600 001
 Tamil Nadu
 Tel: 044 – 2522 2673

**CORPORATE OFFICE:**

Apex Plaza, 1st Floor
No.3 Nungambakkam High Road
Chennai – 600 034
Tamil Nadu
Tel: 044 – 3918 1060
Fax: 044 – 3918 1097

PLANT LOCATIONS

- a. Steel Division : D-4 SIPCOT Industrial Complex,
Gummudipoondi-601 201, Tamil Nadu
- Power Plant:**
No. 17, Sithurnatham Village,
Gummidipoondi-601 201, Tamil Nadu
- Depot:**
55/2, Cuddalore Main Road,
Ariyankuppam, Pondicherry – 605 007
- Windmill:**
1. Kudimangalam, Udumalpet, Tamil Nadu
 2. Pazhavor, Tirunelveli District, Tamil Nadu
 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

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri CS Giridhar
First Floor, Apex Plaza,
3, Nungambakkam High Road,
Nungambakkam, Chennai – 600034
Phone: 044 3918 1060, Fax: 044 3918 1097
Email: investor@tulsyannec.in
Website: www.tulsyannec.in

COMPANY'S INVESTOR E-MAIL ID

The Company has also designated investor@tulsyannec.in as an exclusive email ID for Shareholders for the purpose of registering complaints. This has also been displayed on the Company's website.

Company's website www.tulsyannec.in

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 31st March, 2014 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 31st March, 2014 no investor grievances are pending exceeding one month against the Company as on 31st March, 2014 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: 30th June, 2014

DECLARATION ON 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 Conduct and Ethics of the Company formulated by the Board of Directors for the financial year ended 31st March 2014.

For Tulsyam NEC Limited

SANJAY AGARWALLA
Whole-time Director

Place: Chennai

Date: 30th June, 2014

**CEO-CFO CERTIFICATION**

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

We have reviewed the financial statements and cash flow statement for the year ended *31st March, 2014* 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.

To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2014 are fraudulent, illegal or violative of the Company's code of conduct.

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.

- 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 Tulsyar NEC Limited

LALITKUMAR TULSYAN
Executive Chairman

A.P. VENKATESWARAN
Whole-time Director
(Finance & Accounts)

Place: Chennai

Date: 30th June, 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TULSYAN NEC LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Tulsyani NEC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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") *read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013*. 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, *but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control*. 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, 2014;
- 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;
- 2.2 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; *read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013* and
- 2.2 on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, 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: 30th June, 2014

Annexure to the Auditors' Report

ANNEXURE REFERRED TO IN ITEM NO. 1 OF PARAGRAPH 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS'.

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. 281.04 lakhs, (net) from / to its subsidiaries as loan during the year. 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	37.09 Dr
2	Tulsyan Power Limited*	100% Subsidiary Company	0.08 Cr
3	Chitrakoot Steel & Power P Ltd	100% Subsidiary Company	200.39 Dr
4	Balaji Engineering & Galvanizing Ltd*	98.80% Subsidiary Company	7.86 Dr
5	Color Peppers Media Pvt Ltd	100% Subsidiary Company	210.97 Dr
6	T.G. Logistic Pvt Ltd	100% Subsidiary Company	175.96 Cr

The company has taken unsecured loan from 55 Parties aggregating to Rs. 4955.95 Lacs during the year (Previous Year Rs 8706.49 Lacs) excluding interest accrued & IFST as stated in Note No.4

- 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. There is no overdue amount with respect to above loans.
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. We have not observed any major weakness in internal control system during the course of our audit.
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 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 have been made and maintained.*
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 31st March 2014 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 incurred cash loss during the financial year covered by our audit and no cash loss incurred 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.
16. According to the information and explanation given to us, the Company executed Corporate Guarantee in favour of M/s Chitrakoot Steel & Power Pvt Ltd (100% subsidiary company) for the loans borrowed from banks amounting to Rs. 25 crore (Previous Year Rs 25 crore) as per point number 1.8 of the notes to accounts.
17. The company has raised term loans during the year and these have been applied for the purposes for which they were raised.
18. The funds raised on short-term basis have not been used for long-term investment.
19. 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.
20. The company has no outstanding amount under Debentures that require creation of security/charge.
21. The company has not raised any money by way of public issues during the year.
22. 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: 30th June, 2014

**ANNEXURE “A” TO AUDITORS’ REPORT**

Referred to in paragraph 9(b) of Annexure a statement on the matters specified in the Companies (Auditor’s Report) Order, 2003 of M/s TULSYAN NEC LIMITED for the year ended 31st March, 2014

TAX LIABILITIES DISPUTED IN APPEAL

S. No	Asst. Year	Order Reference	Gross Demand	Disputed Amount	Undisputed Amount	Paid/ Adjusted	Remarks
		IN RELATION TO EXCISE					
1	2003-2004	Order 32/02, 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 31ST MARCH, 2014

(Rs. In Lacs)

Particulars	Note No.	As At March 31, 2014	As At March 31, 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	2205.46	1469.38
Reserves & Surplus	3	12302.58	11784.49
		<u>14508.04</u>	<u>13253.89</u>
Non-Current Liabilities			
Long Term Borrowings	4	26899.82	28978.22
Deferred Tax Liabilities (Net)		3598.73	1418.14
Other Long Term Liabilities	5	11964.92	13144.19
Long Term Provisions	6	766.07	668.41
		<u>43229.54</u>	<u>44208.96</u>
Current Liabilities			
Short Term Borrowings	7	27694.66	22904.43
Trade Payables	8	34324.27	27180.64
Other Current Liabilities	9	61.74	161.20
Short Term Provisions	10	1597.14	1366.69
		<u>63677.81</u>	<u>51612.97</u>
TOTAL		<u>121415.39</u>	<u>109075.82</u>
II. ASSETS			
Non-Current Assets			
Fixed Assets			
(i) Tangible assets	11	33431.20	9807.58
(ii) Capital work-in-progress		22088.35	39395.48
Non-Current Investments	12	907.36	907.36
Long Term Loans and Advances	13	1453.47	1403.30
Other Non-Current Assets	14	24.65	227.20
		<u>57905.03</u>	<u>51740.91</u>
Current assets			
Current Investment	15	43.35	46.83
Inventories	16	14010.93	13383.93
Trade Receivables	17	33354.72	29403.39
Cash and Cash Equivalents	18	2115.79	1938.67
Short Term Loans and Advances	19	4625.48	2753.70
Other Current Assets	20	9360.09	9808.39
		<u>63510.36</u>	<u>57334.91</u>
TOTAL		<u>121415.39</u>	<u>109075.82</u>

As per our Report of even date

On behalf of the Board

For **C.A. Patel & Patel**
Chartered Accountants
FR No. 005026 S

Sanjay Tulsyam
Managing Director

Lalit Kumar Tulsyam
Executive Chairman

Bhavesh N Patel
Partner
M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai
Date : 30th June, 2014

C S Giridhar
Company Secretary



TULSYAN NEC LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. In Lacs)

PARTICULARS	Note No	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013
I. Revenue from operations	21	128486.97	114796.75
II. Other Income	22	546.07	536.64
III. Total Revenue (I +II)		<u>129033.04</u>	<u>115333.39</u>
IV. Expenses:			
Cost of materials consumed	23	68468.40	77583.28
Purchase of Stock-in-Trade	23	43697.39	23729.61
Increase/Decrease in Stocks	23	458.59	(3298.41)
Employee benefit expense	24	2735.77	2743.48
Financial costs	25	7664.77	5362.41
Other expenses	26	7255.93	7808.49
Depreciation and amortization expense	11	2168.37	901.69
Total Expenses		<u>132449.22</u>	<u>114830.57</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	(3416.18)	502.82
VI. Exceptional Items		493.18	—
VII. Profit before extraordinary items and tax (V - VI)		(3909.36)	502.82
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII - VIII)		<u>(3909.36)</u>	<u>502.82</u>
X. Tax expense:			
(1) Current tax		0.00	97.65
(2) Deferred tax		2180.59	25.39
XI. Profit(Loss) from the period from continuing operations	(IX-X)	(6089.95)	379.78
XII. Profit/(Loss) from discontinuing operations		—	—
XIII. Tax expense of discounting operations		—	—
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		—	—
XV. Profit/(Loss) for the period (XI + XIV)		<u>(6089.95)</u>	<u>379.78</u>
XVI. Earning per equity share:			
(1) Basic		(41.44)	2.58
(2) Diluted		(41.44)	2.58

As per our Report of even date

On behalf of the Board

For **C.A. Patel & Patel**
Chartered Accountants
FR No. 005026 S

Sanjay Tulsyar
Managing Director

Lalit Kumar Tulsyar
Executive Chairman

Bhavesh N Patel
Partner
M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai
Date : 30th June, 2014

C S Giridhar
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014
(Pursuant to Clause 32 of Listing Agreement)

	2013-14	(Rs. In Lacs) 2012-13
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax as per Statement of Profit & Loss	(3909.36)	502.82
Non-cash Adjustments		
Depreciation	2168.37	901.69
Depreciation on old assets sold	(6.64)	(20.58)
Dividend Income	(78.84)	(87.41)
Interest Expense	6420.12	3889.60
Interest Income	(382.36)	(239.79)
Right Issue Expenses incurred during the year	(13.03)	(0.12)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4198.26	4946.23
Adjustments for:		
Inventories	(627.00)	(3221.71)
Trade Receivables	(3951.33)	(1902.64)
Short-term Loans and Advances	(1423.48)	(2177.69)
Long-term Loans and Advances	152.38	(277.82)
Long-term Provisions	97.65	0.00
Other Long-Term Liabilities	(1179.27)	7194.00
Short-term Borrowing	4790.24	4631.26
Trade Payables	7143.63	2888.92
Other Current Liabilities	(99.46)	(156.87)
Short Term Provisions	230.45	(42.58)
NET CASH FROM OPERATING ACTIVITIES (A)	9332.07	11881.11
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Tangible Assets and Payment towards CWIP	(8494.97)	(17899.90)
Proceeds from Sale of Fixed Assets	13.38	47.89
Current/Non-current Investments	3.47	(25.25)
Interest Income	382.36	239.79
Dividend Income	78.84	87.41
NET CASH USED IN INVESTING ACTIVITIES (B)	(8016.92)	(17550.05)
C CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment)/Proceeds from Long-term Borrowings	(2078.40)	8436.11
Interest Paid	(6420.12)	(3889.60)
Dividend Paid	0.00	(220.41)
Tax on Proposed Dividend	0.00	(17.51)
Share Capital/Premium Received	7360.49	1238.69
NET CASH USED IN FINANCING ACTIVITIES (C)	(1138.03)	5547.28
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (D) = (A+B+C)	177.12	(121.66)
Cash and Cash Equivalents at the beginning of the year	1938.67	2060.33
Cash and Cash Equivalents at the end of the year	2115.79	1938.67

As per our Report of even date

On behalf of the Board

For **C.A. Patel & Patel**
Chartered Accountants
FR No. 005026 S

Sanjay Tulsyan
Managing Director

Lalit Kumar Tulsyan
Executive Chairman

Bhavesh N Patel
Partner
M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai
Date : 30th June, 2014

C S Giridhar
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(All amounts in Rupees in lacs unless otherwise stated)

Note No. 1
NATURE OF OPERATION:

Tulsyam NEC Limited is engaged in the Manufacturing TMT bars, Coal Based Power Plant and Synthetics Woven Fabrics and Sacks. It has manufacturing plant at Chennai (Ambattur & Gummidipoondi) and Bangalore (Doddaballapura).

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 by 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 & 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.

- b. Financial costs incurred up to the date of commissioning of assets are capitalised.
- c. Depreciation has been provided as follows:
- d. Under WDV method on assets acquired up to 31.12.1985 at the then prevailing rates.
 - i) 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.
 - ii) Depreciation on revaluation is adjusted against Revaluation Reserve.
 - iii) Cost of Leasehold land is amortised over the lease period.
 - iv) 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 Dep.
Land	NIL
Factory buildings	3.34
Office premises	3.34
Plant and machinery:	
Double shift	7.42
Triple Shift	10.34
Computer	16.21
Lab equipments	4.75
Office and other equipments	6.33
Vehicles	9.50

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)

REVENUE RECOGNITION:

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 are 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 Financial Statements wherever practicable.

Transactions	As on 31.03.2014	As on 31.03.2013
Guarantees Outstanding	62.00	159.48
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

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 occurs. 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 31st, 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 31st March, 2012.

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 31.03.2014	As on 31.03.2013
CIF Value of imports (Raw materials)	6287.75	4706.65
Earnings in foreign Exchange (FOB)	3620.88	3931.42
Exchange in Foreign currency for other matters	6.80	28.43
Interest paid on \$ Loan	-	203.67
Loan Paid	-	4086.70
Tangible Assets in Capital Work-in-progress	-	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 three products viz. Steel, Power and Synthetic.

1	Sales/ Other income	Steel	Power	Synthetic	Total
	(i) Sales - External	105879.65	6939.68	15667.65	121547.29
	(ii) Sales - Inter-segment	0.00	0.00	0.00	0.00
	(iii) Other Income-External	361.05	0.00	185.02	546.07
	(iv) Other Income-Inter-segment	NIL	NIL	NIL	NIL
	Total	106240.70	6939.68	15852.66	122093.36

2	Segment Results	Steel	Power	Synthetic	Total
	Profit/(Loss) before interest & Tax	2395.93	185.25	1174.23	3755.41
	Less: Interest (unallocable charge)				7664.77
	Profit /(Loss) after interest				(3909.36)
	Less:Other unallocable expense				0.00
	Profit/(Loss) before Tax				(3909.36)
B.	Other Information				
	Segment assets	86519.01	20508.97	14387.40	121415.39
	Adj: Eliminations	42582.56		(42582.56)	0.00
		129101.57	20508.97	(28195.15)	121415.39
	Segment Liabilities	(8169.39)	20508.97	109075.80	121415.39
	Capital Employed	58721.54	12864.18	5581.07	77166.79
	Capital Expenditure (Fixed Assets)	4594.48	21130.40	77.20	25802.08
	Depreciation	1007.85	841.07	319.45	2168.37

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.	Tulsyani Power Limited	Subsidiary
4.	Balaji Engineering & Galvanizing Ltd	Subsidiary
5.	Color Peppers Media P Ltd.	Subsidiary
6.	T G Logistics P Ltd	Subsidiary
7.	Tulsyani Smelters P Ltd	Associate
8.	Shri Lalit Kumar Tulsyani	Executive Chairman/Key Management Person
9.	Shri Sanjay Tulsyani	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	904.66 (Chitrakoot Steel & Power P Ltd)
Sale of Goods – Subsidiary	131.77 (Chitrakoot Steel & Power P Ltd)
Purchase of Fixed Assets – Associates	NIL
Sale of Fixed Assets – Associates	NIL
Rendering Services – Associates	NIL
Receiving Services – Subsidiary	1248.28 (T G Logistics P Ltd)
Receiving Services – Associates	80.43 (Tulsyani Smelters P Ltd)
Agency Arrangements	
Leasing or Hire Purchase	NIL
Arrangement – Associates	NIL
Transfer of Research & Development	NIL
Licence Agreements	NIL
Interest Paid	NIL

Outstanding balances as on **31.03.2014**

Amount Receivable (Associates and Subsidiaries)	456.32
Amount Payable (Associates and Key Management Persons)	2.67
Equity Contribution in Subsidiary in Cash	791.36
Guarantees and collaterals	NIL
Payment towards Management (Employment) contracts <i>Key Management Personnel</i>	185.77

4 Earnings per Share

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Net Profit attributable to Shareholders	(6089.95)	379.78
Weighted average number of equity shares	146.94	146.94
Basic earnings per share of Rs. 10/- each	(41.44)	2.58

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	31.03.2014	31.03.2013
Deferred Tax (Liability)	3598.73	1418.14
Minimum Alternative Tax (MAT)	-	97.65

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 Statement of Profit and Loss 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:

There being no indication of impairment of Asset determined by the Company, no loss has been recognized on impairment loss.

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 the statement of profit and loss. During the year under audit the below mentioned amount has been capitalized as per AS-16 issued by the Institute of chartered Accountants of India.

Borrowing Cost	Qualifying Asset
Plant & Machinery	347408295.00
Building	55170537.00
Others	61860.00

10. Expenditure incurred Rs.73,81,191/- towards Rights Issue/Preferential 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

On behalf of the Board

For **C.A. Patel & Patel**
Chartered Accountants
FR No. 005026 S

Sanjay Tulsyan
Managing Director

Lalit Kumar Tulsyan
Executive Chairman

Bhavesh N Patel
Partner
M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai
Date : 30th June, 2014

C S Giridhar
Company Secretary



NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

(₹ in lacs)

	As at 31/03/2014	As at 31/03/2013
Note No. 2		
SHARE CAPITAL		
Authorised Share Capital		
1,60,00,000 Equity Shares of Rs.10/- each	1600.00	2200.00
2,00,00,000 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	2000.00	—
Issued, Subscribed and Paid up		
Equity Share Capital		
1,44,57,382 (1,44,56,752) Equity Shares of Rs. 10/- each	1469.41	1469.38
2,46,397 (2,47,027) Equity Shares of Rs. 6/- each paid up		
2,96,221 (2,96,221) Equity Shares of Rs. 3/- each paid up	1469.41	1469.38

Shareholders holding more than 5% of Share Capital

Name of the shareholder	No. of Shares	No. of Shares
Lalit Kumar Tulsiyan	4151305	4612555
Sanjay Tulsiyan	4475481	4475481
Priya Tulsiyan	954982	954982
Alka Tulsiyan	751130	751130

Preference Share Capital

73,60,500 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each paid up

736.05

Note No. 3**RESERVES AND SURPLUS**

	As on 01/04/2013	Additions	Deletions	As on 31/03/2014
Share Premium	3960.25	6624.55	0.00	10584.80
State Subsidy	10.00	0.00	0.00	10.00
Revaluation Reserve	6.77	0.00	3.35	3.42
Investment Allowance Reserve	59.39	0.00	0.00	59.39
General Reserve	2390.00	0.00	0.00	2390.00
Statement of Profit and Loss	5417.87	(3909.36)	2180.59	(672.08)
	11844.28	2715.19	2183.94	12375.53
Less: Rights/Preferential Issue Expenses	60.78			73.81
	11783.50			12301.72
Add: Share Call Money received pending for Conversion	0.99			0.86
Total	11784.49	0.00	0.00	12302.58

Notes – (Continued)

(₹ in lacs)

	As at 31/03/2014	As at 31/03/2013
Note No. 4		
LONG TERM BORROWINGS		
Secured Loans		
From Banks		
- Term loans <i>Ref Sub Note 1</i>	26803.29	28877.26
- Vehicle loans	96.53	100.95
	<u>26899.82</u>	<u>28978.22</u>
Note No. 5		
OTHER LONG TERM LIABILITIES		
Unsecured Loans		
From Corporates	3537.03	7875.85
From Directors	134.90	41.70
From Others	1284.02	788.95
Interest Accrued & Due	632.02	374.90
	<u>5587.97</u>	<u>9081.40</u>
Others	6376.95	4062.79
	<u>11964.92</u>	<u>13144.19</u>
Note No. 6		
LONG TERM PROVISIONS		
Provision for Taxation	747.66	650.00
Fringe Benefit Tax Payable	18.41	18.41
	<u>766.07</u>	<u>668.41</u>
Note No. 7		
SHORT TERM BORROWINGS		
Secured Working Capital Loans from Banks:		
Banks	24180.15	21262.59
Current Component of Long Term Borrowings	3514.51	1641.84
<i>Ref Sub Note 1</i>	<u>27694.66</u>	<u>22904.43</u>
Note No. 8		
TRADE PAYABLES		
Sundry Creditors :		
- For Supplies and Services	33802.03	21984.96
- For Project	522.24	5195.68
	<u>34324.27</u>	<u>27180.64</u>
Note No. 9		
OTHER CURRENT LIABILITIES		
Other Current Liabilities	61.74	161.20
	<u>61.74</u>	<u>161.20</u>
Note No. 10		
SHORT TERM PROVISIONS		
Provision for Expenses/Tax	1597.14	1366.69
	<u>1597.14</u>	<u>1366.69</u>

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

(₹ in lacs)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as at 1st April 2013	Additions upto 31st March, 2014	Sold upto 31st March, 2014	Cost as at 31st March, 2014	As on 1st April 2013	For the year upto 31st March, 2014	Adjusted on upto 31st March, 2014	Upto 31st March, 2014
Land	1350.70	14.70		1365.40				
Land Leasehold	95.47			95.47	5.27	0.88		6.15
Factory Buildings	2599.56	3437.62		6037.18	637.72	178.56		816.28
Office Premises	20.69			20.69	6.76	0.73		7.49
Plant & Machinery	12076.61	22243.12		34319.73	6200.84	1905.18		8106.02
Works Equipments	88.60	52.35		140.95	40.90	5.61		46.51
Lab Equipment	4.77			4.77	3.16	0.14		3.30
Office & Other Equip.	480.40	11.01	0.19	491.22	280.19	42.51	0.09	322.61
Vehicles	405.51	43.29	13.20	435.60	139.91	38.10	6.55	171.46
Total	17122.31	25802.09	13.39	42911.01	7314.75	2171.71	6.64	9479.82
Previous Year	16733.04	437.17	47.90	17122.31	6430.28	905.05	20.58	7314.76

Note : Interest on borrowed capital of Rs.40,26,40,692 for the purchase of Fixed Assets has been capitalised as detailed below:

Building	5,51,70,537
Plant and Machinery	34,74,08,295
Others	61,860
Total	40,26,40,692

Notes – (Continued)

(₹ in lacs)

As at
31/03/2014

As at
31/03/2013

Note No. 12
NON-CURRENT INVESTMENTS

Long term, Unquoted, at cost	907.36	907.36
<i>Ref Sub Note 2</i>		
	<u>907.36</u>	<u>907.36</u>

Note No. 13
LONG TERM LOANS AND ADVANCES

<i>Ref Sub Note 3</i>	1453.47	1403.30
	<u>1453.47</u>	<u>1403.30</u>

Note No. 14
OTHER NON-CURRENT ASSETS

24.65	227.20
<u>24.65</u>	<u>227.20</u>

Note No. 15
CURRENT INVESTMENTS

<i>Ref Sub Note 2</i>	43.35	46.83
	<u>43.35</u>	<u>46.83</u>

Note No. 16
INVENTORIES

(As valued and certified by the Management)

Raw materials	4548.65	3434.34
Finished Goods	8629.09	9174.92
Stores	833.19	774.67
	<u>14010.93</u>	<u>13383.93</u>

Note No. 17
TRADE RECEIVABLES
(Unsecured and considered good)

- Debts outstanding for more than six months	6558.78	1933.34
Other Debtors	26795.94	27470.04
	<u>33354.72</u>	<u>29403.39</u>

Note No. 18
CASH AND CASH EQUIVALENTS

Cash in hand	17.82	13.68
Balances with scheduled banks		
– in Current Accounts	(249.63)	(410.95)
– in Deposit Accounts	2347.60	2335.94
	<u>2115.79</u>	<u>1938.67</u>

Notes – (Continued)

	For the year ended 31/03/2014	(₹ in lacs) For the year ended 31/03/2013
Note No. 19		
SHORT-TERM LOANS AND ADVANCES		
(Unsecured considered good; recoverable in cash or in kind or for value to be received)		
Deposits	3419.00	1374.74
Advance for supplies and expenses	102.17	809.32
Staff advances & Prepaid Expenses	648.09	322.61
Advances to Subsidiaries	456.22	247.03
	4625.48	2753.70
Note No. 20		
OTHER CURRENT ASSETS	9360.09	9808.39
Note No. 21		
REVENUE FROM OPERATIONS		
Domestic Sales FG	123979.50	110518.44
Export Sales	3748.09	3935.24
Excise Duty	8283.38	9963.47
Processing Charges	677.72	217.99
Duty Drawback/Rate Difference	163.74	149.92
	136852.43	124785.05
Excise Duty Collected	8365.46	9988.30
	128486.97	114796.75
Note No. 22		
OTHER INCOME		
Income from Windmills	172.80	234.96
Interest Receipts	382.36	239.79
Dividend Received	78.84	87.41
Profit on sale of Fixed Assets	0.00	109.48
Installation Charges received	0.02	0.00
Rent Received	9.30	14.91
Service Charges received	67.20	67.20
Sales Tax Incentive Received	8.35	17.85
	718.87	771.60
Less: Income from Wind Mill Set-off against Power & Fuel	172.80	234.96
	546.07	536.64

Notes – (Continued)

	For the year ended 31/03/2014	(₹ in lacs) For the year ended 31/03/2013
Note No. 23		
CONSUMPTION OF MATERIALS		
Raw Materials		
Opening Stock - 01/04/2013	3434.33	3395.39
Purchases	58934.45	72168.31
Materials Inward	1950.68	1104.96
Customs Duty/Exchange Difference	660.51	161.32
Expenses for Import Licence	179.11	2.91
	61724.75	73437.50
Less: Discount/Licence	383.37	247.35
	61341.38	73190.15
Closing Stock - 31/03/2014	3216.55	3434.33
(A) Cost of Materials Consumed-Raw materials	61559.16	73151.21
Stores		
Opening Stock - 01/04/2013	774.67	711.66
Purchases	2987.31	4238.76
Materials Inward	61.13	256.32
Closing Stock - 31/03/2014	833.19	774.67
(B) Cost of Materials Consumed-Stores	2989.92	4432.07
Power Plant		
Opening Stock - 01/04/2013	—	—
Purchases	6823.78	—
Materials Inward	476.53	—
Closing Stock - 31/03/2014	1193.60	—
	6106.71	—
Less: Charged to Power Plant Operation/Power Stock	2187.39	—
(C) Cost of Material Consumed-Power Plant	3919.32	—
Cost of Materials Consumed - (A+B+C)	68468.40	77583.28
Purchase of Stock-in-trade	43697.39	23729.61
Increase/Decrease in Stock		
Finished Goods as on 31/03/2014	8714.86	9174.92
Finished Goods as on 01/04/2013	9173.44	6055.16
Change	458.59	(3119.76)
Add: Own Consumption	—	178.65
Net Change	458.59	(3298.41)

Notes – (Continued)

	For the year ended 31/03/2014	(₹ in lacs) For the year ended 31/03/2013
Steel Scrap		
Imported	11666.60	16811.72
Percentage	66.11%	77.40%
Indigenous	5979.52	4910.13
Percentage	33.89%	22.60%
Ingot, Billet, Re-rollables		
Imported	60.65	
Percentage	0.25%	
Indigenous	23873.82	40357.67
Percentage	99.75%	100.00%

CONSUMPTION OF MATERIALS
Stores

Imported	6.14	4.94
Percentage	0.23%	0.11%
Indigenous	2922.64	4427.13
Percentage	99.77%	99.89%

PP/HDPE Granules

Imported	175.58	193.98
Percentage	1.87%	2.49%
Indigenous	9226.71	7610.88
Percentage	98.13%	97.51%

Note No. 24
EMPLOYEE BENEFIT EXPENSE

Salaries and Wages	2663.80	2605.96
Welfare Expenses	71.97	137.51
	<u>2735.77</u>	<u>2743.48</u>

Note No. 25
FINANCIAL COSTS

Interest	6420.12	3889.59
Other Finance Charges	1244.65	1472.81
	<u>7664.77</u>	<u>5362.41</u>

Notes – (Continued)

(₹ in lacs)

	As at 31/03/2014	As at 31/03/2013
Note No. 26		
OTHER EXPENSES		
Power	2424.71	5571.50
Power Plant Charges	2638.11	–
Repairs Machinery	188.47	158.93
Repairs Building	4.83	8.43
Other Mfg Expenses	56.95	40.03
Processing Charges	554.45	646.58
Insurance	33.65	23.91
Rent	63.59	81.40
Loss on Sale of Fixed Assets	4.71	8.61
Rates & Taxes	47.95	38.49
Legal & Consultancy Charges	86.05	127.42
Payment to Auditors	4.00	4.00
Transport Charges	420.62	341.55
Brokerage & Commission	114.67	138.69
Selling & Administration Expenses	592.46	604.46
Excise Duty Expenses	20.71	14.48
	<u>7255.93</u>	<u>7808.49</u>

Notes – (Continued)

(₹ in lacs)

As at
31/03/2014 As at
31/03/2013

Sub Note 1
LONG TERM BORROWINGS
Secured Loans from Bank
Term Loan from Banks

Term Loan - Andhra Bank	7074.91	6673.24
Term Loan - Canara Bank	9633.37	9291.03
Term Loan - Syndicate Bank	3970.22	4144.51
Term Loan - State Bank of India	58.15	73.88
Term Loan - State Bank of India (Wind Mill)	0.00	19.50
Term Loan - Indian Overseas Bank	7555.67	7077.80
Term Loan - Shamrao Vithal Co-op Bank Ltd	1650.97	1900.21
From Financial Institutions		
Industrial Development Bank of India	153.55	1046.48
	30096.83	30226.65

Others

Tata Capital	85.08	165.31
Electronica Finance Ltd	66.65	55.71
	30248.56	30447.67
Less: Current Component on Long term Borrowings	3445.27	1570.40
	26803.29	28877.26

SHORT-TERM BORROWINGS
Working Capital

Canara Bank	8152.46	7599.67
Syndicate Bank	4357.96	4312.11
State Bank of India	5381.69	3318.09
Andhra Bank	1256.97	1323.13
IDBI Bank Ltd	2008.20	1519.23
Indian Overseas Bank	3022.87	3190.36
	24180.15	21262.59

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.
5. Repayable in 27 quarterly installments.

Notes – (Continued)

(₹ in lacs)

As at	As at
31/03/2014	31/03/2013

Sub Note 2
NON-CURRENT INVESTMENTS

- 11,25,000 Equity Shares of Rs.10/- each in Cosmic Global Limited *	112.50	112.50
- 50,000 Equity Shares of Rs.10/- each in Tulsyani Power Limited **	5.00	5.00
- 49,400 Equity Shares of Rs.10/- each Balaji Engineering & Galvanizing Limited *	4.94	4.94
- 64,89,200 Equity Shares of Rs.10/- each Chitrakoot Steel & Power P Limited **	648.92	648.92
- 50,000 Equity Shares of Rs.10/- each in Color Peppers Media P Ltd**	5.00	5.00
- In Bonds of Rs.100/- each in Krishana Bhagya Jala Nigam Ltd (17% Secured Redeemable NCB)	1.00	1.00
- 11,50,000 Equity Shares of Rs.10/- each Buildmet Fibers P Limited	115.00	115.00
- 1,50,000 Equity Shares of Rs.10/- in T. G. Logistics P Ltd**	15.00	15.00
	907.36	907.36

* 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 Bank (Market Value Rs.83,376/-)	0.43	0.43
- 25 Equity Shares of Rs.100/- each in The Shamrao Vithal Co-op Bank Ltd	0.05	0.05
- 2,10,00,000 Equity Shares of Re.0.10 per share TVH Energy Resources Pvt Ltd.	21.00	21.00
- 2,17,714 Equity Shares or Rs.10/- each in NSL Wind Power Company (Phoolwandi) Ltd	21.77	25.25
	43.35	46.83

Sub Note 3
LONG TERM LOANS AND ADVANCES

Advance Income Tax Paid	1263.32	1234.98
Advance Income tax TDS	167.61	146.13
Advance Fringe Benefit tax	20.83	20.83
Advance TCS	1.71	1.37
	1453.47	1403.30

Report of the Auditors to the Board of Directors of Tulsyani NEC Limited on the Consolidated Financial Statements of Tulsyani NEC Limited and its Subsidiaries

We have examined the attached consolidated Balance Sheet of Tulsyani NEC Limited and its subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power Private Limited, Tulsyani Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media Private Limited and T.G. Logistics Private Limited as at 31st March, 2014 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 Tulsyani NEC Limited incorporate the accounts of Cosmic Global Limited, Chitrakoot Steel & Power Pvt Limited, Tulsyani Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media Pvt Limited & T.G. Logistic Private Limited as at 31st March, 2014 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 Private Limited, Tulsyani Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media Private Limited and T.G. Logistic Private Limited as at 31st March, 2014 whose financial statements reflect total assets of Rs. 4483.97 Lakhs and gross revenue of Rs. (47.70) Lakhs for the year then ended. These financial statements have been audited by another auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of subsidiary, is based solely on report of the other auditor.

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 Tulsyani NEC Limited and its subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power Private Limited, Tulsyani Power Limited, Balaji Engineering & Galvanizing Limited, Color Peppers Media Private Limited and T.G. Logistic Private Limited as at 31st March, 2014 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 Tulsyani 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 Tulsyani NEC Limited and its subsidiaries as at 31st March, 2014
- b. in the case of the consolidated Statement of Profit & Loss of the consolidated results of operation of Tulsyani 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 Tulsyani NEC Limited and its subsidiaries for the year ended on that date.

For **C. A. Patel & Patel**
Chartered Accountants
FRN 005026S

Bhavesh N Patel
Partner
MSN 26669

Place : **Chennai**
Date : 30th June, 2014



TULSYAN NEC LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs. In Lacs)

Particulars	Note No.	As At March 31, 2014	As At March 31, 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	2205.46	1469.38
Reserves & Surplus	3	12095.88	11747.59
		<u>14301.34</u>	<u>13216.98</u>
Minority Interest		81.11	82.44
Non-Current Liabilities			
Long Term Borrowings	4	27353.51	30363.50
Deferred Tax Liabilities		3599.32	1418.14
Other Long Term Liabilities	5	12437.91	13570.92
Long Term Provisions	6	766.07	668.41
		<u>44156.81</u>	<u>46020.97</u>
Current Liabilities			
Short Term Borrowings	7	28986.80	23655.95
Trade Payables	8	34724.57	28316.42
Other Current Liabilities	9	1834.06	851.01
Short Term Provisions	10	1814.67	1579.94
		<u>67360.10</u>	<u>54403.31</u>
TOTAL		<u>125899.36</u>	<u>113723.70</u>
II. ASSETS			
Non-Current Assets			
Fixed Assets			
(i) Tangible assets	11	35139.88	11595.48
(ii) Capital work-in-progress		22088.37	39479.80
Non-Current Investments	12	116.03	116.03
Deferred tax assets (net)		100.52	41.12
Long Term Loans and Advances	13	1836.04	1752.69
Other Non-Current Assets	14	14.59	228.31
		<u>59295.43</u>	<u>53213.44</u>
Current assets			
Current Investment	15	43.35	46.83
Inventories	16	14275.31	14468.02
Trade Receivables	17	35766.54	30914.76
Cash and Cash Equivalents	18	2088.99	1955.38
Short Term Loans and Advances	19	5049.84	3299.02
Other Current Assets	20	9379.90	9826.27
		<u>66603.93</u>	<u>60510.28</u>
TOTAL		<u>125899.36</u>	<u>113723.70</u>

As per our Report of even date

On behalf of the Board

For **C.A. Patel & Patel**
Chartered Accountants
FR No. 005026 S

Sanjay Tulsyam
Managing Director

Lalit Kumar Tulsyam
Executive Chairman

Bhavesh N Patel
Partner
M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai
Date : 30th June, 2014

C S Giridhar
Company Secretary

TULSYAN NEC LIMITED
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. In Lacs)

PARTICULARS	Note No	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013
I. Revenue from operations	21	134842.56	120577.40
II. Other Income	22	587.62	553.53
III. Total Revenue (I + II)		135430.18	121130.93
IV. Expenses:			
Cost of materials consumed / services rendered	23	73133.12	81844.37
Purchase of Stock-in-Trade	23	43708.64	23728.13
Increase/Decrease in Stocks	23	623.44	(3398.75)
Employee benefit expense	24	3155.99	3131.60
Financial costs	25	8056.26	5747.77
Other expenses	26	7860.84	8360.70
Depreciation and amortization expense	11	2344.49	1045.23
Total Expenses		138882.78	120459.06
V. Profit before exceptional and extraordinary items and tax (III - IV)		(3452.60)	671.87
VI. Exceptional Items		504.49	11.31
VII. Profit before extraordinary items and tax (V - VI)		(3957.09)	660.56
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(3957.09)	660.56
X. Tax expense:			
(1) Current tax		64.62	167.67
(2) Deferred tax		2121.78	28.01
(3) MAT Credit Entitlement/Previous Year Tax		(2.51)	1.44
XI. Profit(Loss) from the period from continuing operations (IX-X)		(6140.98)	463.43
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(6140.98)	463.43
XVI. Earning per equity share:			
(1) Basic		(41.79)	3.15
(2) Diluted		(41.79)	3.15

As per our Report of even date

On behalf of the Board

For **C.A. Patel & Patel**
Chartered Accountants
FR No. 005026 S

Sanjay Tulsyam
Managing Director

Lalit Kumar Tulsyam
Executive Chairman

Bhavesh N Patel
Partner
M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai
Date : 30th June, 2014

C S Giridhar
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

(Pursuant to Clause 32 of Listing Agreement)

	2013-14	(Rs. In Lacs) 2012-13
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax as per Statement of Profit & Loss	(3957.09)	660.56
Non-cash Adjustments		
Depreciation	2344.48	1045.23
Depreciation on old assets sold	(6.64)	(20.58)
Dividend Income	(78.83)	(87.42)
Interest Expense	6797.00	4254.10
Interest Income	(388.38)	(245.16)
Right Issue/ Misc. Expenses incurred during the year	(13.03)	(0.12)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4697.51	5606.62
Adjustments for:		
Inventories	192.71	(3735.76)
Trade Receivables	(4851.78)	(2294.51)
Short-term Loans and Advances	(1278.53)	(1754.22)
Long-term Loans and Advances	130.37	(379.25)
Long-term Provisions	97.65	0.00
Other Long-Term Liabilities	(1133.01)	7059.07
Short-term Borrowing	5330.86	5165.07
Trade Payables	6408.15	3720.94
Other Current Liabilities	983.06	7.83
Short Term Provisions	233.94	(131.25)
Net Cash from Operating Activities before Income-tax	10810.93	13264.54
Income-tax Paid	(89.70)	(57.93)
NET CASH FROM OPERATING ACTIVITIES (A)	10721.23	13206.61
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Tangible Assets and Payment towards CWIP	(8505.88)	(18213.53)
Proceeds from Sale of Fixed Assets	13.39	47.90
Current/Non-current Investments	3.47	(25.25)
Interest Income	388.38	245.16
Dividend Income	78.83	87.42
NET CASH USED IN INVESTING ACTIVITIES (B)	(8021.81)	(17858.30)
C CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment)/Proceeds from Long-term Borrowings	(3010.00)	8354.69
Interest Paid	(6797.00)	(4254.10)
Dividend Paid	(102.66)	(367.06)
Tax on Proposed Dividend	(16.65)	(41.30)
Share Capital/Premium Received	7360.50	1238.70
NET CASH USED IN FINANCING ACTIVITIES (C)	(2565.81)	4930.93
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (D) =(A+B+C)	133.61	279.23
Cash and Cash Equivalents at the beginning of the year	1955.38	1676.15
Cash and Cash Equivalents at the end of the year	2088.99	1955.38

As per our Report of even date

On behalf of the Board

For **C.A. Patel & Patel**
Chartered Accountants
FR No. 005026 S

Sanjay Tulsyan
Managing Director

Lalit Kumar Tulsyan
Executive Chairman

Bhavesh N Patel
Partner
M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai
Date : 30th June, 2014

C S Girdhar
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(All amounts in Rupees 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:

SI 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.

- 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	NIL
Factory buildings	3.34
Office premises	3.34
Plant and machinery:	
Double shift	7.42
Triple Shift	10.34
Computer	16.21
Lab equipments	4.75
Office and other equipments	6.33
vehicles	9.50

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.

Particulars	As on 31.03.2014	As on 31.03.2013
Guarantees Outstanding	159.48	159.48
FLC with Bank	-	-
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.

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 31st 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 31st March, 2012.

All other exchange difference are recognized as income or expenses in the statement of profit and loss (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 31.03.2014	As on 31.03.2013
CIF Value of imports (Raw materials)	6287.75	4706.65
Earnings in foreign Exchange (FOB)	3981.27	4410.10
Exchange in Foreign currency for other matters	294.23	239.92
Interest paid on \$ Loan	—	203.67
Loan Paid	—	4086.70
Tangible Assets in Capital Work-in-progress	—	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 three products viz. Steel, Power and Synthetic and three services viz. IT Enabled Services, Logistics and Media

		Steel	Power	Synthetic	ITES	Logistics	Media	Total
1	Sales/ Other income							
(i)	Sales- External	108814.63	6939.68	15667.65	939.16	2419.61	61.85	134842.57
(ii)	Sales- Inter-segment	-	-	-	-	-	-	-
(iii)	Other Income- External	363.96	-	185.02	38.51	0.00	0.12	587.61
(iv)	Other Income- Inter-segment	-	-	-	-	-	-	-
	Total	109178.59	6939.68	15852.66	977.67	2419.61	61.97	135430.18
2	Segment Results							
	Profit/(Loss) before interest & Tax	2569.12	185.25	1174.23	182.29	30.54	(42.27)	4099.16
	Less: Interest (unallocable charge)							8056.25



		Steel	Power	Synthetic	ITES	Logistics	Media	Total
B. Other Information*	Profit /(Loss) after interest							(3957.09)
	Less: Other unallocable expense							-
	Profit/(Loss) before Tax							(3957.09)
	Segment assets	90309.92	20508.97	14387.40	1045.45	276.26	124.53	126652.64
	Adj: Eliminations	42654.66	-	(42582.56)	(37.09)	175.96	(210.97)	-
		132964.58	20508.97	(28195.15)	1008.46	452.22	(86.44)	126652.64
	Segment Liabilities	(4378.48)	20508.97	109075.80	1045.45	276.26	124.53	126652.64
	Capital Employed	60080.80	12864.18	5581.07	381.99	198.31	(111.20)	78995.15
	Capital Expenditure (Fixed Assets)	4619.60	21130.40	77.20	4.10	161.78	0.00	25993.08
	Depreciation	1112.51	841.07	319.45	12.22	58.55	0.68	2344.48

* Figures related to Tulsyani 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. Tulsyani Power Limited	Subsidiary
4. Balaji Engineering & Galvanizing Ltd	Subsidiary
5. Color Peppers Media P Ltd.	Subsidiary
6. T G Logistics P Ltd	Subsidiary
7. Tulsyani Smelters P Ltd	Associate
8. Shri Lalit Kumar Tulsyani	Executive Chairman/Key Management Person
9. Shri Sanjay Tulsyani	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	904.66 (Chitrakoot Steel & Power P Ltd)
Sale of Goods – Subsidiary	131.77 (Chitrakoot Steel & Power P Ltd)
Purchase of Fixed Assets – Associates	NIL
Sale of Fixed Assets – Associates	NIL
Rendering Services – Associates	NIL
Receiving Services – Subsidiary	1248.28 (TG Logistics Private Limited)
Receiving Services – Associates	80.43 (Tulsyani Smelters Private Limited)



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 31.03.2014

Amount Receivable (Associates and Subsidiaries)	456.32
Amount Payable (Associates and Key Management Persons)	2.67
Equity Contribution in Subsidiary in Cash	791.36
Guarantees and collaterals	NIL
Payment towards Management (Employment) contracts	
<i>Key Management Personnel</i>	185.77

4. 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.
5. 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

On behalf of the Board

For **C.A. Patel & Patel**

Chartered Accountants

FR No. 005026 S

Sanjay Tulsyani
Managing Director

Lalit Kumar Tulsyani
Executive Chairman

Bhavesh N Patel

Partner

M. No. 26669

C. Ramachandran
Director

A. P. Venkateswaran
Whole-time Director (Finance & Accounts)

Place: Chennai

Date : 30th June, 2014

C S Giridhar
Company Secretary



NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

(₹ in lacs)

	As at 31/03/2014	As at 31/03/2013
Note No. 2		
SHARE CAPITAL		
Authorised Share Capital		
1,60,00,000 Equity Shares of Rs.10/- each	1600.00	2200.00
2,00,00,000 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	2000.00	—
Issued, Subscribed and Paid up		
Equity Share Capital		
1,44,57,382 (1,44,56,752) Equity Shares of Rs. 10/- each	1469.41	1469.38
2,46,397 (2,47,027) Equity Shares of Rs. 6/- each paid up		
2,96,221 (2,96,221) Equity Shares of Rs. 3/- each paid up		
	1469.41	1469.38
Preference Share Capital		
73,60,500 NCR Preference Shares of Rs. 10/- each paid up	736.05	—

Note No. 3**RESERVES AND SURPLUS**

	As on 01/04/2013	Additions	Deletions	As on 31/03/2014
Share Premium	3960.25	6624.55		10584.80
State Subsidy	10.00			10.00
Revaluation Reserve	6.77		3.35	3.42
Investment Allowance Reserve	59.39			59.39
General Reserve	2390.00			2390.00
Profit & Loss Account	5172.66	(3957.09)	2298.26	(1082.68)
Share Application Money	50.00			50.00
Capital Reserve	158.31		4.39	153.92
	11807.38	2667.46	2306.00	12168.84
Less: Rights/Preferential Issue Expenses	60.78			73.81
	11746.60			12095.03
Add: Share Call Money received pending for Conversion	0.99			0.85
Total	11747.59	0.00	0.00	12095.88

Note No. 4**LONG TERM BORROWINGS****Secured Loans****From Banks**

- Term loans <i>Ref Sub Note 1</i>	27250.17	30247.45
- Vehicle loans	103.34	116.04
	27353.51	30363.50

Notes – (Continued)

(₹ in lacs)

As at	As at
31/03/2014	31/03/2013

Note No. 5
OTHER LONG TERM LIABILITIES
Unsecured Loans

From Corporates	3755.86	8048.42
From Directors	134.90	41.70
From Others	1538.18	1043.11
Interest Accrued & Due	632.02	374.90
	<u>6060.96</u>	<u>9508.12</u>
Others	6376.95	4062.79
	<u>12437.91</u>	<u>13570.92</u>

Note No. 6
LONG TERM PROVISIONS

Provision for Taxation	747.66	650.00
Fringe Benefit Tax Payable	18.41	18.41
	<u>766.07</u>	<u>668.41</u>

Note No. 7
SHORT TERM BORROWINGS
Secured Working Capital Loans from Banks:

Banks <i>Ref Sub Note 1</i>	24968.72	22014.12
Current Component of Long Term Borrowings	4018.08	1641.84
	<u>28986.80</u>	<u>23655.95</u>

Note No. 8
TRADE PAYABLES
Sundry Creditors :

- For Supplies and Services	34135.41	23051.51
- For Expenses and Others	48.17	50.48
- For Project/Capital Equipment	540.99	5214.42
	<u>34724.57</u>	<u>28316.42</u>

Note No. 9
OTHER CURRENT LIABILITIES

Other Current Liabilities	1834.06	851.01
	<u>1834.06</u>	<u>851.01</u>

Note No. 10
SHORT TERM PROVISIONS

Provision for Expenses/Tax	1694.56	1460.63
Provision for Dividend	102.66	102.66
Corporate Dividend Tax	17.45	16.65
	<u>1814.67</u>	<u>1579.94</u>

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

(₹ in lacs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1st April 2013	Additions upto 31st March, 2014	Sold upto 31st March, 2014	Cost as at 31st March, 2014	As on 1st April 2013	For the year upto 31st March, 2014	Adjusted on upto 31st March, 2014	Upto upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
Land	1462.70	14.70		1477.40					1477.40	1462.70
Land Leasehold	95.47			95.47	5.27	0.88		6.15	89.32	90.20
Factory Buildings	3413.23	3522.17		6935.40	808.04	206.25		1014.29	5921.11	2605.19
Office Premises	20.69			20.69	6.76	0.73		7.49	13.20	13.93
Plant & Machinery	13309.98	22243.12		35553.10	6656.51	1976.29		8632.80	26920.30	6653.47
Works Equipments	123.10	52.35		175.45	70.22	9.51		79.73	95.72	52.88
Lab Equipment	12.05	2.91		14.96	5.19	0.67		5.86	9.10	6.86
Office & Other Equip.	696.79	20.44	0.19	717.04	423.17	54.50	0.09	477.58	239.46	273.62
Vehicles	654.30	43.29	13.20	684.39	217.69	99.01	6.55	310.15	374.24	436.61
Total	19788.31	25898.98	13.39	45673.90	8192.85	2347.84	6.64	10534.05	35139.85	11595.46
Previous Year	18713.63	948.68	492.56	19169.75	6403.61	1006.50	245.28	7164.83	12004.92	12310.02

Note : Interest on borrowed capital of Rs.40,26,40,692 for the purchase of Fixed Assets has been capitalised as detailed below :

Building	5,51,70,537
Plant and Machinery	34,74,08,295
Others	61,860
Total	40,26,40,692

Notes – (Continued)

(₹ in lacs)

**As at
31/03/2014**
**As at
31/03/2013**
Note No. 12
NON-CURRENT INVESTMENTS

Long term, Unquoted, at cost

116.03

116.03

Ref Sub Note 2
116.03

116.03

Note No. 13
LONG TERM LOANS AND ADVANCES
Ref Sub Note 3
1836.04

1752.69

1836.04

1752.69

Note No. 14
OTHER NON-CURRENT ASSETS
14.59

228.31

14.59

228.31

Note No. 15
CURRENT INVESTMENTS
43.35

46.83

43.35

46.83

Note No. 16
INVENTORIES

(As valued and certified by the Management)

Raw materials

4675.93

4491.12

Finished Goods

8766.19

9202.23

Stores

833.19

774.67

14275.31

14468.02

Note No. 17
TRADE RECEIVABLES
(Unsecured)

- Debts outstanding for more than six months

6749.95

2226.05

Other Debtors

29016.59

28688.71

35766.54

30914.76

Note No. 18
CASH AND CASH EQUIVALENTS

Cash in hand

54.30

24.74

Balances with scheduled banks

– in Current Accounts

(331.88)

(451.78)

– in Deposit Accounts

2366.57

2382.42

2088.99

1955.38

Notes – (Continued)

(₹ in lacs)

	As at 31/03/2014	As at 31/03/2013
Note No. 19		
SHORT-TERM LOANS AND ADVANCES		
(Unsecured considered good; recoverable in cash or in kind or for value to be received)		
Deposits	3443.85	1408.23
Advance for supplies and expenses	465.64	1137.33
Staff advances & Prepaid Expenses	658.20	380.63
Advances to Subsidiaries	456.23	372.83
Advance Tax	25.92	—
	5049.84	3299.02
Note No. 20		
OTHER CURRENT ASSETS	9379.90	9826.27
Minority Interest	81.11	82.44
	For the year ended 31/03/2014	For the year ended 31/03/2013
Note No. 21		
REVENUE FROM OPERATIONS		
Domestic Sales FG	126454.13	112753.81
Export Sales	3748.09	3935.23
Excise Duty	8576.14	10218.91
Processing Charges	1138.08	611.84
Duty Drawback	163.74	149.92
Service Charges/Sponsorship Received	3420.60	3151.43
	143500.78	130821.14
Excise Duty Collected	8658.22	10243.76
	134842.56	120577.40
Note No. 22		
OTHER INCOME		
Income from Windmills	172.80	234.96
Interest Receipts	388.38	245.16
Dividend Received	78.83	87.41
Profit on sale of Fixed Assets	0.00	109.48
Rent Received	9.30	14.91
Service Charges received	67.20	67.20
Sales Tax Incentive Received	8.35	17.85
Miscellaneous Income	35.56	11.53
	760.42	788.50
Less: Income from Wind Mill	172.80	234.96
	587.62	553.53

Notes – (Continued)

	For the year ended 31/03/2014	(₹ in lacs) For the year ended 31/03/2013
Note No. 23		
CONSUMPTION OF MATERIALS		
Raw Materials		
Opening Stock - 01/04/2013	4109.72	3677.65
Purchases	60330.91	74370.37
Materials Inward	1950.68	1104.96
Customs Duty	660.51	161.32
Expenses for Import Licence	179.11	2.91
	<u>63121.21</u>	<u>75639.56</u>
Less: Discount/Licence	383.37	251.40
	<u>62737.84</u>	<u>75388.16</u>
Closing Stock - 31/03/2014	3262.97	4109.72
Cost of Materials Consumed (A)	<u>63584.59</u>	<u>74956.09</u>
Stores		
Opening Stock - 01/04/2013	774.67	711.66
Purchases	2987.31	4238.76
Materials Inward	61.14	256.32
Closing Stock - 31/03/2014	833.19	774.67
Cost of Materials Consumed (B)	<u>2989.93</u>	<u>4432.07</u>
(C) Power Plant		
Opening Stock - 01/04/2013	0.00	—
Purchases	6823.78	—
Materials Inward	476.54	—
Closing Stock - 31/03/2014	1193.60	—
	<u>6106.72</u>	<u>—</u>
Less: Charged to Power Plant Operation/Power Stock	2187.39	—
(C) Cost of Material Consumed Power Plant	<u>3919.23</u>	<u>—</u>
Cost of Services Rendered	2639.27	2456.20
Cost of Materials Consumed - (A+B+C)	<u>73133.12</u>	<u>81844.37</u>
Purchase of Stock-in-trade	<u>43708.64</u>	<u>23728.13</u>
Increase/Decrease in Stock		
Finished Goods as on 31/03/2014	8851.97	9470.22
Finished Goods as on 01/04/2013	9475.41	6250.14
Change	<u>623.44</u>	<u>(3220.09)</u>
Add: Own Consumption	0.00	178.65
Net Change	<u>623.44</u>	<u>(3398.75)</u>

Notes – (Continued)

	For the year ended 31/03/2014	(₹ in lacs) For the year ended 31/03/2013
CONSUMPTION OF MATERIALS		
Steel Scrap		
Imported	16811.72	12801.52
Percentage	77.40%	72.57%
Indigenous	4910.13	4839.13
Percentage	22.60%	27.43%
Ingot, Billet, Re-rollables		
Indigenous	40357.67	43654.61
Percentage	100.00%	100%
Stores		
Imported	4.94	1.72
Percentage	0.11%	0.04%
Indigenous	4427.13	4305.05
Percentage	99.89%	99.96%
PP/HDPE Granules		
Imported	175.58	193.98
Percentage	1.87%	2.49%
Indigenous	9226.71	7610.88
Percentage	98.13%	97.51%
Iron Ore		
Indigenous	565.60	679.40
Percentage	100%	100%
Coal		
Indigenous	674.03	765.10
Percentage	100%	100%
Dolomite		
Indigenous	5.78	1.60
Percentage	100%	100%
Note No. 24		
EMPLOYEE BENEFIT EXPENSE		
Salaries and Wages	3076.65	2986.38
Welfare Expenses	79.34	145.22
	<u>3155.99</u>	<u>3131.60</u>
Note No. 25		
FINANCIAL COSTS		
Interest	6797.00	4254.10
Other Finance Charges	1259.26	1493.67
	<u>8056.26</u>	<u>5747.77</u>

Notes – (Continued)

	For the year ended 31/03/2014	(₹ in lacs) For the year ended 31/03/2013
Note No. 26		
OTHER EXPENSES		
Power	2561.46	5585.35
Power Plant Charges	2638.11	—
Repairs Machinery	195.54	165.97
Repairs Building	4.83	8.43
Other Mfg Expenses	329.73	435.78
Processing Charges	554.45	646.58
Insurance	37.84	25.45
Rent	94.49	104.62
Loss on Sale of Fixed Assets	4.71	8.61
Rates & Taxes	60.14	50.63
Legal & Consultancy Charges	102.72	134.43
Payment to Auditors	8.24	7.50
Transport Charges	421.02	349.44
Brokerage & Commission	116.22	144.35
Selling & Administration Expenses	710.42	677.84
Excise Duty Expenses	20.92	15.72
	7860.84	8360.70

Sub Note 1
LONG TERM BORROWINGS
Secured Loans from Bank
Term Loan from Banks

Term Loan - Andhra Bank	7074.90	6673.24
Term Loan - Canara Bank	9633.37	9291.03
Term Loan - Syndicate Bank	3970.22	4144.51
Term Loan - State Bank of India	58.15	73.88
Term Loan - State Bank of India (Wind Mill)	0.00	19.50
Term Loan - Indian Overseas Bank	7555.67	7077.80
Term Loan - Shamrao Vitthal Co-op Bank Ltd	2012.21	3150.20

From Financial Institutions

Industrial Development Bank of India	153.55	1046.48
	30458.07	31476.64
Tata Capital	85.08	165.31
Electronica Finance Ltd	66.65	55.71
Sundaram Finance Ltd	85.64	120.19
	30695.44	31817.85
Less: Current Component on Long term Borrowings	3445.27	1570.40
	27250.17	30247.45

Notes – (Continued)

(₹ in lacs)

As at
31/03/2014

As at
31/03/2013

SHORT-TERM BORROWINGS
Working Capital

Canara Bank	8152.46	7599.68
Syndicate Bank	4357.96	4733.04
State Bank of India	5381.69	3318.09
Andhra Bank	1256.97	1323.13
IDBI Bank Ltd	2008.21	1519.23
Indian Overseas Bank	3022.87	3190.36
Shamrao Vithal Co-op Bank Ltd	788.57	751.53
	24968.73	22435.06

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
- 11,50,000 Equity Shares of Rs.10/- each Buildmet Fibers P Limited	115.00	115.00
- 25 Shares of Rs.10/- each in Shamrao Vithal Co-op Bank Ltd	0.03	0.03
	116.03	116.03

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 Bank (Market Value Rs. 83,376/-)	0.43	0.43
- 75 Shares of Rs. 100/- each in The Shamrao Vithal Co-op Bank Ltd	0.05	0.05
- 2,10,00,000 Equity Shares of Re.0.10 per share TVH Energy Resources Pvt Ltd.	21.00	21.00
- 2,17,714 Equity Shares of Rs. 10 each (2,52,451 Equity Shares) in NSL Wind Power Company (Phoolwandi) Ltd	21.77	25.25
	43.35	46.83

Sub Note 3
LONG TERM LOANS AND ADVANCES

Advance Income Tax Paid	1537.74	1457.74
Advance Income tax TDS	167.61	146.13
Advance Fringe Benefit tax	20.81	20.83
Advance TCS	1.71	1.37
MAT Credit	48.45	48.45
Others	59.72	78.19
	1836.04	1752.69

**INFORMATION WITH RESPECT TO SUBSIDIARIES AS ON MARCH 31, 2014**

(Amounts in INR)

S. No.	Particulars	Name of Subsidiaries					
		Cosmic Global Limited	Tulsyani Power Limited	Chitrakoot Steel & Power Private Limited	Balaji Engineering & Galvanizing Limited	Color Peppers Media Private Limited	TG Logistics Private Limited
1	Capital	14665000	500000	64892000	500000	500000	1500000
2	Reserves	2353419	-	(37194678)	-	(11619977)	7753067
3	Total Assets	104555452	5525000	379091521	1311056	12452526	27626203
4	Total Liabilities	104555452	5525000	379091521	1311056	12452526	27626203
5	Details of investment (except in case of investment in subsidiaries)	NIL	NIL	2500	NIL	NIL	NIL
6	Turnover (Total Revenue)	97767260	NIL	293788772	NIL	6197317	241960006
7	Profit / (Loss) before taxation	17029356	NIL	(17619557)	NIL	(5906659)	1724679
8	Provision for taxation	5591938	NIL	NIL	NIL	NIL	285268
9	Profit / (Loss) after taxation	11437418	NIL	(17619557)	NIL	(5906659)	1439411
10	Proposed dividend	10265500	NIL	NIL	NIL	NIL	NIL

Notes:

1. In the consolidation, the accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by Accounting Standards 21 issued by the Institute of Chartered Accountants of India, wherever applicable.

78 | Annual Report 2013-14



This page is intentionally left blank



This page is intentionally left blank

FORM A

COVERING LETTER - ANNUAL AUDIT REPORT

1.	Name of the Company	Tulsyannec Limited
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	NIL
5.	<p>To be signed by-</p> <ul style="list-style-type: none">  • CEO/Managing Director  • CFO  • Auditor of the company  • Audit Committee Chairman 	

