



TULSYAN NEC LIMITED

Board of Directors

Lalitkumar Tulsyan
Executive Chairman

Sanjay Tulsyan
Managing Director

S. Soundararajan

P.T. Rangamani

A.P. Venkateswaran

S. Ramakrishnan

Sanjay Agarwalla

V. Kirubanandan

C. Ramachandran

K. Janakiraman
Company Secretary

Registered Office

61, Sembudoss Street,
Chennai - 600 001.

Corporate Office

Apex Plaza, I Floor, New No. 77,
(Old No. 3), Nungambakkam High Road,
Chennai - 600 034.
Tel. : 044-3918 1060, Fax : 044-3918 1097
E-mail: tulsyanec@gmail.com
Web site: www.tulsyanec.co.in

Administrative Office

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

Bankers

Canara Bank
Syndicate Bank
Andhra Bank
State Bank of India
IDBI

Auditors

C.A. Patel & Patel, Chennai.

Share Transfer Agents

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

Steel Division

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

Plot No. A 15/N,(pt)
SIPCOT Industrial Complex,
Gummudipoondi,
Tiruvallur District, Tamil Nadu.

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

Depot

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

Windmill

Kudimangalam, Udumalpet,
Tamil Nadu.

Pazhavor, Tirunelveli District,
Tamil Nadu.

Kavalakurichi, Tirunelveli District,
Tamil Nadu.

Synthetics Division

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

2-B, Survey No. 16, Korandanahalli
Malur Industrial Area, Malur Kolar District,
Karnataka.

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

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

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

**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the 63rd Annual General Meeting of the Company will be held on Wednesday, the 16th June, 2010 at 11.00 a.m. at NARADA GANA SABHA MINI HALL, 254, T.T.K. Road, CHENNAI - 600 018, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date, together with the Report of the Directors and Auditors thereon.
2. To declare dividend.
3. To Appoint a Director in place of Shri S. Soundararajan, who retires by rotation and being eligible, offers himself for re-appointment
4. To Appoint a Director in place of Shri P. T. Rangamani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To Appoint a Director in place of Shri C.Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:
"RESOLVED THAT M/s. C.A. Patel and Patel, Chartered Accountants, Chennai, retiring auditors of the Company be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors of the Company"

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification, the following as an **Ordinary Resolution**.
"RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company, for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's

Bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate of the amounts so borrowed and to be borrowed and outstanding at any time (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed Rs 1000 Crores (Rupees Thousand Crores only)."

For and on behalf of the Board

Place : Chennai

Lalitkumar Tulsyan

Date : 14th May, 2010

Executive Chairman

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER.**
2. The Proxies to be valid should be lodged with the Share Transfer Agents, not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 9th June, 2010 to 16th June, 2010 (both days inclusive).
4. Members are requested to forward transfer requests, change of address, power of attorney, etc., to the Share Transfer Agents, viz., Cameo Corporate Services Ltd., Subramaniam Building , 1 Club House Road, Chennai - 600 002.
5. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting and also their copy of the Annual Report.
6. Dividend including Dividend for the year 2002-2003 and subsequent years, remaining unclaimed for a period of 7 years, are transferable to the Investor Education and Protection Fund established by Central Government as per under Section 205A(5) of the Companies Act,1956. Members who have not yet preferred a claim are, therefore, requested to contact the Registrar and Share Transfer Agents immediately. No claim shall lie against the fund or the Company in respect of unclaimed and unpaid dividends transferred to the IEPF as per section 205C of the Companies Act 1956.



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

ITEM NO. 3, 4, 5

Name of Director	Shri S Soundararajan	Shri P T Rangamani	Shri C Ramachandran
Date of Birth	21/04/1926	26/08/1934	15/05/1938
Expertise in specific functional areas.	59 Years	54 Years	50 Years
Qualification	I.A. & A.S	F.C.S., B.L.,	I.A.S
List of other companies in which directorship held as on 31st March 2010.	NIL	NIL	1. Tamil Nadu Petroproducts Ltd 2. Elnet Technologies Ltd. 3. ETL Infrastructure Services Ltd., 4. Elnet Software City Ltd., 5. ETL Hospitality Services Ltd., 6. The Great Indian Linen & Textile Infrastructure Company P Ltd., 7. ETL Corporate Services P Ltd., 8. ETL Power Services Ltd., 9. Appu Hotels Ltd.
Chairman/Member of the Committees of the Board of other companies in which he is a Director as on 31st March 2010.	NIL	NIL	1. Tamilnadu Petroproducts Ltd. 2. Elnet Technologies Ltd. 3. ETL Infrastructure Services Ltd. 4. ETL Hospitality Services Ltd.
Shareholding as on 31st March 2010			
a) held individually	400	NIL	NIL
b) held jointly with other	NIL	NIL	NIL

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

ITEM NO. 7

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

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



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We take pleasure in presenting the 63rd Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended 31st March, 2010

FINANCIAL RESULTS	2009-2010	2008-2009
	Rupees in Lacs	
Profit before Depreciation and tax	2258.51	2933.32
Less: Depreciation	813.33	725.02
Profit for the year before Exceptional items	1445.18	2208.30
Less: Exceptional Items	85.73	722.10
Profit for the year	1359.45	1486.20
Less: Provision for Current Tax	360.00	390.00
Deferred Tax	150.17	131.33
Fringe Benefit Tax	-	14.08
Add: Surplus brought forward	2698.83	1963.04
Amount available for appropriation	3548.11	2913.83
Appropriations:		
Dividend	100.00	100.00
Corporate Tax	11.26	-
General Reserve	102.00	115.00
Balance carried forward	3334.85	2698.83

OPERATIONS AND OUTLOOK

The economic crisis and slowdown witnessed in all the sectors during 2008-09 continued during 2009-10 as well. While developed countries continue to reel under recession, it is believed that Asian countries are back on the growth track. Your company is well poised in terms of capacity and marketing infrastructure to capitalize on growth opportunities as they arise.

During the year under review, your company has surpassed the figure of production and sales in quantitative terms, as compared to the previous year. However, the profit during the year, before tax was Rs.1359.45 lacs as against Rs.1486.20 lakh last year, indicating a decrease of 8.53%. The decline in performance is on account of decrease in sales values.

The expansion in the rolling capacity by 150000 Mt/p.a. at Gummudipondi undertaken during 2008-09 has been successfully completed during 2009-2010, with this the Cumulative rolling capacity of the company will be 348000 Mt/p.a. The cost of Raw Material and availability of Power

are two major factors effecting our performance, with this in mind during the year 2009-10, the company has acquired M/s Chitrakoot Steel and Power Pvt Ltd. which is manufacturing sponge iron a basic raw-material for TMT bars. The installed capacity of this plant is 36000 Mt / p.a.. During the year under review there were drastic power cuts to the tune of about 40%, consequently effecting our costs and also the production. Due to these power cuts we could not utilize our capacities in full thus losing out on economies of large scale production. During the current year, your company would be commencing the installation work on the 35 MW thermal power plant at Gummudipondi for which land has already been acquired and term loan sanctions have been received from the Bankers. The rights issue for which necessary approvals were obtained from the share holders in the last AGM, will be done in due course during this year.

DIVIDEND

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

DIRECTORS

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

Mr P T Rangamani, Director of the Company, retires by rotation and being eligible, offers himself for re-election.

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

AUDITORS

The Auditors of the Company M/s. C.A. Patel & Patel., Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment

PERSONNEL

Your Directors wish to express their appreciation to the employees at all levels for their contribution to the Company's performance during the year under review.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988 AND PARTICULARS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

The Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required to be disclosed as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are enclosed with the report.

FIXED DEPOSITS

The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and Rules made there



under in respect of acceptance of deposits from public. There are no unpaid/unclaimed deposits.

DEMATERIALIZATION OF SHARES

Your Company has entered into an arrangement with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialization of the Company's shares in accordance with the provisions of the Depositories Act, 2001. Accordingly, our company's shares can be dematerialized in the CDSL and NSDL under the ISIN - INE463D01016

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Profit of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

AUDIT COMMITTEE

In compliance of Section 292A of the Companies Act, 1956, an Audit Committee of the Board is consisting of the following Directors:

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

CORPORATE GOVERNANCE

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

PARTICULARS OF EMPLOYEES

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

STATUTORY DISCLOSURES

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

SUBSIDIARY COMPANIES

As required under section 212 of the Companies Act, 1956 the Balance Sheet, Profit & Loss Account and the reports of the Board of Directors and Auditors of the Subsidiary Companies have been attached to the Balance Sheet of your Company.

GENERAL

The Directors take this opportunity to convey their appreciation of the services rendered and support given by the Company's Bankers, Financial Institutions, suppliers and customers.

Your Directors thank you, the Shareholders for your continued patronage.

For and on behalf of the Board

Place : Chennai **LALITKUMAR TULSYAN**
Date : 14th May, 2010 Executive Chairman

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR YEAR ENDED 31ST MARCH, 2010

Sl. No.	Name of the Employee	Age Years	Designation	Gross Rem. Received Rs.	Qualification	Experience in years	Share holding %	Date of Employment	Last Employment
1	Lalitkumar Tulsyan	50	Executive Chairman	60,00,000	B. Com.,	25	26.89	27/01/1994	-
2	Sanjay Tulsyan	46	Managing Director	60,00,000	B. Com., (Hons)	24	26.10	06/09/1986	-
3	Sanjay Agarwalla	47	Whole-time Director	33,10,591	B. Com.,	15	0.002	27/04/2006	-



ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY	2009-2010	2008-2009
I Electricity		
a. Purchase in units	48666640	56533764
Total Amount (Rs.in lacs)	2286.58	2591.24
Rate per unit (Rs.)	4.69	4.58
b. Own generation in units	21020	17647
Unit per liter of diesel	2.79	3.50
Cost per unit	12.88	11.66
c. Windmill generation (units)	4619828	4519009
II Coal		
Consumption (MT)	2850.540	6757.225
Total Amount (Rs.in lacs)	72.75	317.36
Average Rate (Rs.)	2552.14	4869.16
III Furnace Oil		
Consumption (litres)	6056016	2835142
Total Amount (Rs.in lacs)	1340.82	590.94
Average Rate (Rs.)	22.14	20.93
B. CONSUMPTION PER UNIT OF PRODUCTION		
Finished Steel Products	155543	120158
Electricity	97	112
Furnace Oil	38	23
Coal	18	28
MS Ingots		
Production	-	19818
Electricity	-	726
MS Billets		
Production	56894	41096
Electricity	657	720
C. TECHNOLOGY ABSORPTION	Not Applicable	Not applicable
D. ACTIVITY RELATING TO EXPORTS		(Rs.in lacs)
(i) Foreign Exchange earned	1857.19	3770.17
(ii) Foreign Exchange used	6492.08	7085.71

For and on behalf of the Board

Place : Chennai
Date : 14th May, 2010

LALITKUMAR TULSYAN
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	Number and face value of shares held by Tulsyan NEC Limited in the subsidiary company at the end of financial year of the subsidiary company	Extent of Interest of Holding company at the end of financial year of the subsidiary company	Profit of the subsidiary company for the financial year since it became subsidiary company	Amount of profit of the subsidiary company not dealt within the books of holding company	Amount of profit of the subsidiary company dealt within the books of holding company
Cosmic Global Ltd	31.03.2010	11,25,000 shares of Rs. 10/- each	99.87%	56,79,959	23,04,959	33,75,000
Tulsyan Power Ltd	31.03.2010	50,000 shares of Rs. 10/- each	100%	NIL	NIL	NIL
Chitrakoot Steel & Power P Ltd	31.03.2010	64,89,200 shares of Rs. 10/- each	100%	62,17,313*	62,17,313	NIL
Balaji Engineering & Galvanizing Ltd	31.03.2010	4,94,000 shares of Rs. 10/- each	98.80%	NIL	NIL	NIL

* Profit earned since the date from which it became subsidiary company - i.e. 23/12/2009





MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The past couple of years have been difficult for the steel industry, following a sharp slump across industries worldwide in the wake of the US sub-prime crisis of 2007.

Despite global crisis the Indian Industries seem to have weathered the storm, most of whom have posted fairly good results.

I. Industry Structure and Developments

The Company's products are TMT Bars, sponge, 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 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. With a view to overcome this constraint the company has acquired M/s Chitrakoot Steel and Power Pvt Ltd. which is manufacturing sponge iron a basic raw-material for TMT bars. The installed capacity of this plant is 36000 Mt / p.a.. During the year under review there were drastic power cuts to the tune of about 40%, consequently effecting our costs and also the production. Due to these power cuts we could not utilize our capacities in full thus losing out on economies of large scale production. During the current year, your company would be commencing the installation work on the 35 MW thermal power plant at Gummudipondi

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

Fragmented industry with more SSI units. Speculation and uncertainty does not allow price to settle and this scenario synchronizes well when the going is good.

III. Segment-wise/Product-wise

The production of steel rods was 155544 MT compared to 124205 MT in the previous year. The sale of rods during the year was 143362 MT compared to 120315 MT in the previous year

The production of synthetic products was 11464 MT compared to 11188 MT in the previous year. The sale of synthetic products during the year was 11101 MT compared to 11094 MT in the previous year

IV. Future Outlook

With various infrastructure facilities coming 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 three four 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, the Company has acquired M/s Chitrakoot Steel and Power Pvt Ltd., a manufacturer of Sponge Iron with a capacity of about 36000 / TPA to reduce the cost of its input. The other major cost is power which also the company is aiming to reduce by installing a 35MW thermal Power plant at Gummudipondi.

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 Govt. agency for their Products. Currently the Company is looking towards covering their quality under various international market standards, namely, Sri Lanka, U.K., 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

Both the economy and the industry are on the growth trajectory. However, 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 this entails 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

Turnover for the year under review amounted to Rs. 63420.40 Lakh as against Rs. 69970.06 Lakh for the previous year showing a decrease of 9.36% over the last year. We would like to mention here that in quantitative terms the company has surpassed the figure of production and sales as compared to the previous year. The profit during the year, before tax was Rs.1359.45 lacs as against Rs.1486.21 lakh last year, indicating a decrease of 8.53%. The decline in performance is on account of decrease in sales values.

IX. Human Resource and Industrial Relations

The company, at the year-end had 1550 employees (including contract labour) as compared to 1420 in the previous year and industrial relations remained cordial during the year. To meet ongoing challenges in the market place, employees are trained continuously to upgrade both their knowledge and skills.

X. Cautionary Statement

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



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. THE BOARD OF DIRECTORS

The Board of Directors consists of Nine Directors. Your company has an optimum combination of Executive and Non-Executive Directors with not less than 50 Percent of the Board of Directors comprising of Non-Executive Directors. All the members of Board are eminent persons with expertise and extensive experience in different field and have made outstanding contribution to the Industry. Composition and Category of Directors is as follows:

Category	Name of the Directors
Executive Chairman	Shri Lalitkumar Tulsyan
Executive - Non Independent, Managing Director	Shri Sanjay Tulsyan
Executive - Non Independent, Director - Finance	Shri A P Venkateswaran
Executive-Non Independent, Whole-time Director	Shri Sanjay Agarwalla
Non-Executive-Independent Directors*	Shri S. Soundararajan
	Shir P. T. Rangamani
	Shri S Ramakrishnan
	Shri V Kirubanandan
	Shri C Ramachandran

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

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

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



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

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

30.04.2009	31.07.2009	17.08.2009	18.08.2009
28.10.2009	29.01.2010	22.02.2010	18.03.2010

3. AUDIT COMMITTEE

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

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

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



Composition and attendance of the meetings are as follows:-

Name of Member/director	Designation (Chairman/Independent)	Qualification	Date of Meeting	Meeting attended or not
Shri S Soundararajan	Chairman	I.A. & A.S.	30.04.2009	Yes
			31.07.2009	Yes
			28.10.2009	Yes
			29.01.2010	Yes
Shri A P Venkateswaran	Member	B.Com. FCA	30.04.2009	Yes
			31.07.2009	Yes
			28.10.2009	Yes
			29.01.2010	Yes
Shri S Ramakrishnan	Member	B.Com.	30.04.2009	Yes
			31.07.2009	Yes
			28.10.2009	Yes
			29.01.2010	Yes

4. REMUNERATION COMMITTEE

Board has constituted Remuneration Committee in its meeting. The Remuneration Committee presently consists of three Non-Executive Independent Directors. Payment of remuneration to the Executive Directors is governed by the Agreement executed between them and the Company which was approved by the Committee Board and the Shareholders in terms of Sch.XIII of the Companies Act. Their remuneration structure comprises salary, perquisites and allowances and contribution to provident fund. The Non-executive Directors do not draw any remuneration from the Company other than Sitting fees. Details of the salary paid to the directors are shown below.

The Committee met on 30/04/2009, 31/07/2009, 17/08/2009 & 29/01/2010 during the year.

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

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

Remuneration to Directors

Name and Designation	Total Remuneration (incl. incentive) (In Rs.)	Sitting Fee (In Rs.)	Relationship with other Directors
Shri Sanjay Tulsyan (Executive)	60,00,000	-	Brother of Lalitkumar Tulsyan
Shri Lalitkumar Tulsyan (Executive)	60,00,000	-	Brother of Shri Sanjay Tulsyan
Shri S Soundararajan (Non-Executive)	-	16,000	-
Shri P T Rangamani (Non-Executive)	-	16,000	-
Shri A P Venkateswaran (Executive)	16,57,977	-	-
Shri Sanjay Agarwalla (Executive)	33,10,591	-	-
Shri S Ramakrishnan (Non-Executive)	-	16,000	-
Shri V Kirubanandan (Non-Executive)	-	16,000	-
Shri C Ramachandran (Non-Executive)	-	12,000	-



5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee met on 30/04/2009, 31/07/2009, 28/10/2009 & 29/01/2010 during the year.

The Committee, inter alia:

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

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

Name of Member	Designation	No. of Meetings attended
Shri P T Rangamani	Chairman	Four
Shri S Soundararajan	Member	Four
Shri V Kirubanandan	Member	Four

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

Complaints pending at beginning	–	2
Complaints received	–	107
Complaints resolved	–	108
Complaints pending at end	–	1

6. GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2006-2007	Naradha Gana Sabha Mini Hall, 254 T T K Road, Chennai - 600 018.	30.08.2007	11.30 a.m.
2007-2008	Naradha Gana Sabha Mini Hall, 254 T T K Road, Chennai - 600 018.	08.09.2008	11.00 a.m.
2008-2009	Naradha Gana Sabha Mini Hall, 254 T T K Road, Chennai - 600 018.	16.09.2009	11.00 a.m.

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

Special Resolutions passed in the last three years:

Date of AGM / EGM	Special Resolution Passed
30.08.2007	NIL
08.09.2008	under Section 81(1A) of the Companies Act 1956, for 10,00,000 Equity Shares
16.09.2009	under Section 198, 269,309 and 310 read with Schedule XIII of the Companies Act 1956 for increase in remuneration to Mr Sanjay Agarwala WTD of the company under Section 198,309 of the Companies Act 1956 for payment of incentive to Mr Sanjay Agarwala WTD of the company Increase in Authorised share capital of the company from Rs 10 Crore to Rs 22 Crore Under Section 81(1A) of the Companies Act 1956 for issue of 1,50,00,000 equity shares on right basis.



7. DISCLOSURES

- a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company

- b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. **NIL**
- c. The Company has laid down procedures about risk assessment and their minimization. **These procedures are periodically reviewed in the Board.**
- d. The Company proposes to adopt other non mandatory requirements as and when necessary.

8. MEANS OF COMMUNICATION

The quarterly results are published in 'in 'Financial Express' all Editions in English and in Tamil 'Malai Murasu'. Management Discussion & Analysis report is a part of Annual Report:

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

The Company does not post its results on the web site

9. GENERAL SHAREHOLDER INFORMATION

9.1. Annual General Meeting

- Date and Time : 16th June, 2010
Venue : Naradha Gana Sabha (Mini Hall)
254 T T K Road, Chennai - 600 018

- 9.2. Financial Calendar (Tentative) : Results for the quarter ended 30th June, 2010 - 31/07/2010
: Results for the quarter ended 30th Sept, 2010 - 31/10/2010
: Results for the quarter ended 31st Dec, 2010 - 31/01/2011
: Results for the quarter ended 31st Mar, 2011 - 30/04/2011

- 9.3. Book Closure : 09th June, 2010 to 16th June, 2010 (both days inclusive)

- 9.4. Dividend Payment Date : 15th July, 2010

- 9.5. Listing of Equity Shares on Stock Exchanges at : Madras, Mumbai, (Calcutta - delisting applied)

- 9.6. a. Stock Code : Mumbai 513629
Madras Tulsyan NEC

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

- 9.7. Stock Market Data : Monthly High/Low of Market price of the company's shares traded in the Stock Exchange; Mumbai during the year 2009 - 2010 is furnished below.

Month	High Rs.	Low Rs.
April 2009	59.00	36.10
May 2009	65.00	43.50
June 2009	75.00	50.00
July 2009	61.90	42.00
August 2009	64.70	45.00
September 2009	68.90	55.00
October 2009	65.90	51.00
November 2009	58.90	50.00
December 2009	68.40	50.05
January 2010	81.00	58.15
February 2010	101.40	57.00
March 2010	78.50	67.00



9.8. Registrar and Transfer Agents' : Cameo Corporate Services Ltd.
#1 Club House Road, Chennai - 600 002

DEMAT INFORMATION (AS ON 31.03.2010)

No. of Shares Dematerialized : 1999246

% of Total Capital : 39.98

9.9. Distribution of holdings :

Share or Debenture holding of Nominal Value of		Share/Debenture holders		Share/Debenture Amount	
Rs.	Rs.	Number	% to Total	in Rs.	% to Total
Upto –	5000	4751	92.648	5885320	11.771
5001 –	10000	184	3.588	1480840	2.962
10001 –	20000	74	1.443	1170480	2.341
20001 –	30000	26	0.507	660660	1.321
30001 –	40000	13	0.254	471160	0.942
40001 –	50000	15	0.293	664930	1.330
50001 –	100000	24	0.468	1860650	3.721
100001 and above		41	0.800	37805960	75.612
Total		5128	100.000	50000000	100.00

9.10. Distribution of Shareholding

Category of Shareholder	No. of Holders	Total No. of Shares	Shares in Demat	Total Shareholding as a percentage of total number of shares		Shares Pledged or Otherwise encumbered		
				As a % of (A+B) (VI)	As a % of (A+B+C) (VII)	Number of shares (VIII)	As a % (IX)=(VIII)/(IV) * 100	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
A. Shareholding of Promoter and Promoter Group								
1. INDIAN								
a. Individuals/ Hindu Undivided Family	16	3279700	639993	65.5940	65.5940	1037800	31.6431	
b. Central Government/ State Government(s)	0	0	0	0.0000	0.0000	0	0.0000	
c. Bodies Corporate	0	0	0	0.0000	0.0000	0	0.0000	
d. Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000	
e. Any other								
Sub-Total (A) (1)	16	3279700	639993	65.5940	65.5940	1037800	31.6431	
2. FOREIGN								
a. Individuals (Non-resident Individuals/ Foreign Individuals)	0	0	0	0.0000	0.0000	0	0.0000	
b. Bodies Corporate	0	0	0	0.0000	0.0000	0	0.0000	
c. Institutions	0	0	0	0.0000	0.0000	0	0.0000	
d. Any other								
Sub-Total (A) (2)	0	0	0	0.0000	0.0000	0	0.0000	
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	16	3279700	639993	65.5940	65.5940	1037800	31.6431	



Category of Shareholder	No. of Holders	Total No. of Shares	Shares in Demat	Total Shareholding as a percentage of total number of shares		Shares Pledged or Otherwise encumbered		
				As a % of (A+B) (VI)	As a % of (A+B+C) (VII)	Number of shares (VIII)	As a % (IX)=(VIII)/(IV) * 100	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
B. Public Shareholding								
1. INSTITUTIONS								
a. Mutual Funds / UTI	5	48600	46600	0.9720	0.9720	NA	NA	
b. Financial Institutions/ Banks	0	0	0	0.0000	0.0000	NA	NA	
c. Central Government / State Government (s)	0	0	0	0.0000	0.0000	NA	NA	
d. Venture Capital Funds	0	0	0	0.0000	0.0000	NA	NA	
e. Insurance Companies	0	0	0	0.0000	0.0000	NA	NA	
f. Foreign Institutional Investors	0	0	0	0.0000	0.0000	NA	NA	
g. Foreign Venture Capital Investors	0	0	0	0.0000	0.0000	NA	NA	
h. Any other								
Sub-Total (B) (1)	5	48600	46600	0.9720	0.9720	NA	NA	
2. NON-INSTITUTIONS								
a. Bodies Corporate	207	179581	159781	3.5916	3.5916	NA	NA	
b. Individuals -								
I. Individual Shareholders Holding Nominal Share Capital Upto Rs. 1 lakh	5281	1147604	869457	22.9520	22.9520	NA	NA	
II. Individual Shareholders Holding Nominal Share Capital in Excess of Rs. 1 lakh	7	130972	130972	2.6194	2.6194	NA	NA	
c. Any other								
Clearing Members	25	4614	4614	0.0922	0.0922	NA	NA	
Hindu Undivided Families	82	120631	120631	2.4126	2.4126	NA	NA	
Non Resident Indians	511	88298	27198	1.7659	1.7659	NA	NA	
	618	213543	152443	4.2708	4.2708	NA	NA	
Sub-Total (B) (2)	6113	1671700	1312653	33.4340	33.4340	NA	NA	
Total Public Shareholding (B) = (B) (1) + (B) (2)	6118	1720300	1359253	34.4060	34.4060	NA	NA	
Total (A) + (B)	6134	5000000	1999246	100.0000	100.0000	1037800	20.7560	
c. Shares held by custodians and against which depository receipts have been issued	0	0	0	0.0000	0.0000	NA	NA	
Grand Total (A) + (B) + (C)	6134	5000000	1999246		100.0000	1037800	20.7560	



9.11. Plant Locations

- a. Steel Division : 39, Dr. Harikrishna Naidu Street,
Ambattur, Chennai - 600 053.
15/N,(Pt)SIPCOT Industrial Complex, Gummidipoondi,
Tiruvallur District, Tamil Nadu.
D-4 Sipcot Indl. Complex, Gummudipoondi,
Tiruvallur District, Tamil Nadu.
Depot
55/2, Cuddalore Main Road,
Ariyankuppam,
Pondicherry - 605 007.
- Windmill :
1. Kudimangalam, Udumalpet, TamilNadu
2. Pazhavor, Tirunelveli District, TamilNadu
3. Kavalakurichi, Tirunelveli District, Tamil Nadu
- b. Synthetic Division : 7-A, Doddaballapura Industrial Area,
Kasba Hobli, Karnataka.
2-B, Survey No.16, Korandanahalli
Malur Industrial Area, Malur Kolar Dist.
Karnataka.
Plot No.E-4, Madkaim Industrial Area,
Madkaim Village, Ponda Taluk, Goa.
Survey No. 4/1-P-1
Adakamaranahully Village
Dasanapura Hobli, Makali Post
Tumkur Road, Bangalore
Survey No. 237 to 245 Boicheruvupalli Village,
Peapully Mandal, Kurnool District,
Andhra Pradesh -581220
- Name of the Compliance Officer : Mr. K. Janakiraman
Address for Correspondence : I Floor, Apex Plaza, 3 Nungambakkam High Road,
(For your queries/ grievances/ Nungambakkam, Chennai - 600034
Complaints Please conduct) Phone: 044-3918 1060 Fax: 044-39181097
Web Site: www.tulsyanec.co.in
Email id: tulsyanec@gmail.com; investor@tulsyanec.com

9.12. Unclaimed Dividend:

Unclaimed dividend for the years prior to and including the financial year 2001-2002 has been transferred to the Investor Education and Protection Fund established by Central Government as per under section 205C of the Companies Act,1956

Note:

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

Subramanian Building,
No-1, Club House Road, Chennai, 600 002
Phone : 044 -2846 0390 Fax : 044 2846 0129.
Email investor@cameoindia.com.
Contact Person : Mr K Ranganathan

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of Tulsyan NEC Limited

We have examined the compliance of conditions of corporate governance by TULSYAN NEC LIMITED for the year ended 31st March, 2010 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. Our 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 our opinion and to the best of our information and according to the explanations given to us, and subject to the Audit Committee has met for four times during the year. We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010 no investor grievances are pending exceeding one month against the Company as on 31-03-2010 as per records maintained by the Company and presented to Shareholders/Investors Grievance Committee.

We 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 **C A PATEL & PATEL**
Chartered Accountants

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

Place : Chennai
Date : 14th May, 2010

CODE OF CONDUCT**PHILOSOPHY**

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

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

To

The Shareholders of **Tulsyan NEC Limited**

We hereby declare that all members of the Board and senior management personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company formulated by the Board of Directors for the financial year ended 31st March 2010.

For Tulsyan NEC Limited

Place : Chennai
Date : 14th May, 2010

SANJAY AGARWALLA
Whole-time Director

**CFO CERTIFICATION**

We, Lalitkumar Tulsyan, Executive Chairman and A P Venkateswaran, Whole-time Director - Finance , responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2010 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year except as laid down in Accounting Standard (AS) 15 (revised 2005) on Employee Benefits, requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Tulsyan NEC Limited

Place : Chennai
Date : 14th May, 2010

LALITKUMAR TULSYAN
Executive Chairman

A P VENKATESWARAN
Whole-time Director - Finance



REPORT OF THE AUDITORS TO THE MEMBERS OF M/s. TULSYAN NEC LIMITED

We have audited the attached Balance sheet of M/s. TULSYAN NEC LIMITED as at 31st MARCH 2010, and also the Profit & Loss Account and cashflow statement for the year ended on that date annexed thereto. 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.

1. We conducted our audit in accordance with the 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 free of material misstatements. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the companies (Auditor's Report) Amendment Order, 2004], issued by the Central Government of India in term of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 2 above, we report that:

- a) 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;
- b) In our opinion, proper books of Accounts, as required by law, have been kept by the Company, so far as appears from our examination of those books.
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Account.

- d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting standards referred to in sub-section (3C) of Sec. 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2010, from being appointed as a Directors in terms of Clause (g) of sub-section (1) of Sec. 274 of the Companies Act, 1956.
- f) As stated in Note No 6 of the Schedule 14 to the Notes on Accounts, we report that the company has paid Rs. 181.09 lacs as Managerial Remuneration, which exceeds the limits calculated under Schedule XIII of the Companies Act, 1956 by Rs. 29.52 lacs. as explained to us by the management that, the Company has submitted application to the Central Government seeking its approval for the said remuneration paid over the limit.
- g) Subject to our comments in Para (f) above, In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with Significant Accounting Policies and notes appearing thereon as contained in schedule 14 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
 - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **C A PATEL & PATEL**
Chartered Accountants

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

Place : Chennai
Date : 14th May, 2010



ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:-

- (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management and no material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off during the year.

2. In respect of its inventories:

- (a) As explained to us, physical verification have been conducted by the management at reasonable intervals in respect of finished goods, stores and raw materials.
- (b) In our opinion & according to the information and explanation given to us, the procedures of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- (a) The company has granted Rs. 770.82 lacs to subsidiary companies as loan during the year.

(Rs in lacs)

SL No	Name of Party	Relationship with Party	Year end balance
1	Cosmic Global Limited	99.87% Subsidiary Company	Cr.161.97
2	Tulsyan Power Limited*	100% Subsidiary Company	Cr. 0.41
3	Chitrakoot Steel & Power P Ltd	100% Subsidiary Company	Dr. 898.06
4	Balaji Engineering & Galvanizing Ltd*	98.80% Subsidiary Company	Dr. 35.14

* Commercial Operations not yet started for the above companies.

- (b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not *prima facie* prejudicial to the Interest of the Company.
 - (c) In respect of loans take by the Company, the interest payments are regular and the principal amount is repayable on demand. In respect of interest free loans granted by the company are repayable on demand.
 - (d) There is no overdue amount in respect of loans granted, as the same are repayable on demand so the question of overdue amounts does not arise.
 - (e) The company has taken unsecured loans from 29 parties aggregating to Rs. 1808.68 lacs during the year (Excluding interest accrued & IFST),as stated in Note No 15. of schedule 14 to the Notes on Accounts.
 - (f) In our opinion and according to the information and explanation given to us, the rate of interest, wherever applicable and other terms and conditions are not *prima facie* prejudicial to the interest of the company.
4. In our opinion and according to the Information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and also sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control.

5. In respect of transactions covered under Section 301 of the Companies Act,1956:

- (a) In our opinion and according to the information and explanations given to us, Particulars of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- (Rupees Five lacs Only) or more in respect of these parties are *prima facie* not prejudicial to



- the interest of the Company and are as per the prevailing market rates.
6. The Company has not accepted any deposit from the public, under section 58A and 58AA of the companies Act, 1956 and the companies (Acceptance of Deposit) Rules 1975. However loans taken from Directors and their relatives and others the Companies regularly files statement in lieu of prospectus after the AGM every year.
 7. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of the business.
 8. We have reviewed the books of accounts related to Materials, Labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
 9. In respect of statutory dues:
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income - Tax, Sales Tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the Appropriate Authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty and any other statutory dues were outstanding as at 31st March 2010 for a period of more than six months from the date of becoming payable.
 - (b) According to the information and explanation given to us, details of the disputed dues which have not been deposited as on March 31, 2010 are referred to in the Annexure A.
 10. The Company has no accumulated losses as at March 31st 2010, and it has not incurred any cash losses in the financial year ended on the date or in the immediately preceding financial year.
 11. Based on our audit procedures and on information and explanation given by the management we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank as to the Balance sheet date.
 12. The Company has not granted any loans and Advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
 13. In our opinion, the company is not a Chit Fund or Nidhi / Mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the order are not applicable to the company.
 14. In our opinion, the Company is not dealer or trader in shares, securities, debentures and other investments. So, Clause 4 (xiv) of the order is not applicable to the company.
 15. According to the information and explanation given to us, the Company has given corporate guarantee for loans taken by M/s. Chitrakoot Steel & Power Pvt. Ltd. from banks amounting to Rs. 20.00 crore as per point number 1.8 of notes to accounts.
 16. According to the information and explanation given to us, on an overall basis, the term loan taken from bank have been applied for the purposes for which they were obtained and the same have been mentioned in the Schedule 3 of the Balance Sheet.
 17. According to the information and explanation given to us, on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis which have been used for long term investment.
 18. 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. Accordingly clause 4 (xviii) of the order is not applicable to the Company.
 19. During the period covered by our audit report the Company has not issued any debentures, therefore the clause 4 (xix) of the order is not applicable to the Company.
 20. The Company has not raised any money by way of public issues during the year, therefore clause 4 (xx) of the order is not applicable to the Company.
 21. Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **C A PATEL & PATEL**
Chartered Accountants

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

Place : Chennai
Date : 14th May, 2010



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, 2004 of M/s **TULSYAN NEC LIMITED** for the year ended 31st March, 2010

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 25.09.02 32/02	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
IN RELATION TO INCOME TAX							
3	2001-2002	Order U/S 154 dt. 15/02/2010	13,73,641	13,73,641	0	0	Refund due Rs. 3,18,337/- Rectification sought u/s 154
4	2002-2003	Order U/S 154 dt. 15/02/2010	14,70,644	13,02,431	1,68,213	1,68,213	Paid Rs. 1,68,213 and Rectification sought u/s 154
5	2003-2004	Order U/S 154 dt. 15/02/2010	19,40,197	17,41,702	1,98,495	1,98,495	Paid Rs. 1,98,495 and Rectification sought u/s 154
6	2004-2005	Order U/S 154 dt. 27/11/2009	37,39,566	10,01,273	27,38,293	39,700	Paid Rs. 39,700 and Rectification sought u/s 154 for adjusting refund of earlier years
7	2005-2006	Order U/S 154 dt. 15/02/2010	41,25,135	40,95,195	29,940	29,940	Rectification U/S 154, for adjustment against earlier years refund .
8	2006-2007	Order U/S 154 dt. 16/09/2009	4,00,505	2,67,452	1,33,053	1,33,053	Rectification U/S 154, for adjustment against earlier years refund.



TULSYAN NEC LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

		(Rupees in Lacs)	
	Schedule	As at 31.03.2010	As at 31.03.2009
I Sources of Funds			
1. Shareholders' Funds			
(a) Share Capital	1	500.00	500.00
(b) Reserves & Surplus	2	5733.07	4998.43
2. Shareholders' Funds			
(a) Secured Loans	3	20307.68	16224.37
(b) Unsecured Loans	4	2070.20	1298.15
Deferred Tax Adjustment		1381.89	1231.71
		29992.84	24252.66
II Application of Funds			
1. Fixed Assets			
Gross Block		15673.52	14032.58
Less: Depreciation		4979.43	4217.46
Net Block	5	10694.09	9815.12
Capital Work in Progress		14.76	483.32
2. Investments	6	773.64	112.16
3. Current Assets, Loans & Advances			
(a) Current Assets		25308.67	15707.70
(b) Loans & Advances		6322.31	7556.48
		31630.98	23264.18
Less: Current Liabilities & Provisions	8		
(a) Current Liabilities		11195.05	7867.80
(b) Provisions		1925.58	1554.32
		13120.63	9422.12
NET CURRENT ASSETS		18510.35	1382.06
Miscellaneous Expenditure	9	-	-
		29992.84	24252.66

Significant Account Policies & Notes on Accounts 14

Schedules 1 to 9 and 14 form integral part of this Balance Sheet and are to be read in conjunction therewith

As per our report of even date

For **M/s. C.A. PATEL & PATEL**
Chartered Accountants

On Behalf of the Board

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

Place : Chennai
Date : 14th May, 2010

S. SOUNDARARAJAN
Director

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary



TULSYAN NEC LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31.03.2010	(Rupees in Lacs) Year ended 31.03.2009
Sale and Other Receipts	10	63420.40	69970.06
Less: Excise Duty		4119.43	6886.04
		59300.97	63084.02
Other Income	11	175.24	223.38
		<u>59476.21</u>	<u>63307.40</u>
Deduct: Cost of Materials and other expenses	12	57217.70	60374.07
Depreciation		813.33	725.02
PROFIT BEFORE EXCEPTIONAL ITEMS		1445.18	2208.31
Exceptional Items Profit/Loss	13	85.73	722.10
Profit for the year		1359.45	1486.21
Less: Provision for Current Tax		360.00	390.00
Fringe Benefit Tax		-	14.08
Deferred Tax		150.17	131.33
PROFIT AFTER TAXATION		849.28	950.80
Add: Surplus brought forward		2698.83	1963.03
		<u>3548.11</u>	<u>2913.83</u>
APPROPRIATIONS:			
Transfer to General Reserve		102.00	115.00
Proposed Dividend*		100.00	100.00
Corporate Tax on Dividend		11.26	-
Balance Carried to Balance Sheet		<u>3334.85</u>	<u>2698.83</u>
* Subject to approval of the AGM			
Earning Per Share (basic)		16.98	19.02

Significant Account Policies & Notes on Accounts 14

Schedules 10 to 14 form integral part of this Profit & Loss Account and are to be read in conjunction therewith.

As per our report of even date

For **M/s. C.A. PATEL & PATEL**
Chartered Accountants

On Behalf of the Board

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

Place : Chennai
Date : 14th May, 2010

S. SOUNDARARAJAN
Director

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary



TULSYAN NEC LIMITED
SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	As at	(Rupees in lacs)
	31.03.2010	As at 31.03.2009
Schedule - 1		
Share Capital		
Authorised:		
2,20,00,000 Equity Shares of Rs. 10/- each	2200.00	1000.00
(1,00,00,000 Equity Shares of Rs. 10/- each)		
	2200.00	1000.00
Issued, Subscribed & Paid-up:		
50,00,000 Equity Shares of Rs. 10/- each fully paid-up	500.00	500.00
	500.00	500.00
Of the above, 5,06,660 Equity Shares of Rs. 10/- each were issued as fully paid bonus shares by way of capitalisation of reserves		
Schedule - 2		
Reserves & Surplus		
Share Premium	130.00	130.00
State Subsidy	10.00	10.00
Revaluation Reserve	16.83	20.19
Investment Allowance Reserve	59.39	59.39
General Reserve	2182.00	2080.00
Profit & Loss Account	3334.85	2698.85
	5733.07	4998.43



Schedules - (Continued)

	(Rupees in lacs)	
	As at 31.03.2010	As at 31.03.2009
Schedule - 3		
Secured Loans		
Working Capital Loans from Banks - Refer Note 1		
Canara Bank	4911.51	3492.55
Syndicate bank	3220.77	2896.28
State Bank of India	2486.21	1703.45
Andhra Bank	1310.75	253.69
Term Loan from Banks		
Term Loan - Andhra Bank - Refer Note 2	225.80	289.50
Term Loan - Canara Bank - Refer Note 2	246.28	394.59
Term Loan - Syndicate Bank - Refer Note 2	1936.83	2272.27
Term Loan - State Bank of India - Refer Note 2	224.64	261.94
Term Loan - State Bank of India (Wind Mill) - Refer Note 3	199.14	275.71
From Financial Institutions		
Industrial Development Bank of India - Refer Note 4	3899.66	2824.50
From Others	1646.09	1559.89
	20307.68	16224.37

Notes : 1. Against hypothecation of book debts, inventories & second charge on Fixed Assets of the Company.
 2. Secured by first charge on fixed assets.
 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.

Schedule - 4**Unsecured Loans**

From Bodies Corporate	1658.60	730.45
From Directors	41.96	104.86
From Others	108.12	88.50
Interest Accrued and Due	86.91	81.35
IFST Loan	174.61	292.98
	2070.20	1298.15

Schedules - (Continued)

Schedule - 5

FIXED ASSETS

(Rupees in lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 1st April 2009	Additions upto March 2010	Sold upto March 2010	Cost as at 31st March 2010	As on 1st April 2009	For the year upto March 2010	Adjusted on upto March 2010	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
Land	1064.48	178.30		1242.78					1242.78	1064.48
Land Leasehold	102.33			102.33	2.69	0.95		3.64	98.69	99.64
Factory Buildings	2239.94	267.52		2507.46	341.21	74.95		416.16	2091.30	1898.73
Office Premises	20.69			20.69	3.82	0.73		4.55	16.14	16.87
Plant & Machinery	9833.48	1170.14	53.81	10949.81	3645.52	665.23	53.81	4256.94	6692.87	6187.96
Works Equipments	57.08	5.83		62.91	27.96	3.35		31.31	31.60	29.12
Lab Equipment	4.75			4.75	3.19	0.11		3.30	1.45	1.56
Office & Other Equipment	387.96	29.39		417.35	116.72	39.39		156.11	261.24	271.24
Vehicles	321.87	48.02	4.45	365.44	76.35	31.98	0.91	107.42	258.02	245.52
TOTAL	14032.58	1699.20	58.26	15673.52	4217.46	816.69	54.72	4979.43	10694.09	9815.12
Previous Year	11550.20	2493.17	10.79	14032.58	3493.35	728.37	4.27	4217.46	9815.12	8056.85

Note: Interest on borrowed capital of Rs. 55,52,468/- has been capitalised as detailed below

1. Land 151510
2. Building 1137583
3. Plant & Machinery 4263375





Schedules - (Continued)

	(Rupees in lacs)	
	As at 31.03.2010	As at 31.03.2009
Schedule - 6		
Investments - Long Term		
Unquoted at Cost		
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
- 11,25,000 Equity Shares of Rs. 10/- each in Cosmic Global Limited*	112.50	100.00
- 50,000 Equity Shares of Rs. 10/- each in Tulsyan Power Limited**	5.00	4.94
- 7,500 Equity Shares of Rs. 10/- each Tulsyan Alloys Limited	0.75	0.75
- 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	-
- In Bonds of Rs. 100/- each in Krishna Bhagya Jaala Nigam Ltd. (17% Secured Redeemable NCB)	1.00	1.00
Quoted		
- 864 Equity Shares of Rs. 10/- each in Syndicate (Market Value Rs. 74434)	0.43	0.43
	<u>773.64</u>	<u>112.16</u>

* Subsidiary Company

** Wholly Owned Subsidiary Company

Schedule - 7**Current Assets, Loans & Advances****A. Current Assets**

(a) Inventories		
(i) Raw Materials	1588.15	2044.40
(ii) Finished Goods	7871.26	4162.22
(iii) Stores, Spares & Others	288.05	229.04
	<u>9747.46</u>	<u>6435.66</u>
(b) Sundry Debtors - unsecured considered good Outstanding for more than six months	1711.53	1985.23
Other Debts	11975.78	5879.24
	<u>13687.31</u>	<u>7864.47</u>
(c) Cash and Bank Balances		
(i) Cash on hand	13.57	19.94
(ii) Balances with scheduled banks		
In Current Accounts	25.90	13.33
In Deposit Accounts	1834.43	1374.29
	<u>1873.90</u>	<u>1407.57</u>
	<u>25308.67</u>	<u>15707.70</u>



Schedules - (Continued)

	(Rupees in lacs)	
	As at 31.03.2010	As at 31.03.2009
B. Loans and Advances		
Unsecured and considered good, recoverable in cash or in kind or for value to be received or pending adjustment		
Loans	1781.11	1848.14
Advance Tax	1935.05	1691.30
Deposits	872.92	849.75
Advances to Suppliers	43.50	1781.47
Advance for Fixed Assets	194.09	255.11
Other Advances	1495.64	1130.71
	<u>6322.31</u>	<u>7556.48</u>
	<u>31630.98</u>	<u>23264.18</u>
Schedule - 8		
Current Liabilities & Provisions		
Liabilities		
Sundry Creditors		
Micro and Small Enterprises	0.16	
Other than Micro and Small Enterprises	4650.79	4135.49
Other Creditors	6544.10	3732.31
	<u>11195.05</u>	<u>7867.80</u>
Provisions		
Provision for Taxation	1795.91	1435.91
Proposed Dividend	100.00	100.00
Corporate Dividend Tax	11.26	
Fringe Benefit Tax Payable	18.41	18.41
	<u>1925.58</u>	<u>1554.32</u>
	<u>13120.63</u>	<u>9422.12</u>
Schedule - 9		
Miscellaneous Expenditure (To the extent not written of)		
Pre-operative Expenses	-	0.61
Less: Written off during the year	-	0.61

SCHEDULES TO PROFIT & LOSS ACCOUNT

	(Rupees in lacs)	
	For the year ended 31.03.2010	For the year ended 31.03.2009
Schedule - 10		
Sales and Other Receipts		
Sales - Domestic	56442.71	60386.17
- Exports	1872.97	3987.75
- Export Trading	32.59	54.52
- Raw Material Sales Trading	4360.48	4992.41
Processing Charges & Other Receipts	441.49	458.65
Sale of Import Licence	126.80	15.80
Drawback	143.36	74.76
	<u>63420.40</u>	<u>69970.06</u>



Schedules - (Continued)

(Rupees in lacs)

For the year ended 31.03.2010	For the year ended 31.03.2009
-------------------------------------	-------------------------------------

Schedule - 11**Other Income**

Interest Receipts	139.04	123.36
Dividend - Refer Note below	33.78	100.02
Profit on sale of Assets	2.42	-
	<u>175.24</u>	<u>223.38</u>

Note: Rs. 33,75,000/- (Rs. 1,00,00,000) received from Subsidiary Company, Cosmic Global Ltd.

Schedule - 12**Cost of Materials and other expenses**

Stocks of Raw Materials and Finished Goods as at 1st April	6206.62	6443.73
Purchases	46672.77	46751.40
Material Inward Expenses	1247.68	1342.55
Salaries, Wages, Labour Charges, Bonus & Gratuity	1623.91	1386.07
Contribution to Provident & Other Funds	82.79	65.34
Excise Duty	6.03	7.95
Workmen and staff welfare expenses	35.72	39.16
Power and Fuel	4262.13	3691.48
Stores and spares consumed	1524.67	1652.33
Repairs to Machinery	70.32	265.00
Repairs to Buildings	9.73	2.70
Other Manufacturing Overheads	30.89	24.50
Processing Charges	239.48	283.63
Insurance	23.77	14.42
Rent	96.00	120.12
Loss on Sale of Assets	1.74	3.59
Rates & Taxes	77.93	28.55
Remuneration to Directors	156.93	151.92
Legal Professional & Consultancy Charges	98.81	28.13
Payment to Auditors	6.05	5.00
Transportation Charges	291.86	389.81
Brokerage and Commission	120.02	104.64
Other Administration & Selling Expenses	681.26	728.03
Interest on Fixed Loans	783.09	827.21
Interest on Other Loans	1354.84	1620.32
Other Finance Charges	972.08	603.10
Less: Stock of Raw Materials, Finished Goods as at 31st March	9459.42	6206.62
	<u>57217.70</u>	<u>60374.07</u>

Schedule - 13**Exceptional Items**

Foreign Curr Fluctn-Forward Contract Profit/Loss	85.73	722.10
	<u>85.73</u>	<u>722.10</u>



Schedules - (Continued)

Schedule - 14

Notes on Accounts

(All amounts in Rupees in lacs unless otherwise stated)

Nature of Operation:

Tulsyane NEC Limited is engaged in the Manufacturing TMT bars, Synthetics Woven Fabrics and Sacks. It has manufacturing plant at Chennai (Ambatuur &Gumudipoondi) and Bangalore (Dodabalapur).

1. Significant Accounting Policies:

1.1 Basis of preparation of Financial Statements

- a. The financial statements are prepared under the historical cost convention on accrual basis of accounting to comply in all material respects with mandatory accounting standard as notified by the Companies (Accounting Standards) Rules,2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act').
- b. Accounting policies have been consistently applied 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:

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

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

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

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

c. Depreciation has been provided as follows:

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

Depreciation

Type of asset	Rate of Depreciation
Land	NIL
Factory buildings	3.34
Office premises	3.34
Pant 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



Schedules - (Continued)

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

1.4 Inventories

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

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

1.5 Sales

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

1.6 Revenue Recognition

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

1.7 Investments:

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

1.8 Contingent Liabilities

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

	On 31/03/2010	On 31/03/2009
Guarantees Outstanding	Rs.133.88	Rs. 90.36
FLC with Bank	–	Rs. 202.91
Entry Tax	Rs. 80.44	Rs. 80.44
Excise Duty	Rs. 9.96	Rs. 9.96

The company has executed Corporate Guarantee in favour of The Shamrao Vithal Co-operative Bank Limited, Mumbai for the loan taken by M/s. Chitrakoot Steel & Power Pvt. Ltd., wholly owned subsidiary of the Company, for Rs. 20.00 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 occur. Outstanding balance of foreign currency monetary items are reported using the period end rates. Pursuant to the notification of the companies (Accounting Standard) amendment Rules 2009 issued by the Ministry of Corporate Affairs on March 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.



Schedules - (Continued)

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, 2011.

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 Sch-VI, Part-II of the Companies Act, 1956). Foreign exchange transactions are as follows:

Transactions	31.03.2010	31.03.2009
a) CIF Value of imports (Raw materials)	6492.08	7085.71
b) Earnings in Foreign Exchange (FOB)	1857.19	3770.17
c) Exchange in Foreign currency for other matters	9.09	28.97
d) Interest paid on \$ Loan	208.02	100.65
e) Loan Paid	1189.47	233.41

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. Quantitative information in respect of class of goods manufactured including conversion

Class of Goods	Licensed Capacity	Installed Capacity	Production 2009-2010
Finished Steel Products (Chennai)	Delicensed	48000 MT (48000 MT)	48195 MT (42073 MT)
Finished Steel Products (Chennai-Gumudipoondi) *150000 MT added during September, 2009	Delicensed	300000* MT (150000 MT)	107348 MT (78085 MT)
Finished Steel Products (Coimbatore) *Three months only April to June 2008	Delicensed	– (36000 MT)	– (4047* MT)
MS Ingots	Delicensed	36000 MT (36000 MT)	– (19818 MT)
MS Billet	Delicensed	144000 MT 144000 MT	56894 MT (41096) MT
HDPE/PP Woven Sack & Fabrics	Delicensed	20541 MT (20541 MT)	11464 MT (11188MT)

Note: i) Installed Capacity being a technical matter is as certified by the Management and relied upon by the Auditors.

ii) Scrap generated 6640 MT (During the year 2008-09 - 5141 MT)

3. Consumption of materials

		2009-10	(Rs. In Lacs) 2008-09
Ingot, billets and rerollables			
Indigenous	Qty	163884 MT	132247 MT
	Value	37161.91	39385.38
	Percent	98.74	100.00
Imported	Qty	2090 MT	–
	Value	449.27	–
	Percent	1.26	–
Steel Scrap			
Indigenous	Qty	23354 MT	24442 MT
	Value	2829.52	3044.63
	Percent	34.50	34.13
Imported	Qty	44343 MT	47171 MT
	Value	6441.48	10022.72
	Percent	65.50	65.87



Schedules - (Continued)

PP/HDPE Granules Imported	Qty	744 MT	504 MT
	Value	415.96	312.92
	Percent	7.28	4.06
Indigenous	Qty	9465 MT	9286 MT
	Value	6333.92	7370.22
	Percent	92.72	95.94
Stores & Spares	Indigenous	1520.35	1652.33
	Imported	4.32	-
4. Opening & Closing stocks and Sales			
Finished Steel Products			
Opening Stock	Qty	9992 MT	3486 MT
	Value	3172.08	1141.51
Closing Stock	Qty	20757 MT	9992 MT
	Value	6606.43	3172.08
Sales	Qty	143362 MT	120315 MT
	Value	40109.88	43528.30
Trading (Highsea Sales)	Qty	20556 MT	14510 MT
	Value	2997.70	2748.38
MS Ingots			
Opening Stock	Qty	9 MT	55 MT
	Value	2.42	14.09
Closing Stock	Qty	0 MT	9 MT
	Value	0	2.42
Sales	Qty	9 MT	414MT
	Value	2.04	98.61
M S Billet			
Opening Stock	Qty	370 MT	694 MT
	Value	105.79	151.75
Closing Stock	Qty	710 MT	370 MT
	Value	154.06	105.79
Sales	Qty	94 MT	30 MT
	Value	20.05	6.41
Fabrics			
Opening Stock	Qty	751 MT	558 MT
	Value	570.77	429.40
Closing Stock	Qty	725 MT	751 MT
	Value	551.05	570.77
Sales	Qty	946 MT	2464 MT
	Value	701.87	1621.10
Sacks			
Opening Stock	Qty	426 MT	494 MT
	Value	340.76	400.08
Closing Stock	Qty	288 MT	426 MT
	Value	220.02	340.76
Sales	Qty	10155 MT	8630 MT
	Value	9544.47	9261.34
5. Other Information			
a) CIF Value of Imports (RawMaterials)		6492.08	7085.71
b) Earnings in Foreign Exchange(FOB)		1857.19	3770.17
c) Expenditure in Foreign Currency for other matters		9.09	28.97
d) Interest paid on \$ Loan		208.02	100.65
e) Loan paid		1189.47	233.41



Schedules - (Continued)

6. Directors Remuneration to the directors:

a) Salary	169.69	163.82
b) Contribution to Provident & Other Funds	2.40	2.31
c) Monetary Value of perquisites	9.00	9.00
d) Sitting fees	0.76	0.66

Managerial Remuneration paid during the year 2009-10 Rs. 181.09 to the Managing Directors and Whole-time Directors exceeded the limits calculated under Schedule XIII to the Companies Act, 1956, by Rs. 29.52 lacs. The Company has filed the application to the Central Government seeking its approval for the remuneration paid over the limit

7. Remuneration to Auditors

For Audit	5.00	3.50
For Tax Audit	0.75	0.75
For Certification and other works	2.00	2.00
For Internal Audit	8.55	7.80

8. During the year, Company has purchased 100% shares of M/s Chitrakoot Steel & Power Pvt Ltd, a sponge iron manufacturing plant and invested Rs. 648.92 lacs.

9. Segment**A. Primary Segment Reporting - by Geographical Segment on Location of Assets**

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

The Company has two products viz. Steel and Synthetic. Steel is in Chennai and Synthetic is in Bangalore.

Rs. In Lacs

1 Sales/ Other income	Chennai/Steel	Bangalore/Synthetic	Total
(I) Sales- External	47261.23	16159.16	63420.39
(ii) Sales- Inter-segment	53.20	0.00	53.20
(iii) Other Income-External	0.00	0.00	0.00
(iv) Other Income-Inter-segment	NIL	NIL	NIL
Total	47208.04	16159.16	63367.19

2 Segment Results

Profit/(Loss) before interest & Tax	2834.65	662.71	3497.35
Less: Interest (unallocable charge)			2137.93
Profit /(Loss) after interest			1359.42
Less: Other unallocable expense			0.00
Profit/(Loss) before Tax			1359.42

B. Other Information

Segment assets	20833.32	9159.51	29992.82
Adj: Eliminations	12945.17	(12945.17)	0.00
	33778.49	(3785.66)	29992.82
Segment Liabilities	20833.32	9159.51	29992.82
Capital Employed	20060.76	9158.43	29219.19
Capital Expenditure (Fixed Assets)	1570.63	128.57	1699.20
Depreciation	550.86	262.47	813.33

C. Secondary Segments Reporting

Sales to Customers within India	61547.42
Sales to Customers outside India	1872.97



Schedules - (Continued)

10. Related Parties Disclosure

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

a) List of Related Parties

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

b) Transaction with related parties

Purchase of Goods - Associates	316.12	(Chitrakoot Steel & Power P Ltd)
Sale of Goods - Associates	10.49	(Chitrakoot Steel & Power P Ltd)
Purchase of Fixed Assets - Associates	NIL	
Sale of Fixed Assets - Associates	NIL	
Rendering Services- Associates	NIL	
Receiving services- Associates	200.07	(T G Logistics P Ltd & Tulsyan Smelters P Ltd)
Agency arrangements	NIL	
Leasing or Hire Purchase arrangements - Associates	NIL	
Transfer of Research & Development	NIL	
Licence Agreements	NIL	
Interest paid	NIL	

Outstanding balances as on 31.3.2010

Amount Receivable (Associates and Subsidiaries)	933.20
Amount Payable (Associates and Key Management Persons)	204.34
Equity Contribution in Subsidiary in Cash	661.48
Guarantee and collaterals	NIL
Payment towards Management (Employment) contracts	169.69
Key Management Personnel	

11. Earnings per share

Particulars	Year Ended	Year Ended
	31.3.2010	31.3.2009
Net Profit attributable to shareholders	849.25	950.81
Weighted average number of equity shares	50.00	50.00
Basic earnings per share of Rs.10/- each	16.98	19.02

The company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the company remain the same. Appropriation Deferred Tax Liability has not been considered in the above computation, since the effect of tax on timing differences has accrued over earlier years of the Company's existence.

12. 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.



Schedules - (Continued)

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	31.3.2010	31.3.2009
Deferred Tax (Liability)	1381.89	1231.71
Minimum Alternative Tax (MAT) :	231.03	-

13. LEASE PAYMENTS AND RECEIPTS

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

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

14. Details of Secured Loans

- a. Loans from Banks secured by exclusive charge on land, buildings and plant and machinery other than those specifically charged and hypothecation of inventories and book debts and are guaranteed by the Managing Director and two Directors of the Company
- b. Term Loan from Financial Institution is secured by assets purchased under the loan and are guaranteed by the Managing Director and two Directors of the Company
- c. Others Loans are secured by Hire Purchase/Hypothecation Agreements of vehicles and specific machinery and are guaranteed by the Managing Director.

15. Unsecured loans include Rs.41.96 lakhs due to Directors (As at 31.03.2009 Rs.104.86 lacs)

	Principal	Interest
Loan from the Directors:	37.01	4.95
16. Other contingent liabilities:		
Guarantees given by bankers	133.88	90.36
17. Liability under acceptances against Letter of Credit established by Bankers	5617.93	3040.22
18. The Company has confirmed balances with most of Sundry Debtors, Creditors & Loans and Advances.		
19. An amount of Rs.102.00 Lacs has been appropriated from Profit & Loss Appropriation A/c. to General Reserve A/c from profits.		
20. Income tax deducted at source:		
From interest received	21.93	24.82
From Job works received	9.75	10.53
From Others	0.35	Nil



Schedules - (Continued)

21. Balances with bank in deposit accounts includes Rs.1834.42 Lacs being margin money for Letters of Credit/ Guarantees issued by Bank (As at 31.03.2009 Rs. 1374.29 lacs).
22. 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
23. As per the management representation there is no impairment loss on fixed assets during the year. So AS-28 is not applicable.
24. Previous year figures are regrouped and reclassified whenever necessary to conform to the current year classification.
25. **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 upto the date of construction/acquisition/ erection of aforesaid assets all other borrowing costs are charged to profit and loss account. During the year under audit the below mentioned amount has been capitalized as per AS-16 issued by the Institute of chartered Accountants of India.
- | Borrowing Cost | Qualifying Asset |
|-------------------|------------------|
| Plant & Machinery | 4263375 |
| Building | 1137583 |
| Land | 151510 |
26. Derivative Instruments: NIL
27. Advance Licence under DFRC (Duty Free Replenishment Certificate)/DEPB/DFIA/TARGET PLUS to the extent of Rs 381.95 lacs (balance as on 31/03/2010) for which exports have already been made and proceeds received, has been credited to Raw Material Purchase Account and debited to Loans & Advances.

As per our report of even date

For **M/s. C.A. PATEL & PATEL**
Chartered Accountants

On Behalf of the Board

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

Place : Chennai
Date : 14th May, 2010

S. SOUNDARARAJAN
Director

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary



BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration Number : 7 4 3 7 State Code : 1 8
 Balance Sheet : 3 1 0 3 2 0 1 0
 Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue NIL Rights Issue NIL
 Bonus Issue NIL Private Placement NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities 2 9 9 9 2 8 4 Total Assets 2 9 9 9 2 8 4

Sources of Funds

Paid-up Equity Share Capital 5 0 0 0 0 Reserves & Surplus 5 7 3 3 0 7
 Secured Loans 2 0 3 0 7 6 8 Unsecured Loans 2 0 7 0 2 0

Application Funds

Net Fixed Assets 1 0 6 9 4 0 9 Investments 7 7 3 6 4
 Net Current Assets 1 8 5 1 0 3 5 Misc. Expenditure 0
 Accumulated Losses NIL

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turn Over (incl.other Income) 5 9 4 7 6 2 1 Total Expenditure 5 8 1 1 6 7 6
 Profit before Tax 1 3 5 9 4 5 Profit After Tax 8 4 9 2 8
 Earning Per Share Rs. 1 6 . 9 8 Dividend Rate 2 0 %

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code) : 7 2 1 4 - 1 0 9 0
 Product Description : N O N A L L O Y B A R & R O D S
 Item Code No. (ITC Code) : 3 9 2 3 - 2 9 9 0
 Product Description : H D P E / P P W O V E N S A C K S
 Item Code No. (ITC Code) : 7 2 0 6 - 1 0 9 0
 Product Description : N O N A L L O Y I N G O T S
 Item Code No. (ITC Code) : 7 2 0 7 - 1 9 2 0
 Product Description : N O N A L L O Y B I L L E T S

As per our report of even date

For **M/s. C.A. PATEL & PATEL**
 Chartered Accountants

On Behalf of the Board

BHAVESH N PATEL

Partner
 M. No. 26669
 FR No. 005026 S

SANJAY TULSYAN

Managing Director

LALITKUMAR TULSYAN

Executive Chairman

Place : Chennai
 Date : 14th May, 2010

S. SOUNDARARAJAN
 Director

A.P. VENKATESWARAN
 Director-Finance

K. JANAKIRAMAN
 Company Secretary



CASH FLOW STATEMENTS FOR THE YEAR 2009-2010

(Pursuant to Clause 32 of Listing Agreement)

	31.03.2010	31.03.2009
(Rupees in Lacs)		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax after adjustment of Loss on sale of assets	1359.45	1486.21
Adjustments for		
Depreciation	813.33	725.02
Depreciation on old Assets sold	(54.72)	(4.27)
Pre-operative Expenses incurred during the year	0.00	0.61
Interest/Dividend	1965.11	2224.15
Operating Profit before WC Changes	<u>4083.18</u>	<u>4431.72</u>
Adjustments for		
Inventories	(3311.79)	210.44
Sundry Debtors	(5822.83)	(893.47)
Loans & Advances	1234.18	(615.97)
Current Liabilities	3327.24	893.87
Working Capital Loans from Bank	3583.26	395.84
Short Term Loans	86.20	282.74
Cash generated from operations	<u>3179.44</u>	<u>4705.17</u>
Income Tax Payable/Paid	0.00	(17.00)
Fringe Benefit Tax Paid	0.00	(5.69)
Net Cash from Operating activities	<u>3179.44</u>	<u>4682.48</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1230.67)	(2444.63)
Sale of Fixed Assets	58.26	10.79
Purchase of Investments	(661.48)	95.31
Interest Received	139.04	123.36
Dividend Received	33.78	100.02
Net Cash used in investing activities	<u>(1661.07)</u>	<u>(2115.15)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Long Term Loans	413.85	435.85
Increase in Unsecured Loans	772.05	(159.98)
Interest paid	(2137.93)	(2447.53)
Dividend Payable/paid	(100.00)	(100.00)
Net Cash from financing activities	<u>(1052.04)</u>	<u>(2271.66)</u>
D NET INCREASE IN CASH & CASH EQUIVALENTS		
A+B+C	466.33	295.67
Opening Cash & Cash Equivalents	1407.57	1111.90
Closing Cash & Cash Equivalents	<u>1873.90</u>	<u>1407.57</u>

Note: State Subsidy received has been included in Reserve and Surplus

For and on Behalf of the Board

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

S. SOUNDARARAJAN
Director

Place : Chennai
Date : 14th May, 2010

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary

AUDITORS' CERTIFICATE

We have verified the above statement with the books and records maintained by Tulsyan NEC Limited and certify that in our opinion and according to the information and explanation given to us, the above statement is in accordance therewith

For **C A PATEL & PATEL**
Chartered Accountants

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

Place : Chennai
Date : 14th May, 2010



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

We have examined the attached consolidated Balance Sheet of Tulsyan NEC Limited and its subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power P Limited, Tulsyan Power Limited and Balaji Engineering & Galvanizing Limited as at 31st March, 2010 and the Consolidated Profit & Loss Account for the year ending as on that date.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identical reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of Tulsyan NEC Limited incorporate the accounts of Cosmic Global Limited, Chitrakoot Steel & Power P Limited, Tulsyan Power Limited and Balaji Engineering & Galvanizing Limited as at 31st March, 2010 which has been audited by their auditors and whose report has been considered by us.

We did not audit the financial statements of their subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power P Limited, Tulsyan Power Limited and Balaji Engineering & Galvanizing Limited as at 31st March, 2010 whose financial statements reflect total assets of Rs. 2695.43 lakhs and gross revenue of Rs. 145.58 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 Tulsyan NEC Limited and its subsidiaries Cosmic Global Limited, Chitrakoot Steel & Power P Limited, Tulsyan Power Limited and Balaji Engineering & Galvanizing Limited as at 31st March, 2010 included in the consolidated financial statements.

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

- a. in the case of the consolidated Balance Sheet of the consolidated state of affairs of Tulsyan NEC Limited and its subsidiaries as at 31st March, 2010
- b. in the case of the consolidated Profit & Loss Account of the consolidated results of operation of Tulsyan NEC Limited and its subsidiaries for the year ended on that date, and
- c. in the case of consolidated Cash Flow Statement, of the consolidated cash flow of Tulsyan NEC Limited and its subsidiaries for the year ended on that date

For **C A PATEL & PATEL**
Chartered Accountants

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

Place : Chennai
Date : 14th May, 2010



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

		(Rupees in Lacs)	
	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
I Sources of Funds			
1. Shareholders' Fund			
(a) Share Capital	1	500.00	500.00
(b) Reserves & Surplus	2	5939.04	5171.15
Minority Interest		2.48	29.83
2. Shareholders' Funds			
(a) Secured Loans	3	21558.14	16224.38
(b) Unsecured Loans	4	3271.97	1298.15
Deferred Tax Adjustment		1381.89	1231.71
		<u>32653.52</u>	<u>24455.22</u>
II Application of Funds			
1. Fixed Assets			
Gross Block		17919.33	14176.64
Less: Depreciation		5451.49	4310.06
Net Block	5	<u>12467.84</u>	<u>9866.58</u>
Capital Work in Progress		39.45	483.33
Goodwill			
2. Investments			
	6	2.31	7.22
3. Current Assets, Loans & Advances			
(a) Current Assets	7	26040.58	15951.73
(b) Loans & Advances		7054.14	7810.92
		<u>33094.72</u>	<u>23762.65</u>
Less: Current Liabilities & Provisions	8		
(a) Current Liabilities		11528.16	7960.13
(b) Provisions		1991.74	1704.43
		<u>13519.90</u>	<u>9664.56</u>
NET CURRENT ASSETS		19574.82	14098.10
Deferred Tax Asset		101.88	-
Miscellaneous Expenditure	9	1.69	-
Profit and Loss Account		465.53	-
		<u>32653.52</u>	<u>24455.22</u>

Significant Account Policies & Notes on Accounts 14

Schedules 1 to 9 and 14 form integral part of this Balance Sheet and are to be read in conjunction therewith

As per our report of even date

For **M/s. C.A. PATEL & PATEL**
Chartered Accountants

On Behalf of the Board

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

Place : Chennai
Date : 14th May, 2010

S. SOUNDARARAJAN
Director

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary



**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	Year ended 31.03.2010 Rs.	(Rupees in Lacs) Year ended 31.03.2009 Rs.
Sale and Other Receipts	10	64799.67	70707.08
Less: Excise Duty		<u>4170.91</u>	<u>6886.04</u>
		60628.76	63821.04
Other Income	11	<u>203.71</u>	<u>262.76</u>
		60832.47	64083.80
Deduct: Cost of Materials and other expenses	12	58395.55	60887.89
Depreciation		<u>846.15</u>	<u>735.09</u>
Profit for the year before Exceptional Items		1590.77	2460.82
Exceptional Items Profit/Loss	13	<u>85.73</u>	<u>722.10</u>
Profit for the year		1505.04	1738.72
Less: Provision for Current Tax		386.62	408.31
Fringe Benefit Tax		-	14.08
Deferred Tax		<u>173.47</u>	<u>131.33</u>
Profit after taxation		944.95	1185.00
Add: Surplus brought forward		2372.02	2063.70
Les: Preliminary Expenses written off		-	0.26
		<u>3316.97</u>	<u>3248.44</u>
Appropriations:			
Transfer to General Reserve		110.34	140.22
Interim Dividend Paid		-	22.53
Dividend Tax Payable (Interim)		-	3.83
Proposed Dividend*		133.80	190.12
Corporate Tax on Dividend		<u>17.00</u>	<u>15.32</u>
Balance Carried to Balance Sheet		<u>3055.83</u>	<u>2876.42</u>

* Subject to approval of the AGM

Notes on Accounts

14

Schedules 10 to 14 form integral part of this Profit & Loss Account and are to be read in conjunction therewith.

As per our report of even date

For **M/s. C.A. PATEL & PATEL**
Chartered Accountants

On Behalf of the Board

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

Place : Chennai
Date : 14th May, 2010

S. SOUNDARARAJAN
Director

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary



**SCHEDULES TO CONSOLIDATED BALANCE SHEET
AND PROFIT & LOSS ACCOUNT**

	As at 31.03.2010	(Rupees in lacs) As at 31.03.2009
Schedule - 1		
Share Capital		
Authorised:		
2,20,00,000 Equity Shares of Rs. 10/- each	<u>2200.00</u>	<u>1000.00</u>
(1,00,00,000 Equity Shares of Rs. 10/- each)		
Issued, Subscribed & Paid-up:		
50,00,000 Equity Shares of Rs. 10/- each fully paid-up	<u>500.00</u>	<u>500.00</u>
Of the above, 5,06,660 Equity Shares of Rs. 10/- each were issued as fully paid bonus shares by way of capitalisation of reserves		
Schedule - 2		
Reserves & Surplus		
Share Premium	130.00	130.00
State Subsidy	10.00	10.00
Revaluation Reserve	16.83	20.19
Investment Allowance Reserve	59.38	59.38
General Reserve	2182.00	2080.00
Profit & Loss Account	3334.84	2698.86
Share Application Money	50.00	50.00
Capital Reserve	155.99	122.71
	<u>5939.04</u>	<u>5171.15</u>

**Schedules - (Continued)**

	As at 31.03.2010	(Rupees in lacs) As at 31.03.2009
Schedule - 3		
Secured Loans		
Working Capital Loans from Banks - Refer Note 1		
Canara Bank	4911.51	3492.55
Syndicate bank	3220.77	2896.28
State Bank of India	2486.21	1703.45
Andhra Bank	1310.75	253.69
Indian Overseas Bank	732.82	-
Interest accrued and due	5.06	-
Term Loan from Banks*		
Term Loan - Andhra Bank - Refer Note 2	225.81	289.50
Term Loan - Canara Bank - Refer Note 2	246.28	394.59
Term Loan - Syndicate Bank - Refer Note 2	1936.83	2272.27
Term Loan - State Bank of India - Refer Note 2	224.64	261.94
Term Loan - State Bank of India (Windmill) - Refer Note 3	199.14	275.71
Term Loan - Andhra Bank (Windmill)		
From Financial Institutions		
Industrial Development Bank of India - Refer Note 4	3899.66	2824.50
Term Loan - Indian Overseas Bank, C & IC Branch	512.57	-
From Others	1646.09	1559.89
	<u>21558.14</u>	<u>16224.37</u>

- Notes: 1. Against hypothecation of book debts, inventories & second charge on Fixed Assets of the Company.
2. Secured by first charge on fixed assets.
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.

Schedule - 4**Unsecured Loans**

From Bodies Corporate	2860.37	730.45
From Directors	41.96	104.86
From Others	108.12	88.50
Interest Accrued and Due	86.92	81.36
IFST Loan	174.60	292.98
	<u>3271.97</u>	<u>1298.15</u>



Schedules - (Continued)

Schedule - 5

FIXED ASSETS

(Rupees in lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 1st April 2009	Additions upto March 2010	Sold upto March 2010	Cost as at 31st March 2010	As on 1st April 2009	For the year upto March 2010	Adjusted on upto March 2010	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
Land	1168.69	186.10		1354.79					1354.79	1168.69
Land Leasehold	102.33			102.33	2.69	0.95		3.64	98.69	99.64
Factory Buildings	2941.08	310.53		3251.61	408.44	99.09		507.53	2744.08	2532.64
Office Premises	20.69			20.69	3.83	0.73		4.56	16.13	16.86
Plant & Machinery	11017.87	1185.31	53.81	12149.37	3840.70	724.84	53.81	4511.73	7637.64	7177.17
Works Equipments	91.58	5.83		97.41	41.59	7.25		48.84	48.57	49.99
Lab Equipment	6.67	0.28		6.95	3.80	0.22		4.02	2.93	2.87
Office & Other Equipment	538.10	32.59		570.69	214.07	49.60		263.67	307.02	324.03
Vehicles	337.19	48.02	19.72	365.49	81.69	32.91	7.10	107.50	257.99	255.50
TOTAL	16224.20	1768.66	73.53	17919.33	4596.81	915.59	60.91	5451.49	12467.84	11627.39
Previous Year	11693.24	2494.20	10.79	14176.65	3575.88	738.44	4.27	4310.05	9866.60	8117.36

**Schedules - (Continued)**

	As at 31.03.2010	(Rupees in lacs) As at 31.03.2009
Schedule - 6		
Investments - Long Term		
Unquoted at Cost		
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
- 7,500 Equity Shares of Rs. 10/- each Tulsyam Alloys Limited	0.75	0.75
- 49,400 Equity Shares of Rs. 10/- each Balaji Engineering & Galvanizing Limited	-	4.94
- In Bonds of Rs. 100/- each in Krishna Bhagya Jaala Nigam Ltd. (17% Secured Redeemable NCB)	1.00	1.00
Quoted - Fully Paid		
- 864 Equity Shares of Rs. 10/- each in Syndicate (Market Value Rs. 74434)	0.43	0.43
- 25 Equity Shares of Rs. 100/- each in The Shamrao Vithal Co-operative Bank Ltd.	0.03	-
	<u>2.31</u>	<u>7.22</u>
Schedule - 7		
Current Assets, Loans & Advances		
A. Current Assets		
(a) Inventories		
(i) Raw Materials	1904.69	2044.41
(ii) Finished Goods	7935.77	4169.10
(iii) Stores, Spares & Others	301.27	229.04
	<u>10141.73</u>	<u>6442.55</u>
(b) Sundry Debtors - Outstanding for more than six months		
Unsecured Considered Good	1811.24	1985.23
Unsecured Considered Doubtful	15.34	-
Other Debts	12165.82	6094.93
	<u>13992.40</u>	<u>8080.16</u>
(c) Cash and Bank Balances		
(i) Cash on hand	25.40	20.12
(ii) Balances with scheduled banks		
In Current Accounts	45.09	24.44
In Deposit Accounts	1835.96	1384.46
	<u>1906.45</u>	<u>1429.02</u>
	<u>26040.58</u>	<u>15951.73</u>

**Schedules - (Continued)**

	As at 31.03.2010	(Rupees in lacs) As at 31.03.2009
B. Loans and Advances		
Unsecured and considered good, recoverable in cash or in kind or for value to be received or pending adjustment		
Loans	2243.82	1848.13
Advance Income Tax	1935.05	1691.30
Deposits	908.82	849.78
Advances to Suppliers	43.50	1815.15
Advance for Fixed Assets	194.09	255.11
Other Advances	1728.86	1351.45
	<u>7054.14</u>	<u>7810.92</u>
Total (A + B)	<u>33094.72</u>	<u>23762.65</u>
Schedule - 8		
Current Liabilities & Provisions		
Liabilities		
Sundry Creditors		
Micro and Small Enterprises	0.16	-
Other than Micro and Small Enterprises	4948.27	4227.72
Other Creditors	6579.73	3732.41
	<u>11528.16</u>	<u>7960.13</u>
Provisions		
Provision for Taxation	1822.53	1454.22
Proposed Dividend	133.80	212.65
Corporate Dividend Tax	17.00	19.14
Fringe Benefit Tax Payable	18.41	18.41
	<u>1991.74</u>	<u>1704.43</u>
	<u>13519.90</u>	<u>9664.55</u>
Schedule - 9		
Miscellaneous Expenditure (To the extent not written of)		
Pre-operative Expenses	2.62	0.61
Less: Amortised during the year	0.93	0.61
	<u>1.69</u>	<u>0.00</u>
MINORITY INTEREST	2.48	29.83
	<u>2.48</u>	<u>29.83</u>
	For the year ended 31.03.2010	(Rupees in lacs) For the year ended 31.03.2009
Schedule - 10		
Sales and Other Receipts		
Sales - Domestic	57243.72	60386.17
- Exports	1872.97	3987.75
- Export Trading	32.59	54.52
- Raw Material Sales Trading	4360.48	4992.41
- Processing Charges & Other Receipts	441.49	458.65
- Sale of Import Licence	126.80	15.80
- Drawback	143.36	74.76
- Services	578.26	737.03
	<u>64799.67</u>	<u>70707.08</u>

**Schedules - (Continued)**

	(Rupees in lacs)	
	For the year ended 31.03.2010	For the year ended 31.03.2009
Schedule - 11		
Other Income		
Interest Receipts	140.46	123.36
Dividend - Refer Note below	33.78	100.02
Miscellaneous Income	27.05	39.38
Profit on sale of Assets	2.42	-
	203.71	262.76

Note: Rs. 33,75,000/- (Rs. 1,00,00,000) received from Subsidiary Company, Cosmic Global Ltd.

Schedule - 12**Cost of Materials and other expenses**

Stocks of Raw Materials and Finished Goods as at 1st April	6383.51	6443.73
Purchases	47431.75	46751.40
Material Inward Expenses	1247.68	1342.55
Salaries, Wages, Labour Charges, Bonus & Gratuity	1822.33	1534.68
Contribution to Provident & Other Funds	89.72	71.62
Excise Duty	8.09	7.95
Workmen and staff welfare expenses	38.47	41.40
Power and Fuel	4305.90	3699.11
Stores and spares consumed	1524.67	1652.33
Repairs to Machinery	70.40	265.00
Repairs to Buildings	11.61	2.71
Other Manufacturing Overheads	71.92	24.50
Processing Charges	239.47	283.63
Translation Charges	218.19	300.25
Insurance	23.89	15.18
Rent	110.20	131.83
Loss on Sale of Assets	1.74	3.59
Rates & Taxes	82.03	28.66
Remuneration to Managing Director	156.93	151.92
Legal Professional & Consultancy Charges	117.19	28.36
Payment to Auditors	8.18	5.75
Transportation Charges	291.86	389.81
Brokerage and Commission	120.02	104.64
Other Administration & Selling Expenses	711.77	754.32
Interest on Fixed Loans	815.11	827.21
Interest on Other Loans	1357.36	1620.32
Other Finance Charges	982.37	612.07
Less: Stock of Raw Materials, Finished Goods as at 31st March	9846.81	6206.62
	58395.55	60887.89

Schedule - 13**Exceptional Items**

Foreign Curr Fluctn-Forward Contract Profit/Loss	85.73	722.10
	85.73	722.10

**Schedules - (Continued)****Schedule - 14****Notes on Accounts**

Tulsyan NEC Limited (hereinafter known as the Parent Company) holds 99.87% of the Shares of Cosmic Global Limited, 100% of the Shares of Tulsyan Power Limited, 100% of the Shares of Chitrakoot Steel & Power P Limited and 98.80% of the Shares of Balaji Engineering & Galvanizing Limited (hereinafter known as the Subsidiaries) with a common reference to the companies being made as "Group" or "Group Companies".

Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Parent Company and its Subsidiary companies has been combined on a line to line basis by adding together the book values of like items of Assets, liabilities, Income and Expenditure after fully eliminating intra group balances.
- The Consolidated financial statements are prepared by adopting 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 Parent Company's separate Financial Statement.
- The Excess of Cost to the Parent Company of its investment in the Subsidiary is recognized in the financial statements as Goodwill, which is amortised on a straight line basis over a period of five years. At the end of every year, a review of the balancing amount of goodwill would be made and if it is considered that the goodwill is impaired then only it would be written down.

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

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

1.2 Fixed Assets and Depreciation

- a. Fixed Assets:

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

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

Assets held for disposal are stated at the lower of net book value and the estimated net realizable value.
- b. Financial costs incurred up to the date of commissioning of assets are capitalised.
- c. Depreciation has been provided as follows:
 - i) Under WDV method on assets acquired up to 31.12.1985 at the then prevailing rates.
 - ii) Under SLM method on assets acquired after 31.12.1985 and up to 15.12.1993 at the rates as originally prescribed in Schedule XIV to the Companies Act, 1956, and on assets acquired thereafter at the revised rates as per Notification GSR 756(E) dated 16.12.1993.
 - iii) Depreciation on revaluation is adjusted against Revaluation Reserve.



Schedules - (Continued)

- 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	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)

1.5 Sales

Sales comprises of sale of goods produced & purchased by the Company as also sales effected as agents and sale of raw materials, and are gross of duties. Consignment sales is accounted on receipt of consignment sale note from the consignee. Export/Consultancy Services are billed at mutually discussed rates wherever the terms have not been reduced to writing.



Schedules - (Continued)

1.6 Revenue Recognition

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

1.7 Investments

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

1.8 Contingent Liabilities

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

	On 31/03/2010	On 31/03/2009
Guarantees Outstanding	Rs.133.88	Rs. 90.36
FLC with Bank	–	Rs. 202.91
Entry Tax	Rs. 80.44	Rs. 80.44
Excise Duty	Rs. 9.96	Rs. 9.96

1.9 Cash and Cash Equivalents:

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

1.10 Foreign Exchange Transactions:

All foreign currency transactions are recorded at the average exchange rate prevailing during the transaction occur. Outstanding balance of foreign currency monetary items are reported using the period end rates. Pursuant to the notification of the companies (Accounting Standard) amendment Rules 2009 issued by the Ministry of Corporate Affairs on March 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, 2011.

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 Sch-VI, Part-II of the Companies Act, 1956). Foreign exchange transactions are as follows:

Transactions	31.03.2010	31.03.2009
a) CIF Value of imports (Raw materials)	6492.08	7085.71
b) Earnings in foreign Exchange (FOB)	2350.21	4397.53
c) Exchange in Foreign currency for other matters	164.85	292.89
d) Interest paid on \$ Loan	208.02	100.65
e) Loan Paid	1189.47	233.41

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



Schedules - (Continued)

2 Quantitative information in respect of class of goods manufactured including conversion

Class of Goods	Licensed Capacity	Installed Capacity	Production 2009-2010
Finished Steel Products (Chennai)	Delicensed	48000 MT (48000 MT)	48195 MT (42073 MT)
Finished Steel Products (Chennai-Gummidipoondi) *150000 MT added during September, 2009	Delicensed	300000* MT (150000 MT)	107348 MT (78085 MT)
Finished Steel Products (Coimbatore) *Three months only April to June 2008	Delicensed	– (36000 MT)	– (4047* MT)
MS Ingots	Delicensed	36000 MT (36000 MT)	– (19818 MT)
MS Billet	Delicensed	144000 MT 144000 MT	56894 MT (41096) MT
HDPE/PP Woven Sack & Fabrics	Delicensed	20541 MT (20541 MT)	11464 MT (11188MT)

Note: i) Installed Capacity being a technical matter is as certified by the Management and relied upon by the Auditors.

ii) Scrap generated 6640 MT (During the year 2008-09 - 5141 MT)

3 Consumption of materials

		(Rs. In Lakhs)	
		2009-10	2008-09
Ingot, billets and rerollables			
Indigenous	Qty	163884 MT	132247 MT
	Value	37161.91	39385.38
	Percent	98.74	100.00
Imported	Qty	2090 MT	–
	Value	449.27	–
	Percent	1.26	–
Steel Scrap			
Indigenous	Qty	23354 MT	24442 MT
	Value	2829.52	3044.63
	Percent	34.50	34.13
Imported	Qty	44343 MT	47171 MT
	Value	6441.48	10022.72
	Percent	65.50	65.87
PP/HDPE Granules			
Imported	Qty	744 MT	504 MT
	Value	415.96	312.92
	Percent	7.28	4.06
Indigenous	Qty	9465 MT	9286 MT
	Value	6333.92	7370.22
	Percent	92.72	95.94
Stores & Spares	Indigenous	1520.35	1652.33
	Imported	4.32	–



Schedules - (Continued)

4. Opening & Closing stocks and Sales

Finished Steel Products

Opening Stock	Qty	9992 MT	3486 MT
	Value	3172.08	1141.51
Closing Stock	Qty	20757 MT	9992 MT
	Value	6606.43	3172.08
Sales	Qty	143362 MT	120315 MT
	Value	40109.88	43528.30
Trading (Highsea Sales)	Qty	20556 MT	14510 MT
	Value	2997.70	2748.38

MS Ingots

Opening Stock	Qty	9 MT	55 MT
	Value	2.42	14.09
Closing Stock	Qty	0 MT	9 MT
	Value	0	2.42
Sales	Qty	9 MT	414MT
	Value	2.04	98.61

M S Billet

Opening Stock	Qty	370 MT	694 MT
	Value	105.79	151.75
Closing Stock	Qty	710 MT	370 MT
	Value	154.06	105.79
Sales	Qty	94 MT	30 MT
	Value	20.05	6.41

Fabrics

Opening Stock	Qty	751 MT	558 MT
	Value	570.77	429.40
Closing Stock	Qty	725 MT	751 MT
	Value	551.05	570.77
Sales	Qty	946 MT	2464 MT
	Value	701.87	1621.10

Sacks

Opening Stock	Qty	426 MT	494 MT
	Value	340.76	400.08
Closing Stock	Qty	288 MT	426 MT
	Value	220.02	340.76
Sales	Qty	10155 MT	8630 MT
	Value	9544.47	9261.34

The above information is provided from the books of Tulsyan NEC Limited. Since, the nature of business of Cosmic Global Limited is technical and not quantifiable in terms of any particular unit of conversion, it is not possible to give the quantitative details (as prescribed under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956) of transcription charges received, export and consultancy services.



Schedules - (Continued)

5. Other Information

a) CIF Value of Imports (RawMaterials)	6492.08	7085.71
b) Earnings in Foreign Exchange(FOB)	2350.21	4397.53
c) Expenditure in Foreign Currency for other matters	164.85	292.89
d) Interest paid on \$ Loan	208.02	100.65
e) Loan paid	1189.47	233.41

6. Directors Remuneration to the directors:

a) Salary	169.69	163.82
b) Contribution to Provident & Other Funds	2.40	2.31
c) Monetary Value of perquisites	9.00	9.00

Managerial Remuneration paid during the year 2009-10 Rs. 181.09 to the Managing Directors and Whole-time Directors exceeded the limits calculated under Schedule XIII to the Companies Act, 1956, by Rs. 29.52 lacs. The Company has filed the application to the Central Government seeking its approval for the remuneration paid over the limit.

7. Remuneration to Auditors

For Audit	7.13	4.25
For Tax Audit	0.75	0.75
For Certification and other works	2.00	2.00
For Internal Audit	8.55	7.80

8. During the year, Company has purchased a 100% shares of M/s Chitrakoot Steel & Power Pvt Ltd, a sponge iron manufacturing plant and invested Rs. 648.92 lacs

9. **Sitting Fees paid to Directors** **0.76** 0.96

10. Details of Secured Loans

- Loans from Banks secured by exclusive charge on land, buildings and plant and machinery other than those specifically charged and hypothecation of inventories and book debts and are guaranteed by the Managing Director and two Directors of the Company
- Term Loan from Financial Institution is secured by assets purchased under the loan and are guaranteed by the Managing Director and two Directors of the Company
- Others Loans are secured by Hire Purchase/Hypothecation Agreements of vehicles and specific machinery and are guaranteed by the Managing Director/secured by a charge on the specific equipment.

11. Unsecured loans include **Rs.41.96** lakhs due to Directors (As at 31.03.2009 Rs.104.86 lacs)

	Principal	Interest
Loan from the Directors:	37.01	4.95

12. Other contingent liabilities:

a. Guarantees given by bankers	133.88	90.36
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13. Liability under acceptances against Letter of Credit established by Bankers

5617.93	3040.22
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14. The Company has confirmed balances with most of Sundry Debtors, Creditors & Loans and Advances.

15. An amount of Rs.102.00 Lacs has been appropriated from Profit & Loss Appropriation A/c. to General Reserve A/c from profits.

**Schedules - (Continued)**

16. Income tax deducted at source:
- | | | |
|-------------------------|--------------|-------|
| From interest received | 21.93 | 24.82 |
| From Job works received | 21.23 | 10.53 |
| From Others | 0.35 | Nil |
17. Balances with bank in deposit accounts includes **Rs.1834.42** Lacs being margin money for Letters of Credit/ Guarantees issued by Bank (As at 31.03.2009 Rs. 1374.29 lacs).
18. 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
19. As per the management representation there is no impairment loss on fixed assets during the year. So AS-28 is not applicable.
20. Previous year figures are regrouped and reclassified whenever necessary to conform to the current year classification.

21. 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 upto the date of construction/acquisition/ erection of aforesaid assets all other borrowing costs are charged to profit and loss account. During the year under audit the below mention amount has been capitalized as per AS-16 issued by the Institute of chartered Accountants of India.

Borrowing Cost	Qualifying Asset
Plant & Machinery	4263375
Building	1137583
Land	151510

22. Derivative Instruments: NIL
23. Advance Licence under DFRC (Duty Free Replenishment Certificate)/DEPB/DFIA/TARGET PLUS to the extent of Rs 381.95 lacs (balance as on 31/03/2010) for which exports have already been made and proceeds received, has been credited to Raw Material Purchase Account and debited to Loans & Advances.
23. The Company has confirmed balances with most of Sundry Debtors, Creditors & Loans and Advances
24. Accounting Policies and Notes on Accounts of the Financial Statements of the Parent Company and the Subsidiaries are set out in their respective Financial Statements.

As per our report of even date

For **M/s. C.A. PATEL & PATEL**
Chartered Accountants

On Behalf of the Board

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

Place : Chennai
Date : 14th May, 2010

S. SOUNDARARAJAN
Director

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary



CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR 2009-2010

(Pursuant to Clause 32 of Listing Agreement)

	31.03.2010	(Rupees in Lacs) 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax after adjustment of Loss on sale of assets	1505.04	1738.72
Adjustments for		
Depreciation	846.15	735.09
Depreciation on old Assets sold	(60.91)	(4.27)
Pre-operative Expenses incurred during the year	0.93	0.61
Interest/Dividend	1998.23	2224.15
Operating Profit before WC Changes	4289.44	4694.30
Adjustments for		
Inventories	(3699.19)	210.43
Sundry Debtors	(5912.23)	(862.71)
Loans & Advances	768.28	(855.16)
Current Liabilities	3532.89	881.70
Working Capital Loans from Bank	4321.14	395.83
Short Term Loans	86.20	282.74
Cash generated from operations	3386.53	4747.13
Income Tax Payable/Paid	(19.14)	(28.58)
Fringe Benefit Tax Paid	(3.03)	(5.74)
Net Cash from Operating activities	3364.35	4712.81
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(3023.03)	(2445.64)
Sale of Fixed Assets	73.53	10.79
Purchase of Investments	(661.51)	95.31
Interest Received	140.46	123.36
Dividend Received	33.78	100.02
Net Cash used in investing activities	(3436.78)	(2116.16)
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Long Term Loans	926.43	435.86
Increase in Unsecured Loans	2008.54	(159.98)
Interest paid	(2172.47)	(2447.53)
Dividend Payable/paid	(212.65)	(116.90)
Net Cash from financing activities	549.85	(2288.55)
D NET INCREASE IN CASH & CASH EQUIVALENTS		
A+B+C	477.43	308.10
Opening Cash & Cash Equivalents	1429.02	1120.92
Closing Cash & Cash Equivalents	1906.45	1429.02

Note: State Subsidy received has been included in Reserve and Surplus

For and on Behalf of the Board

SANJAY TULSYAN
Managing Director

LALITKUMAR TULSYAN
Executive Chairman

S. SOUNDARARAJAN
Director

Place : Chennai
Date : 14th May, 2010

A.P. VENKATESWARAN
Director-Finance

K. JANAKIRAMAN
Company Secretary

AUDITORS' CERTIFICATE

We have verified the above statement with the books and records maintained by Tulsyan NEC Limited and certify that in our opinion and according to the information and explanation given to us, the above statement is in accordance therewith

For **C A PATEL & PATEL**
Chartered Accountants

BHAVESH N PATEL
Partner
M. No. 26669
FR No. 005026 S

Place : Chennai
Date : 14th May, 2010



COSMIC GLOBAL LIMITED

(Formerly known as Tulsyan Technologies Limited)
Regd. Office: 61, Sembudoss Street, Chennai - 600 001.

Board of Directors

Mr. Lalitkumar Tulsyan
Mr. Sanjay Tulsyan
Mr. Sanjay Agarwalla

Registered Office

61, Sembudoss Street,
Chennai - 600 001.

Corporate Office

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

E-Commerce Division

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

Bankers

Canara Bank
Overseas Branch, Chennai
RBS Bank, Chennai
Canara Bank, Industrial Branch, Bangalore

Auditors

M/s. V Ganesh & Co
Chartered Accountants
Room No. 4, III Floor
189 Thambuchetty Street
Chennai - 600 001



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 11th Annual General Meeting of COSMIC GLOBAL LIMITED will be held at the Registered office of the Company situated at 61, Sembudoss Street, Chennai - 600 001, on the 10th May 2010 at 3.00 pm to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31st 2010 and the profit and loss account for the year ended on that date and the report of the Directors and Auditors.
2. To declare Dividend
3. To re-appoint a director in place of Shri. Sanjay Agarwalla who retired by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution:
"RESOLVED THAT M/s. V.Ganesh & Co., Chartered Accountants, Chennai retiring auditors of the Company be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of the Annual General Meeting on a remuneration to be fixed by the Board of "Directors of the Company"

For and on behalf of the Board

Place : Chennai
Date : 16th April, 2010

SANJAY TULSYAN
Director

NOTES:

- A. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.

The proxies to be valid, should be lodged with the share Transfer Agents, not less than 48 hours before the commencement of the Meeting.

Members/proxies are requested to bring the attendance slip duly filled in for attending the meeting and also their copy of the Annual Report



REPORT OF THE AUDITORS TO THE MEMBERS

To the Shareholders of **Cosmic Global Limited**.

We have audited the attached Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 of **Cosmic Global Limited**,

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the 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 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors report) order 2003 (Amended) issued by the Central Government of India. In terms of Section 227 (4A) of the Companies Act 1956 and on the basis of the checks as we have considered appropriate, we state on the matter specified in para 4 and 5 of the said order that:

We report that

- I) 1a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- 1b. These Fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification
- 1c. The company has disposed off motor car during the year for a consideration of Rs. 1,90,000 which resulted in a loss of Rs.69,465.
- 2a. We have been informed that physical verification was made at reasonable intervals in respect of inventories of paintings and art books.
- 2b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- 2c. In our opinion, the Company is maintaining proper records of inventories and based on the information and explanations given to us, no material discrepancies were noticed on such verification.
- 3a. The Company has advanced to its holding Company TULSYAN NEC LIMITED a sum of Rs.1,62,11,501.95 interest free. We have been informed that no loan agreement has been entered into in respect of the above said payment.
- 3b. As per the information and explanations given to us, the advance is given to the holding company for general working of the holding company.
4. The Company has an adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchase of inventories and fixed assets and services rendered.

During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- 5a. In our opinion and as per the information and explanations given to us, and based on the representation by the Management there is no transaction that needs to be entered in the register maintained under section 301 of the Act.
- 5b. In view of the above, clause V (b) of this order is not applicable for the current year.



6. The provision of section 58 A, section 58 AA and any other relevant provisions of the Companies Act 1956 and the rules framed thereunder are not applicable to this Company.
- 7 As informed to us, the Company is in the process of setting up an Internal audit system commensurate with the size and nature of the business.
- 8a. The Company has generally regularly deposited during the year, the Provident Fund, Service tax and Employees State Insurance dues with the appropriate authorities.

According to the information and explanations given to us there are no undisputed amounts payable in respect of Income Tax.

The company has filed revision petition before the assessing officer in respect of FBT for the Assessment year 2006-07.

The Company is not subject to Sales Tax, Investor's education and protection fund, Wealth Tax, Customs Duty, Excise Duty and Cess for this year.

- 8b. The Company does not have any disputed taxes payable at the end of the year.
9. The Company had not incurred cash losses during the financial year covered by our Audit.

There is no accumulated loss at the end of 31.03.2010

However the company has to write off over the period of time Pre operative expenses amounting to Rs. 56,54,988

10. In our opinion and according to the information and Explanation given to us, the Company has not defaulted in repayment of dues. The Company does not have debenture holders.
11. According to the information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The Company is not a Chit fund/ Nidhi/ Mutual Benefit fund/ Society. Therefore the provisions of clause 4 (XIII) are not applicable to the Company.
13. The Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (XIV) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. In our opinion and according to the information given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
15. The Company has not obtained any term loans during the year.
16. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, the Company has not used short term funds for long term investments .
17. The Company has not made any public issue in the year under review.
18. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.
19. In our opinion and according to the information given to us the provision of clause (VIII),(XVIII)and(XIX), of para 4 of the Company's (Auditors Report) order 2003 are not applicable to this Company



- II) 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.
- III) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books.
- IV) The Company's Balance sheet and Profit and Loss Account are in agreement with the books of account.
- V) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
- VI) On the basis of the written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2010, from being appointed as a Director in terms of Clause (g) of sub section 1 of Section 274 of the Companies Act, 1956
- VII) In our opinion and to the best of our information and according to the explanations given to us, the Profit and Loss Account for the period ended 31st March 2010 and the balance Sheet as at that date read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India.
- VIII) a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010
b) In the case of Profit and Loss Account, of the Profit of the company for the year ended March 31, 2010.

For M/s. V GANESH AND CO.
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR 0No. 005313S

Place : Chennai
Date : 16th April, 2010



DIRECTORS' TO THE SHAREHOLDERS

We take pleasure in presenting the 11th Annual Report of the Company together with the Audited Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended 31st March 2010.

FINANCIAL RESULTS

	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
Gross Revenue	5,86,37,419	7,76,39,593
Profit before Depreciation	91,97,198	2,62,31,638
Profit after Depreciation	83,42,056	2,52,24,130
Less: Parorata Deferred Revenue expenses Written off	-	-
Net Profit for the year	83,42,056	2,52,24,130
Add: Accumulated Profit/Loss Brought Forward	1,77,58,412	1,00,67,058
Amount available for appropriation	2,61,00,468	3,52,91,188
Less: Dividend on Equity paid	33,79,500	1,12,65,000
Tax on dividend	5,74,346	19,14,486
Transferred to General Reserve	8,34,206	25,22,413
Provision for Taxation	26,62,097	18,30,877
Balance carried to Balance Sheet	1,86,50,319	1,77,58,412

Dividend

The Directors recommend a dividend of 30% for the members' approval for the year 2009-10.

Review of Performance and Business prospects

The company during this financial year has achieved the growth by tapping the I.T enabled Translation services and earned the optimum profit. The Company is trying to expand the customer base by their specialisation in translation services and also pursuing other I.T enabled services such as BPO Services and tries to establish a brand in this field. With the all round efforts being taken for widening the horizons, the company is confident of both increasing the volumes and the margin in the coming years.

Directors

Shri. Sanjay Agarwalla retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors

The auditors of the company M/s. V.Ganesh & Co., Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Personnel

The Directors wish to express their appreciation to all the employees of the Company for their contribution to the Company's operations and growth during the year under review.

None of the employees was in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. Such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Profit of the Company for the year ended on that date;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis

Fixed Deposits

The company has not accepted Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 during the year under review.

General

As required by the Companies (Disclosure of particulars in the report of Board) Rules, 1988, information pertaining to Foreign Exchange earnings and outgo are as under:-

Foreign Exchange earnings	:	Rs. 4,93,02,147
Foreign Exchange outflow	:	Rs. 1,55,75,939

The company's activities being I.T. enabled services like Medical Transcription, Translation and Software Development there are no pertinent information relating to Research and Development, Conservation of Energy and Technology Absorption and Innovation that could be furnished.

The Board wishes to place on record its appreciation of the excellent support received from the officials of the Software Technology Parks of India, Chennai and Bangalore, bankers, suppliers and customers.

Your Directors thank you the Share holders for your continued patronage.

On behalf of the Board

Place : Chennai
Date : 16th April, 2010

SANJAY TULSYAN
Director



COSMIC GLOBAL LIMITED
(Formerly known as Tulsyan Technologies Limited)

Balance Sheet as at 31st March, 2010

	Schedule No.	As at March 31, 2010	As at March 31, 2009	(in Rupees)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	11,265,000	11,265,000	
Reserves and Surplus	2	<u>4,130,623</u>	<u>3,296,417</u>	
		15,395,623	14,561,417	
Profit and Loss Account		18,650,319	17,758,412	
		<u>34,045,942</u>	<u>32,319,829</u>	
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	3	13,616,558	13,820,301	
Less: Depreciation		<u>9,894,821</u>	<u>9,259,963</u>	
		3,721,737	4,560,338	
CURRENT ASSETS, LOANS AND ADVANCES				
Current Assets	4	22,765,554	24,339,592	
Loans & Advances		<u>22,661,291</u>	<u>21,998,132</u>	
		45,426,845	46,337,724	
Less: CURRENT LIABILITIES & PROVISIONS	5			
Liabilities		<u>20,757,628</u>	<u>24,233,221</u>	
NET CURRENT ASSETS		24,669,217	22,104,503	
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED				
Priliminary Expenses				
Pre-operative Expenses	6	<u>5,654,988</u>	<u>5,654,988</u>	
		5,654,988	5,654,988	
		<u>34,045,942</u>	<u>32,319,829</u>	

The accompanying Schedules (1 to 6) and Accounting Policies form an integral part of the Financial Statements.

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 16th April, 2010



COSMIC GLOBAL LIMITED

(Formerly known as Tulsyan Technologies Limited)

Profit & Loss Account for the year ended 31st March, 2010

	Schedule No.	For the year ended March 31, 2010	(in Rupees) For the year ended March 31, 2009
INCOME			
Revenue from Operations	7	57,825,615	73,702,584
Miscellaneous Income		811,804	3,937,009
		58,637,419	77,639,593
EXPENDITURE			
Salaries, Wages & Amenities	8	19,884,498	15,711,463
Other Expenses	9	7,014,800	4,748,288
Translation Charges Paid		21,819,030	30,025,326
Interest and Finance Charges	10	721,893	897,152
Depreciation		855,142	1,007,508
Preliminary Exp		-	25,726
		50,295,363	52,415,463
Net Profit / (Loss) for the year		8,342,056	25,224,130
Balance in Profit & Loss Account		17,758,412	10,067,058
Transfer to General Reserve		(834,206)	(2,253,000)
Dividend Tax Payable (Interim)			(382,897)
Proposed Final Dividend		(3,379,500)	(9,012,000)
Tax on Proposed Final Dividend		(574,346)	(1,531,589)
Provision for Tax		(2,662,097)	(1,830,877)
Profit / Loss carried to Balance Sheet		18,650,319	17,758,412
Notes to Accounts	11		

The accompanying Schedules (7 to 10) and Accounting Policies form an integral part of the Financial Statements.

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 16th April, 2010



COSMIC GLOBAL LIMITED
(Formerly known as Tulsyan Technologies Limited)
Schedules to the Balance Sheet

	As at 31.03.2010	(in Rupees) As at 31.03.2009
Schedule - 1		
SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares Rs. 10/-each	50,000,000	50,000,000
Issued, Subscribed & Fully Paid up Capital		
11,26,500 Equity Shares of Rs. 10/- each	11,265,000	11,265,000
	<u>11,265,000</u>	<u>11,265,000</u>
Schedule - 2		
RESERVES AND SURPLUS		
General Reserve	4,130,623	3,296,417
	<u>4,130,623</u>	<u>3,296,417</u>

Schedule - 3

FIXED ASSETS

(in Rupees)

DESCRIPTIONS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	As at April 1 2009	Additions during the year	Deletions during the year	As at March 31 2010	As at April 1 2009	Charged during the year	Deletions during the year	As at March 31 2010	As at March 31 2009	As at March 31 2010
Computers	8,763,814	256,257	-	9,020,071	6,838,066	516,453	0	7,354,519	1,925,748	1,665,552
Furniture and Office Equipment	4,576,737	19,750	-	4,596,487	2,247,189	293,113	0	2,540,302	2,329,548	2,056,185
Vehicles	479,750	-	479,750	0	174,708	45,576	220,284	0	305,042	0
	<u>13,820,301</u>	<u>276,007</u>	<u>479,750</u>	<u>13,616,558</u>	<u>9,259,963</u>	<u>855,142</u>	<u>220,284</u>	<u>9,894,821</u>	<u>4,560,338</u>	<u>3,721,737</u>

Schedule - 4

CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS

(a) Inventories	687,780	687,780
(b) Sundry debtors - Unsecured, considered good Debtors outstanding for a period exceeding six months	0	0
Other debts	19,004,892	21,568,661
	<u>19,004,892</u>	<u>21,568,661</u>
(c) Cash and Bank balances		
Cash on hand	222,104	15,319
Balance with scheduled banks in current accounts	1,833,918	1,050,972
	<u>2,056,022</u>	<u>1,066,291</u>
(d) Other Current assets	1,016,860	1,016,860
TOTAL CURRENT ASSETS	<u>22,765,554</u>	<u>24,339,592</u>



Schedules - (Continued)

	As at 31.03.2010	(in Rupees) As at 31.03.2009
B. LOANS AND ADVANCES		
Unsecured, considered good		
(a) Advances		
(b) Others		
(Refer Note No. 15 of Notes forming part of Accounts)	22,661,291	21,998,132
	<u>22,661,291</u>	<u>21,998,132</u>

Schedule - 5

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	20,757,628	24,233,221
	<u>20,757,628</u>	<u>24,233,221</u>

Schedule - 6

PRE-OPERATIVE EXPENSES

	5,654,988	5,654,988
	<u>5,654,988</u>	<u>5,654,988</u>

Schedules to Profit and Loss Account

	For the year ended 31.03.2010	(in Rupees) For the year ended 31.03.2009
Schedule - 7		
REVENUE FROM OPERATIONS		
Medical Transcription and Consultancy Services	587,162	990737
Translation Charges	54,541,023	69935756
Accounts BPO	2,697,430	2776090
	<u>57,825,615</u>	<u>73702584</u>
Schedule - 8		
SALARIE, WAGES AND AMENITIES		
Salaries and Wages	18,965,550	14860956
Staff Welfare	270,374	222953
Contribution to Provident Fund and other Funds	648,574	627554
	<u>19,884,498</u>	<u>15711463</u>



Schedules - (Continued)

	For the year ended 31.03.2010	(in Rupees) For the year ended 31.03.2009
Schedule - 9		
OTHER EXPENSES		
Rent	1,419,543	1170516
Travelling & Conveyance	972,873	951408
Telephone Expenses	367,935	560906
Power Charges	1,025,567	763605
Legal and Consultancy Charges	1,712,000	23000
Repairs and Maintenance	297,952	293724
Advertisement	60,927	120292
Staff Recruitment	70,502	69491
Printing and Stationery	129,718	207405
Miscellaneous Expenses	550,829	96891
Rates and Taxes	50,551	11586
Insurance	2,486	76123
Registrations and Renewals	100,000	150000
Space Charges	11,117	10341
Security charges	167,800	168000
Audit Fees	75,000	75000
	<u>7,014,800</u>	<u>4748288.36</u>
Schedule - 10		
INTEREST AND FINANCE CHARGES		
Bank Charges	721,893	897,152
	<u>721,893</u>	<u>897152</u>
Schedule - 11		

Notes Forming Part of Accounts For the Year ended March 31, 2010

1 Significant Accounting Policies

1.1 Basis of preparation of Financial Statements:

- a) The accounts are prepared on historical cost convention and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.
- b) Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles.

1.2 Revenue recognition :

In respect of Medical Transcription Services, and Translation Services the Company follows the practice of raising invoices jobwise on the clients based on the number of lines and number of words respectively, etc., as accepted by them and in respect of Accounts BPO services the invoices are raised after acceptance by the clients on mutually agreed basis.

This year the company has raised the bills on all the jobs accepted and hence the application of Proportionate Completion method according to



Schedules - (Continued)

AS-9 has not arisen.

Export / Consultancy Services are billed at mutually discussed rates wherever the terms have not been reduced to writing.

Revenue from Operations includes Revenue earned through Translation Services Rs. 5,45,41,023 through Medical Transcription Rs.5,87,162 and through Accounts BPO services Rs.26,97,430 .

1.3 Depreciation

Depreciation on Fixed Assets has been provided on the following basis at the rates specified in Schedule XIV of the Companies Act 1956.

- a) All assets whose actual cost does not exceed Rs.5,000/- are recognised as revenue expenses.
- b) On assets whose actual cost exceeds Rs.5,000/-, on straight line basis, Prorata from the date they were put to use.
- c) On the assets whose individual value becomes below the chargeable depreciation, balance depreciation by leaving Re.1/- as book value.

1.4 Impairment of assets:

External indicators are as under:

1. Market value of assets been declined.
2. Change in economic environment
3. Change in technology
4. Increase in interest rates.

Internal indicators are as under:

1. Actual cash flow is less than the estimated cash flow
2. Physical damage to asset
3. Restructuring plan.

As such there is no impairment of assets for the current year.

- d) On Assets whose individual value becomes Nil, balance depreciation by leaving Re.1/- as Book value.

1.5 During the year company proposed to declare a dividend of 30%. The company has complied with "Transfer of profit to reserves rules 1975", by transferring 10% of current year profits to reserves.

1.6 The Company during the earlier years had launched its portal "Artlogin.com". The expenses amounting to Rs.56,54,988 have been incurred in the earlier years for the development, launch, sustained maintenance and up gradation of the portal. The Company had treated the expenses of Rs.56,54,988 as pre operative expenditure and it continues to remain the same during the year.

1.7. During the year the company has deployed only experienced and trained personnel as transcriptionists and checkers for translation work .

1.8 Retirement benefits :

Provisions for/contributions to retirement benefit schemes are made as follows:

Provident fund on actual liability basis.

Encashment of earned leave is at the discretion of the management and is charged off to revenue in the year of payment.

1.9 Foreign Currency transactions:

Foreign currency transactions during the year are converted at rates prevailing at the time of realization and exchange differences arising therefrom are adjusted to the Profit and Loss Account in the Head of account Exchange control variation. The balances in debtors and creditors at the year end are translated at the exchange rate prevailing at the time of raising the bill.



Schedules - (Continued)

2	Expenditure in Foreign Currency (on payment basis):	
		Previous Year
	Translation Payment	Rs. 1,55,64,822
	Space Charges	Rs. 11,117
		Rs. 2,63,82,202
		Rs. 10,341
3	Value of Imports on CIF basis :	NIL
		NIL
4	Earnings in foreign currency (based on realisation)	
	Medical Transcription,	
	Translation and Consultancy Services	Rs. 4,93,02,147
		Rs. 6,27,36,277
5	Auditor's remuneration	
	For Statutory Audit	Rs. 70,000
	Tax Audit	Rs. 5,000
		Rs. 70,000
		Rs. 5,000
6	Details of secured Loans: Rs nil	
	Details of Unsecured Loan : The Company has paid interest of Rs 149,004 as demanded by the holding company Tulsyan NEC ltd towards the loan obtained during the previous years.	
	The company has advanced to its holding company the sum of Rs. 1,62,11,501.95 as interest free.	
7	Estimated amount of contracts remaining to be executed on Capital Account and not provided for: Nil.	
8	Future value of lease rentals on assets : Nil (previous year - Nil)	
9	Claims against the Company not acknowledge as debts: Nil	
10	The Company has not provided for Deferred Tax Assets as a matter of prudence.	
11	The Company has not received replies from the Creditors as to whether they are Small-Scale Industrial undertakings and hence the informations in respect of dues to such units, if any, could not be furnished.	
12	The Company has exhausted the period of exemption U/S10A of Income Tax, Act 1961 ,and hence it is not eligible for the exemption for the year under review.	
13	The amounts due from/due to the Debtors/Creditors other than for which payment has been received/made subsequent to the Balance Sheet date are subject to their confirmation and statement of account.	
14	Considering the nature of business the Company is engaged in, it is not possible to give the quantitative details of transcription and translation charges received, export and consultancy services and certain information as required under paragraphs 3,4C and 4D of part II of Schedule VI of the Companies Act, 1956.	
15	The Company has made a publication on Contemporary Indian Art meant for Sale. The Company has paid to various artists who had contributed articles for the said publication.The Company has received Royalty of Rs.25,278.50 during the year.	
16	Inventories of paintings and art books are valued at cost or net realizable value which ever is less.	
17	Traveling Expenditure includes Air Travel Expenses amounting to Rs.6,90,092.00incurred by Executives.	

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants**V. GANESH**
Partner
M. No. 26197
FR No. 005313 S**SANJAY AGARWALLA**
Director**SANJAY TULSYAN**
DirectorPlace : Chennai
Date : 16th April, 2010



BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration Number :

4	1	8	6	3
---	---	---	---	---

 State Code :

1	8
---	---

Balance Sheet :

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities

3	4	0	4	6
---	---	---	---	---

 Total Assets

3	4	0	4	6
---	---	---	---	---

Sources of Funds

Paid-up Equity Share Capital

1	1	2	6	5
---	---	---	---	---

 Reserves & Surplus

4	1	3	1
---	---	---	---

Secured Loans

N	I	L
---	---	---

 Unsecured Loans

N	I	L
---	---	---

Application Funds

Net Fixed Assets

3	7	2	2
---	---	---	---

 Investments

N	I	L
---	---	---

Net Current Assets

2	4	6	6	9
---	---	---	---	---

 Misc. Expenditure

5	6	5	5
---	---	---	---

Accumulated Profit

1	8	6	5	0
---	---	---	---	---

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turn Over (incl.other Income)

5	8	6	3	7
---	---	---	---	---

 Total Expenditure

5	0	2	9	5
---	---	---	---	---

Profit before Tax

8	3	4	2
---	---	---	---

 Profit After Tax

5	6	8	0
---	---	---	---

Earning Per Share Rs.

5	.	0	4
---	---	---	---

 Dividend Rate

3	0	%
---	---	---

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code) :

N	O	T	A	P	P	L	I	C	A	B	L	E							
---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--

Product Description :

T	R	A	N	S		L	A	T	I	O	N	,	T	R	A	N	S	C	R	-
I	P	T	I	O	N		A	N	D		O	T	H	E	R		I	T		
E	N	A	B	L	E	D		S	E	R	V	I	C	E	S					

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 16th April, 2010



CHITRAKOOT STEEL AND POWER PRIVATE LIMITED

Regd. Office: 61, Sembudoss Street, Chennai - 600 001.

Board of Directors

Mr. Lalitkumar Tulsyan
Mr. Sanjay Tulsyan
Mr. Sanjay Agarwalla
Mrs. M. Uma

Registered Office

61, Sembudoss Street,
Chennai - 600 001.

Corporate Office

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

Factory

Survey No. 77,
Thandalachery Road,
Next to TCP Ltd.,
New Gummidipoondi - 601 201

Bankers

Indian Overseas Bank, Chennai
The Shamrao Vithal Co-operative Bank Ltd., Chennai

Auditors

M/s. P.A. Reddy & CO
Chartered Accountants
Kences Enclave
No. 1, Ramakrishna Street, V Block,
VII Floor, T. Nagar, Chennai - 600 017.



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventh Annual General Meeting of CHITRAKOOT STEEL AND POWER PRIVATE LIMITED will be held at No.61, Sembudoss Street, Chennai - 600 001 on Wednesday, the 5th day of May 2010 at 11.00 a.m., to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss accounts for the financial year ended 31st March 2010, the Balance sheet as at that date and the Report of the Directors and the Auditors thereon.
2. To appoint Auditors and authorise the Board of Directors of the company to fix their remuneration.

SPECIAL BUSINESS

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

"**RESOLVED THAT** Mr. Lalitkumar Tulsyan was appointed as Additional Director in the meeting of Board of Directors held on 23/12/2009 and who holds office as such up to the date of commencement of this Annual General Meeting and in respect of whom the company has received notice in writing from member proposing him as candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956, along with the deposit of Rs.500/- and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company"

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

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

"**RESOLVED THAT** Mr. Sanjay Tulsyan was appointed as Additional Director in the meeting of Board of Directors held on 23/12/2009 and who holds office as such up to the date of commencement of this Annual General Meeting and in respect of whom the company has received notice in writing from member proposing him as candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956, along

with the deposit of Rs.500/- and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company"

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

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

"**RESOLVED THAT** Mr. Sanjay Agarwalla was appointed as Additional Director in the meeting of Board of Directors held on 06/01/2010 and who holds office as such up to the date of commencement of this Annual General Meeting and in respect of whom the company has received notice in writing from member proposing him as candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956, along with the deposit of Rs.500/- and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company"

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

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

"**RESOLVED THAT** Mrs. Uma was appointed as Additional Director in the meeting of Board of Directors held on 06/01/2010 and who holds office as such up to the date of commencement of this Annual General Meeting and in respect of whom the company has received notice in writing from member proposing her as candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956, along with the deposit of Rs.500/- and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company"

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

For and on behalf of the Board

Place : Chennai
Date : 9th April, 2010

SANJAY TULSYAN
Director



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

ITEM NO. 3

Mr. Lalitkumar Tulsyan was appointed as additional Director in the meeting of the Board of Directors held on 23.12.2009.

The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. Lalitkumar Tulsyan for the office of a director under the provisions of Section 257 of the Companies Act,1956.

The Board considers it desirable to receive the benefit out of his experience having regard to his qualifications and exposure

The Board recommends the resolution for approval of the members

ITEM NO.4

Mr.Sanjay Tulsyan was appointed as additional Director in the meeting of the Board of Directors held on 23.12.2009.

The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr.Sanjay Tulsyan for the office of a director under the provisions of Section 257 of the Companies Act,1956.

The Board considers it desirable to receive the benefit out of his experience having regard to his qualifications and exposure

The Board recommends the resolution for approval of the members

ITEM NO.5

Mr. Sanjay Agarwalla was appointed as additional Director in the meeting of the Board of Directors held on 06.01.2010.

The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. Sanjay Agarwalla for the office of a director under the provisions of Section 257 of the Companies Act,1956.

The Board considers it desirable to receive the benefit out of his experience having regard to his qualifications and exposure

The Board recommends the resolution for approval of the members

ITEM NO.6

Mrs. Uma was appointed as additional Director in the meeting of the Board of Directors held on 06.01.2010

The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mrs. Uma for the office of a director under the provisions of Section 257 of the Companies Act,1956.

The Board considers it desirable to receive the benefit out of her experience having regard to her qualifications and exposure.

The Board recommends the resolution for approval of the members.

On behalf of the Board

Place : Chennai
Date : 9th April, 2010

SANJAY TULSYAN
Director

SANJAY AGARWALLA
Director

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to Attend and vote instead of himself and the proxy need not be a member of the company



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors have Pleasure in Presenting the Seventh Annual Report together with the Audited Accounts of the company for the financial year ended 31st March 2010

PERFORMANCE OF THE COMPANY:

During the year under review, the income on account of sales, other income and Decrease in stocks amounted to Rs. 9,36,46,493/-. While the expenditure during the said period amounted to Rs.12,54,61,061/- . Loss after tax amounts to Rs.2,96,77,763/- Your Directors are confident that in future, the Profits of the Company will improve further.

SUMMARY OF FINANCIAL RESULTS

	2009-10	2008-09 (Rs. in lakhs)
Profit/(Loss) before depreciation	(227.78)	95.63
Less: Depreciation	90.36	94.07
Profit/(Loss) before Tax	(318.14)	1.56
Provision for Tax	(21.36)	2.36
Profit/(Loss) after Tax	(296.78)	(0.80)
Prior Period & Exceptional items	-	-
Profit/(Loss) for the year	(296.78)	(0.80)
Profit/(Loss) brought forward from Previous year	(168.75)	(167.95)
Accumulated loss carried to Balance Sheet	(465.53)	(168.75)

DIRECTORS:

Mr.Lalitkumar Tulsyan, Mr.Sanjay Tulsyan, Mr.Sanjay Agarwalla and Mrs. Uma who has been inducted in the Board as Additional Directors during December, 2009 and January, 2010, retire in this Annual General Meeting. They will be re-appointed as Directors of the company.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and loss of the company for that period.
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and;
4. That they have prepared the annual accounts on a going concern basis.

STATUTORY REPORTS:

The Company had no employee on its rolls drawing remuneration attracting the provisions of Section 217(2A) of the Companies Act 1956, during the financial year ended 31st March 2010.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO (SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956):



Information in accordance with the provisions of section 217 (1) (e) of the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given below:

A. POWER AND FUEL CONSUMPTION		Current Year 2009-2010
1. Electricity		
a. Purchase in units		387018
Total Amount	(Rs.)	2374771
Rate per unit	(Rs.)	6.14
b. Own generation		
i) Through Diesel Generator		
Units (KWH)		20380
Units Per Ltr. of Diesel		3.25
Average Cost/Unit	(Rs.)	10.73
ii) Through Steam Turbine/Generator		
2. Coal (Specify quality and where used)		
Used/Consumed in the process of Sponge Iron Manufacture		
Quantity	MT	18625.490
Total Amount (Rs. in lakhs)	Rs.	597.26
Average Rate PMT in Rs.	Rs.	3206.70
3. Furnace Oil		
Quantity	Ltrs.	Nil
Total Amount	Rs.	Nil
Average Rate (Net of E.D.)	Rs.	Nil
4. Others		
Quantity	MT	Nil
Total Amount	Rs.	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION		
1. Products Sponge Iron Lumps & Fines	MT	6006.510
2. Electricity		
a) Sponge Iron Lumps & Fines	Unit	64.43
3. Coal (Specify quality)	MT	Nil
4. Others (Specify quality)		Nil
TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT		
Specific Area in which R & D is carried by the company		Nil
Benefits derived as a result of above R & D		Nil
Future plan of action		Nil
Expenditure on R & D		Nil
Efforts made towards Technology absorption etc.		Nil
FOREIGN EXCHANGE EARNING & OUTGO		Nil
Foreign exchange earnings	Rs.	Nil
Foreign exchange Expenditure (Rs. in lakhs)	Rs.	Nil

AUDITORS:

M/s P A Reddy & Co., Chartered Accountants, Chennai, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting. The Directors recommend their re-appointment for the next financial year.

ACKNOWLEDGEMENT:

Your directors wish to place on record their appreciation of the excellent contribution made by all the employees of the company for the growth of the company. The directors are grateful to their Bankers, the financial institutions and customers for their continuous support and confidence in the company.

For and on behalf of the Board

Place : Chennai
Date : 9th April, 2010

SANJAY TULSYAN
Director

SANJAY AGARWALLA
Director

**REPORT OF THE AUDITORS TO THE MEMBERS**

To the Shareholders of **Chitrakoot Steel and Power Private Limited**

1. We have audited the attached Balance Sheet of Chitrakoot Steel and Power Private Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (CARO 2003), issued by the Central Government of India in terms of Sub-Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section 3(c) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Schedules and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and subject to:

Short provision for doubtful recovery of debts by Rs. 15,34,496/- as a result of which the Loss for the year is overstated by Rs. 15,34,496/- and the net current assets and the networth of the Company are overstated by the like amount.

give a true and fair view

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010:
- (ii) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
- (iii) In the Case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For M/s. P A REDDY & CO
Chartered Accountants

P ASHOK REDDY
Partner
M. No. 023202
FR No. 007368

Place : Chennai
Date : 9th April, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

Based on the information and explanation furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief.

- i) In respect of its fixed assets.
 - a) The Company is in the process of maintaining proper records showing full particulars including quantitative details and situation of all fixed assets.
 - b) We are informed that during the year, the fixed assets have been physically verified by the management and that no materials discrepancies were noticed on such verification.
 - c) The Company has not disposed off any substantial part of its fixed assets to as to affect its going concern status.
- ii) In respect of inventories of finished goods, work in process, raw materials, stores and spares:
 - a) Physical verification of inventory has been conducted at various intervals by the management during the year.
 - b) The procedures of physical verification of inventories followed by the management are by and large adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book records are not material and the same have been properly dealt with in the books of account.
- iii) In respect of loans, secured or unsecured, from / to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956;
 - a) The Company has not granted any loans to any Company, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) The Company has taken loan of Rs. 8.98 Crores from its Holding Company, covered in the Register maintained under Section 301 of the Companies Act, 1956. At the year end, the outstanding balance of such loan amounts to Rs. 8.98 Crores and the maximum amount involved during the year was Rs.10.37 Crores.
- c) There are no terms and conditions for the said loan with respect to the rate of interest and repayment and therefore such loan is not prejudicial to the interest of the Company;
- d) In the absence of any terms as regards payment of interest and repayment of Principal, whether any amount became due on this account could not be commented.
- iv) In respect of internal control procedures:
 - a) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control.
- v) In respect of transactions that need to be entered into a register in pursuance of section 301 of the Companies Act.
 - a) Particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the Register required to be maintained under that Section.
 - b) The transactions made in pursuance of such contracts / arrangements exceeding the value of Rs.5,00,000/- in respect of any party during the year, have been made at prices which are, prima-facie , reasonable having regard to the prevailing market price at the relevant time.
- vi) In respect of public deposits:
 - a) The Company has not accepted any deposits from the public. Therefore, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
- vii) In respect of internal audit system:
 - a) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) In respect of cost records:
 - a) We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for



- the maintenance of cost records under Section 209(i) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.
- ix) In respect of statutory dues:
- a) The Company has been generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Income tax, Sales Tax, and other statutory dues applicable. No undisputed dues payable in respect of Income Tax and Sales Tax were in arrears, as of March 31, 2010 for more than six months from the date they became payable.
- b) There are no dues of sales tax and Income tax at March 31, 2010 which have not been deposited on account of a dispute.
- x) In respect of its losses:
- a) The accumulated losses of the Company as at March 31, 2010 are more than 50% of its net worth. The Company has incurred cash losses during the year ended on that date and not incurred cash losses in the immediately preceding financial year.
- xi) In respect of repayment of dues to Banks, Financial Institutions and Debenture Holders:
- a) The Company has not issued any debentures nor has it borrowed from the financial institutions. The Company has not defaulted in respect of repayments of dues to banks.
- xii) In respect of loans on the basis of security by way of pledge of shares, debentures and other securities:
- a) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In respect of applicability of any special statutes:
- a) The Company is not a chit fund or a Nidhi / Mutual Benefit Fund / Society.
- xiv) In respect of dealing in shares, securities, debentures and other investments:
- a) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) In respect of guarantees given for loans taken by others from banks or financial institutions:
- a) The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) In respect of utilization of term loans:
- a) The Company has not obtained any term loans during the year.
- xvii) In respect of utilization of short term funds:
- a) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that the Company has not used funds raised on short term basis for long term investment.
- xviii) In respect of preferential allotment of shares:
- a) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under sec 301 of the Companies Act, 1956.
- xix) In respect of issue of Debentures:
- a) The Company has not issued any debentures during the year.
- xx) In respect of public issues:
- a) The Company has not raised any money by way of public issue.
- xxi) In respect of frauds:
- a) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For M/s. P A REDDY & CO
Chartered Accountants

P ASHOK REDDY
Partner
M. No. 023202
FR No. 007368

Place : Chennai
Date : 9th April, 2010



Balance Sheet as at 31st March, 2010

	Schedule No.	As at 31.03.2010	(in Rupees) As at 31.03.2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	64,892,000	64,892,000
Share Application Money	2	–	2,500,000
2. Loan Funds			
Secured	3	125,045,826	131,309,627
Unsecured	4	120,176,934	245,222,761
3. Deferred Tax Liability			
		–	–
		<u>310,114,761</u>	<u>248,201,627</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	5	210,378,261	204,756,333
Less: Depreciation		37,313,548	28,675,788
Net Block		173,064,713	176,080,545
Capital Work in Process		2,472,166	3,569,815
2. Investments			
	6	2500	–
3. Current Assets, Loans & Liabilities			
Inventories	7	38,739,034	38,198,921
Sundry Debtors	8	11,505,627	3,608,370
Cash & Bank balances	9	1,108,258	2,649,134
Loans & Advances	10	42,127,396	15,647,656
		93,480,315	60,104,081
Less: Current Liabilities & Provisions	11	15,645,671	16,572,198
Net Current Assets		77,834,644	43,531,883
4. Deferred Tax Asset (Net)			
		10,187,978	8,051,173
5. Miscellaneous Expenditure			
(To the extent not written off or adjusted)	12		
Preliminary Expenses		–	93,215
6. Deficit in Profit & Loss Account			
		46,552,759	16,874,996
		<u>310,114,760</u>	<u>248,201,627</u>
Significant Accounting Policies & Notes on Accounts	20		

As per our report of even date
For **M/s. P A REDDY & Co.**
Chartered Accountants

For and on Behalf of the Board

P ASHOK REDDY
Partner
M. No. 023202
FR No. 007368
Place : Chennai
Date : 09.04.2010

SANJAY TULSYAN
Director

SANJAY AGARWALLA
Director



Profit and Loss Account for the year ended on 31st March, 2010

	Schedule No.	For the year ended 31.03.2010	(in Rupees) For the year ended 31.03.2009
INCOME			
Gross Sales	13	111,428,247	244,479,015
Less: 1. Excise Duty		7,092,878	28,247,297
2. Sales Tax		4,201,092	8,797,135
		<u>11,293,970</u>	<u>37,044,432</u>
Net Sales		100,134,277	207,434,583
Other Income	14	2,108,642	5,991,757
Increase/(Decrease) in Stock	15	(8,596,426)	7,934,124
Total		<u>93,646,493</u>	<u>221,360,464</u>
EXPENSES			
Raw Materials	16	86,372,623	158,353,208
Personnel	17	4,637,011	8,842,615
Overheads	18	13,620,199	26,325,994
Finance Charges	19	11,795,159	18,275,318
Depreciation	5	9,036,069	9,407,676
Total		<u>125,461,061</u>	<u>221,204,812</u>
Profit/(Loss) before Tax		(31,814,568)	155,652
Less: Provision for Tax			
- Current		-	-
- Deferred		(2,136,805)	132,101
- Fringe Benefit		-	103,796
Profit/(Loss) after Tax		<u>(29,677,763)</u>	<u>(80,245)</u>
Add: Balance brought forward		(16,874,996)	(16,794,751)
Deficit carried to Balance Sheet		<u>(46,552,759)</u>	<u>(16,874,996)</u>
Significant Accounting Policies & Notes on Accounts	20		
Earning Per Share (Basic & Diluted)		(4.57)	(0.01)

As per our report of even date
For **M/s. P A REDDY & Co.**
Chartered Accountants

For and on Behalf of the Board

P ASHOK REDDY
Partner
M. No. 023202
FR No. 007368
Place : Chennai
Date : 09.04.2010

SANJAY TULSYAN
Director

SANJAY AGARWALLA
Director



Schedules forming part of Balance Sheet as at 31st March, 2010

	As at 31.03.2010	(in Rupees) As at 31.03.2009
Schedule - 1		
Share Capital		
Authorised Share Capital		
70,00,000 (70,00,000) Equity Shares Rs. 10/-each	70,000,000	70,000,000
Issued, Subscribed & Fully Paid up Capital		
64,89,200 (64,89,200) Equity Shares of Rs. 10/- each	64,892,000	64,892,000
	<u>64,892,000</u>	<u>64,892,000</u>
Schedule - 2		
Share Application Money		
Ceaser Enterprises Pvt. Ltd.	-	2,500,000
	<u>-</u>	<u>2,500,000</u>
Schedule - 3		
Secured Loans		
[Refer Para 4 of Scheduel 19(II)]		
From Banks		
a) Term Loan		
i) Indian Overseas Bank, C & IC Branch*	51,257,272	71,925,272
ii) Interest Accrued and due*	506,097	769,078
b) OCC from Banks		
i) Indian Oversease Bank, C & IC Branch	73,282,457	58,574,237
c) Loan under Hire Purchase		
(Net of future hire charges)		
From Banks		
ICICI Bank Ltd.*	-	41,041
	<u>125,045,826</u>	<u>131,309,627</u>
* Amount repayable within one year	<u>21,174,097</u>	<u>21,478,119</u>
Schedule - 4		
Unsecured Loans		
From Corporates	120,176,934	48,500,000
From Members	-	1,000,000
	<u>120,176,934</u>	<u>49,500,000</u>



Schedules - (Continued)

Schedule - 5

FIXED ASSETS

DESCRIPTION	(in Rupees)								
	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	Upto 31.03.2009	For the Year	Depn. for Deletions	As at 31.03.2010	As at 31.03.2009
Land	9,834,130	780,415	-	10,614,545	-	-	-	10,614,545	9,834,130
Factory Buildings	68,959,385	4,300,939	-	73,260,324	6,626,740	2,374,955	-	9,001,695	64,258,629
Borewell & Road	1,155,119	-	-	1,155,119	97,589	38,581	-	136,170	1,018,949
Plant & Machineries	104,988,057	1,448,873	-	106,416,930	16,613,745	5,033,115	-	21,646,860	88,354,312
Electrical Equipments	12,516,308	68,250	-	12,584,558	2,758,934	883,031	-	3,641,965	9,757,374
Pay Loader (JCB)	3,450,733	-	-	3,450,733	1,370,784	390,278	-	1,761,062	2,079,949
Vehicles	1,052,055	-	1,047,249	4,806	355,883	47,232	398,309	4,806	696,172
Weigh Bridge	956,144	-	-	956,144	140,108	45,417	-	185,525	816,036
Computers	1,044,348	43,200	-	1,087,548	516,445	170,226	-	686,671	527,903
Furnitures & Fxtures	321,744	-	-	321,744	69,004	19,977	-	88,981	252,740
Office Equipments	307,263	-	-	307,263	66,039	21,723	-	87,762	241,224
Lab Equipments	191,048	27,500	-	218,548	60,519	11,533	-	72,051	130,529
TOTAL	204,756,333	6,669,177	1,047,249	210,378,261	2,867,578	9,036,069	398,309	37,313,548	176,080,545
Previous Year	198,350,178	6,406,155	-	204,756,333	19,268,112	9,407,676	-	28,675,788	179,082,067
Capital Work in progress	3,569,815	3,203,290	4,300,939	2,472,166	-	-	-	-	3,569,815



Schedules - (Continued)

	As at 31.03.2010	(in Rupees) As at 31.03.2009
Schedule - 6		
Investments - Long Term		
25 Equity Shares of Rs. 100/- each in The Shamrao Vithal Co-operative Bank Ltd.	2,500	—
	<u>2,500</u>	<u>—</u>
Schedule - 7		
Inventories (As Valued and Certified by the Management)		
Raw Materials	31,653,342	22,516,802
Iron Ore Fines	45,795	2,649
Dolochar	588,469	2,105,300
Finished Goods	6,451,428	13,574,169
	<u>38,739,034</u>	<u>38,198,920</u>
Schedule - 8		
Sundry Debtors (Unsecured Considered good)		
a. Outstanding for more than six months		
Considered Good	9,971,131	2,035,615
Considered Doubtful	1,704,996	1,704,996
	<u>11,676,127</u>	<u>3,740,611</u>
b. Others	—	38,259
	<u>11,676,127</u>	<u>3,778,870</u>
Less: Provision for doubtful debts	170,500	170,500
	<u>11,505,627</u>	<u>3,608,370</u>
Schedule - 9		
Cash & Bank Balance		
Cash in hand	952,663	477,532
Balance with Scheduled Banks		
On Current Account	2,595	278,531
On Deposit Account	153,000	1,893,071
	<u>1,108,258</u>	<u>2,649,134</u>
Schedule - 10		
Loans & Advance (Unsecured, to be recoverable in cash or in kind or for value to be received)		
Considered Good	37,919,107	11,215,894
Considered Doubtful	2,226,878	2,226,878
Excise, VAT & Service Tax Advance (Claimable)	620,197	1,262,847
Deposit with Govt. Agencies & Others	3,588,092	3,168,914
	<u>44,354,274</u>	<u>17,874,534</u>
Less: Provision for Doubtful Advances	2,226,878	2,226,878
	<u>42,127,396</u>	<u>15,647,656</u>



Schedules - (Continued)

	As at 31.03.2010	(in Rupees) As at 31.03.2009
Schedule - 11		
Current Liabilities & Provisions		
Due to Micro, Small & Medium Enterprises	-	-
Due to Others		
For Suppliers & Services	10,893,921	5,290,963
For Capital Goods	17,500	1,005,131
For Expenses & Others	4,695,608	2,030,473
Other Liabilities	<u>38,642</u>	<u>8,245,631</u>
	<u>15,645,671</u>	<u>16,572,198</u>
Schedule - 12		
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Preliminary Expenses	<u>93,215</u>	<u>186,430</u>
	<u>93,215</u>	<u>186,430</u>
Less: Written off during theyear	<u>93,215</u>	<u>93,215</u>
	<u>-</u>	<u>93,215</u>
Schedules to Profit and Loss Account		
	For the year ended 31.03.2010	(in Rupees) For the year ended 31.03.2009
Schedule - 13		
Sales		
Gross Sales	<u>111,428,247</u>	<u>244,479,015</u>
	<u>111,428,247</u>	<u>244,479,015</u>
Schedule - 14		
Other Income		
Interest Income (TDS : Current year Rs. 37,348/- Previous year Rs. 117,340/-)	209,881	329,678
Insurance Claim	5,360	30,700
Rates & Rebates	1,651,880	-
Miscellaneous Income	31,368	1,182,879
Liability written back	210,153	-
Conversion Income (TDS : Current year Rs. Nil, Previous year Rs. 100,981/-)	-	4,448,500
	<u>2,108,642</u>	<u>5,991,757</u>
Schedule - 15		
Increase/(Decrease) in Stock		
Opening Stock - Finished Goods	15,682,118	7,747,994
Less: Closing Stock - Finished Goods	<u>7,085,693</u>	<u>15,682,118</u>
	<u>(8,596,426)</u>	<u>7,934,124</u>



Schedules - (Continued)

	For the year ended 31.03.2010	(in Rupees) For the year ended 31.03.2009
Schedule - 16		
Raw Materials		
Opening Stock	22,516,802	23,621,732
Add: Purchases	95,509,162	157,248,279
	<u>118,025,965</u>	<u>180,870,011</u>
Less: Closing Stock	31,653,342	22,516,802
	<u>86,372,623</u>	<u>158,353,208</u>
Schedule - 17		
Personnel		
Salaries & Wages	4,308,692	8,065,069
Staff Welfare Expenses	2,432	27,176
ID Card & Recruitment Expenses	-	46,876
Employers' Contribution to Provident Fund	258,939	556,207
Employers' Contribution to ESI	61,808	135,841
Professional Tax	5,140	11,446
	<u>4,637,011</u>	<u>8,842,615</u>
Schedule - 18		
Overheads		
a) Factory Expenses		
Diesel Charges Genset	20,39,348	43,66,778
Electricity Charges - HTS & Site	36,59,929	79,96,902
Repairs and Maintenance:		
- Plant and Machinery	1,11,020	9,60,678
- Pay Loader	16,054	6,54,888
- Vehicles	58,508	2,70,847
- Factory	3,70,611	21,40,131
- Electrical	20,626	7,52,107
Office Maintenance	45,545	66,142
Staff Welfare	63,263	1,51,734
Freight Inward - Others	-	50,843
Guest House Rent & Maintenance	-	25,453
Hire Charges	12,02,839	18,77,183
Labour Charges	27,01,471	4,26,380
Local Conveyance Site	2,112	13,062
Lab Chemicals & Maintenance	13,751	4,42,331
Postage & Courier Site	2,160	2,250
Printing & Stationery Site	23,976	57,279
Public Road under NNT Scheme	-	7,00,000
Safety Equipments	-	21,298
Security Charges	10,11,969	9,31,283
Transport Charges - Others	86,595	1,45,296
Telephone Charges - Site	1,14,655	2,21,734
Testing Charges	37,092	86,196
Weighment Charges	14,350	110
Excise Duty on Closing Stock of Finished Goods	(4,30,917)	1,30,361
Total (a)	<u>1,11,64,957</u>	<u>2,24,91,266</u>



Schedules - (Continued)

	For the year ended 31.03.2010	(in Rupees) For the year ended 31.03.2009
b) Administrative Expenses		
Audit Fee	1,37,875	1,37,875
Audit Expenses - Statutory	3,554	11,912
Advertisement Charges	12,400	30,533
Books & Periodicals	2,275	13,281
Consultancy Charges	4,49,332	7,55,213
Director's Remuneration	75,000	9,00,000
Donation	5,000	84,990
Electricity Charges - Office	89,419	1,22,672
Fee, Rates & Taxes	5,45,393	2,14,825
Hire Charges Car	11,128	77,767
Insurance	2,25,307	61,160
Local Conveyance	8,090	34,591
Miscellaneous Expenses	8,564	1,854
Office Rent	1,14,000	1,92,000
Postage & Courier	384	1,833
Printing & Stationery	18,881	20,597
Repairs and Maintenance:		
– Computers	42,540	1,17,401
– Office	14,514	41,196
– Vehicle	24,405	2,07,167
Telephone Charges - Office	1,02,763	1,49,430
Traveling Expenses	1,63,491	3,57,173
Preliminary Expenses written off - 4th year	93,215	93,215
Loss on Sale of Vehicles	2,06,940	
Land Valuation Exp	50,000	
Provision for Doubtful Debts/ Advances	–	1,70,500
Total (b)	24,04,470	37,97,184
c) Selling Expenses		
Business Promotion	50,000	–
Local Conveyance - Mktg	772	37,544
Total (c)	50,772	37,544
Total Overhead (a+b+c)	13,620,199	26,325,994
Schedule - 19		
Finance Charges		
Bill Discounting Charges	–	583,954
Interest & Bank Charges	11,204,441	16,719,450
Interest others	283,260	54,126
LC Charges	250	289,275
Processing Charges	307,208	498,350
Bank Guarantee Charges	–	130,163
	11,795,159	18,275,318



Schedules - (Continued)

Schedule - 20

Significant Accounting Policies and Notes on Accounts for the year ending 31.03.2010

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation

The financial statements have been prepared to comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a going concern basis under the historical cost convention and on accrual basis. The company has consistently applied the Accounting policies, unless otherwise stated.

2. Use of Estimates

The Preparation of Financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for investments, provision for employee benefits, provision for doubtful debts, provision for taxation, etc., during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

3. Fixed Assets and Depreciation

- a. Fixed Assets are valued at Cost less accumulated Deprecation. Cost includes Freight, Taxes and Duties and other directly attributable costs of bringing the asset to its working condition for its intended use, net of CENVAT and VAT, wherever applicable.
- b. Borrowing costs are capitalized as part of qualifying fixed assets.
- c. Depreciation is provided on Fixed Assets at Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on pro rata basis. Certain assets are treated as Continuous Process Plant on technical evaluation done by the Management and are depreciated at the applicable rates. In respect of certain assets, deprecation is provided based on the useful life of the assets at the higher rates than those prescribed under schedule XIV of the Companies Act, 1956.
- d. Individual assets whose actual cost does not exceed Rs.5,000/- are fully depreciated in the year of its acquisition.

4. Inventories

- a. Finished Goods and work in process are valued at lower of Cost and Market Value.
- b. Raw Materials, Consumables, Stores & Spares, etc. are valued at Weighted Average Cost. Cost includes expenses of procurement, customs and other duties and taxes, net of CENVAT and VAT.

5. Revenue Recognition

Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales are accounted net of trade discount and include Sales Tax and Excise Duties.

Revenue from Direct sales is accounted for on the basis of dispatches. In respect of Consignment sales, revenue is recognized after the confirmation of sale from the Consignment Agent.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.



Schedules - (Continued)

6. Foreign Currency Transactions

Foreign Currency transactions are accounted in reporting currency at the exchange rates prevailing on the date of transactions. Exchange differences arising on actual payments/realizations are dealt with in the Profit and Loss Account.

7. Borrowing Costs

Interest and other costs incurred by the Company on borrowed funds are recognized as an expense in the period in which they are incurred. However, interest on borrowing and financing cost during the period of construction is added to the cost of respective fixed assets.

8. Taxes on Income

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.

Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

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 there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

9. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent liability is disclosed for:-

- a. Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- b. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. However, Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never realized.

10. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount.

11. Employee Benefits

Provident Fund:

The Company contributes to the Statutory Provident fund in accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contributions plan and the contribution paid or payable is recognized as an expense in the period in which the employee renders service.

Gratuity:

In respect of Gratuity, no provision has been made in the accounts for the actuarial liability for future payment of Gratuity. Gratuity payments are charged to Profit and Loss account in the year in which payments are made.

12. Earning per Share

Basic Earnings share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



Schedules - (Continued)

II. NOTES ON ACCOUNTS

- Due to market conditions, there was a temporary cessation in the activities of the Company during the period from May 2009 to January 2010. On 24-12-2009, the Company became 100% subsidiary of M/s. Tulsyan NEC Ltd. The Company recommenced the activities under the new management only with effect from 02.02.10. Due to the impact of temporary cessation of manufacturing for a period of almost 9 months, the net result for the year is a loss before tax of Rs. 318.15 lakhs. However, during the period from 24.12.09 to 31.03.10, when the manufacturing is renewed under the new management, the net result is a Profit before tax of Rs. 62.17 lakhs.

- Contingent Liabilities (in Rupees)

Details	2009-10	2008-09
Bank Guarantees	10,93,000	10,93,000
Claims against the Company not acknowledged as Debt	68,55,065	68,55,065

- Income Tax : Income tax assessments for and up to the assessment year 2007-08 have been completed. There are no tax arrears nor any proceedings pending against the company in respect of these years.
- Preliminary expenses are written off over a period of 5 years in equal installments commencing from the year of commercial production (ie., 2005-06).

- Secured Loans: (Nature of Security)

Term Loans from Bank are secured by a pari-passu charge by way of hypothecation of the entire movable and immovable assets of the Company (except Book debts), both present and future and are subject to charges created in favour of Company's Bankers for working capital arrangements on the stock of raw materials, finished goods, stores and spares and Book debts.

Cash credit with Bank is secured by hypothecation of stock of raw materials, stock-in-process, finished goods, stores and spares, book debts and other liquid assets of the company by way of first charge.

Hire purchase loans are secured against hypothecation of specific assets.

- Quantitative particulars for the year 2009-10:

- Capacity Utilisation, Production & Turnover

Description	Financial Year			
	2009-10		2008-09	
	Qty in MT	Value in Rs	Qty in MT	Value in Rs
a. Licensed /Installed Capacity (per day)				
Sponge Iron Lumps, Fines	100.000		100.000	
b. Actual Production				
Sponge Iron Lumps	4,436.610		10,574.700	
Sponge Iron Fines	1,569.900		2,555.500	
Dolochar	3,755.370		9,831.910	
Iron Ore Fines (Generated during initial segregation of raw materials)	1,699.170		4,885.950	
c. Turnover				
Sponge Iron Lumps	4,480.565	65,971,334	10,841.080	219,499,452
Sponge Iron Fines	1,922.310	21,833,501	2,135.150	21,861,363
Dolochar #	6,515.520	736,901	6,995.180	972,900
Iron Ore Fines *	1,571.430	338,655	10,687.950	612,197
Others	-	22,547,856	-	1,533,103
Total Turnover		111,428,247		244,479,015

Includes 3134.580 MT (P.Y - NIL) used for Captive consumption

* Includes 402.830 MT (P.Y - 4801.470 MT) used internally for land leveling purpose.



Schedules - (Continued)

ii. Consumption of Raw materials and Closing Stock

Description	Financial Year			
	2009-10		2008-09	
	Qty in MT	Value in Rs	Qty in MT	Value in Rs
a. Raw Materials Purchases				
Iron Ore	14,390.610	33,023,478	35,050.020	56,773,814
Coal	18,625.490	59,726,293	23,077.780	97,798,995
Dolomite/Lime Stone	414.250	739,270	1,413.885	1,855,978
Stores & Spares		20,20,121		819,492
Total Purchases		95,509,162		157,248,279
b. OPENING STOCK				
Raw Materials				
Iron Ore	1,423.987	2,299,656	1,187.770	1,285,337
Coal	3,170.110	13,483,214	3,442.960	17,800,103
Dolomite /Lime Stone	224.965	295,497	47.685	9,823
Stores & Spares		6,438,435		4,526,468
Total (A)		22,516,802		23,621,731
Finished Goods				
Sponge Iron Lumps	236.755	4,046,248	487.725	5,469,816
Sponge Iron Fines	557.500	9,527,922	137.150	1,538,132
Dolochar	4,210.600	2,105,300	1,373.870	157,198
Iron Ore Fines	26.490	2,649	5,828.490	582,849
Total (B)		15,682,119		7,747,995
Total value of Opening Stock (A+B)		38,198,921		31,369,726
c. CLOSING STOCK				
Raw Materials				
Iron Ore	117.517	263,603	1,423.987	2,299,656
Coal	7,916.140	26,452,943	3,170.110	13,483,214
Dolomite /Lime Stone	105.615	171,039	224.965	295,497
Stores & Spares		4,765,757		6,438,435
Total (A)		31,653,342		22,516,802
Finished Goods				
Sponge Iron Lumps*	192.800	3,126,078	221.345	4,046,248
Sponge Iron Fines*	205.090	3,325,350	557.500	9,527,922
Dolochar	1,450.450	588,469	4,210.600	2,105,300
Iron Ore Fines	1,54.230	45,796	26.490	2,649
Total(B)		7,085,693		15,682,118
Total value of Closing Stock (A +B)		38,739,034		38,198,921

* Includes Excise Duty Provision on Finished Goods Rs. 6.02 lakhs (Pr. Year Rs.10.33 lakhs)

6. Deferred Tax

The company has adopted Accounting Standard - 22 relating to "Taxes on Income" issued by the Institute of Chartered Accountants of India.

(in Rupees)

Details	As on 31.03.2010	As on 31.03.2009
Deferred Tax Liability:		
– On Account of Depreciation	1,74,63,882	1,51,95,925
Deferred Tax Asset:		
– On account of losses	2,78,42,745	2,32,47,098
Net Deferred Tax Liability / (Asset)	(1,01,87,978)	(80,51,173)

The increase in Deferred Tax Asset of Rs. 21,36,805/- has been recognized in the Profit & Loss A/c.



Schedules - (Continued)

7. Auditor's Remuneration:

(in Rupees)

Details	2009-10	2008-09
For Statutory Audit	1,00,000	1,00,000
For Tax Audit	25,000	25,000
Towards Service Tax	12,875	12,875
Out of Pocket Expenses	3,554	11,912

8. Earning Per Share:

(in Rupees)

Details	2009-10	2008-09
Profit /(Loss) after tax attributable to equity share holders	(2,96,77,763)	(80,245)
Weighted average equity shares	64,89,200	64,89,200
Basic /Diluted Earnings per Share	(4.57)	(0.01)

9. Due to Micro, Small and Medium Enterprises:

The Company has not received any information from the Suppliers as regards their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and hence disclosure requirements in this regard as per schedule VI of the Companies Act, 1996, could not be provided. However, no interest has been accrued / paid during the year to any of the suppliers.

10. Disclosure in respect of Related parties pursuant to Accounting Standard 18:

- a) Holding Company : M/s. Tulsyan NEC Ltd.
(Extent of Holding: 100%)
- b) Entities in which Holding Company exercises Control : 1. Cosmic Global Ltd.
(Extent of Holding: 99.87%)
2. Tulsyan Power Ltd.
(Extent of Holding: 100%)
3. Balaji Engineering & Galvanising Ltd.
(Extent of Holding: 98.80%)

Transaction with related parties:

During the year the following transactions were carried out with the aforesaid parties in the ordinary course of business:

(Amount in lakhs)

Transaction	Related Party	2009-10	2008-09
Sales & Services	Tulsyan NEC Ltd	508.04	NIL
Purchases	Tulsyan NEC Ltd	15.17	NIL
Balance as at year end Unsecured Loan	Tulsyan NEC Ltd	898.06	NIL

11. Foreign Exchange Expenditure and earnings: Nil (Previous Year: Nil)

12. CIF Value of Imports: Nil (Previous Year: Nil)



Schedules - (Continued)

13. Value of raw materials consumed

(Rs. In lakhs)

Details	2009-10		2008-09	
	Value	Percentage	Value	Percentage
a) Indigenous	863.50	100%	1,583.53	100%
b) Imported	NIL	--	NIL	--
TOTAL	863.50	100%	1,583.53	100%

14. Sponge Iron manufacture is the only reportable primary business segment. The Company caters only domestic market and hence there are no reportable geographic segments. Therefore, segment information as required by the AS-17 of ICAI is not applicable.
15. The Company has initiated legal action against the recovery of its due from M/s. Yeses Infrastructure Pvt. Ltd., Hyderabad, to whom the company awarded fabrication contract to carryout fabrication work, at our Factory. The said contractor has failed and neglected to complete the said work assigned to them. As on 31.03.2010, the amount due from the party is Rs.21,66,385/-.
16. Previous year's figures have been regrouped or reclassified, wherever necessary to Conform to the Current year's presentation.
17. Figures shown in the account have been rounded off to the nearest rupee.

As per our report of even date

For and on Behalf of the Board

For **M/s. P A REDDY & Co.**

Chartered Accountants

P ASHOK REDDY

Partner

M. No. 023202

FR No. 007368

Place : Chennai

Date : 09.04.2010

SANJAY AGARWALLA

Director

SANJAY TULSYAN

Director



BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration Number :

5	1	8	0	3
---	---	---	---	---

 State Code :

1	8
---	---

Balance Sheet :

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities

3	1	0	1	1	5
---	---	---	---	---	---

 Total Assets

3	1	0	1	1	5
---	---	---	---	---	---

Sources of Funds

Paid-up Capital

6	4	8	9	2
---	---	---	---	---

Secured Loans

1	2	5	0	4	6
---	---	---	---	---	---

 Unsecured Loans

1	2	0	1	7	7
---	---	---	---	---	---

Application Funds

Net Fixed Assets

1	7	3	0	6	5
---	---	---	---	---	---

 Investments

3

Net Current Assets

7	7	8	3	5
---	---	---	---	---

 Capital Work in Process

2	4	7	2
---	---	---	---

Accumulated Losses

4	6	5	5	3
---	---	---	---	---

 Deferred Tax

1	0	1	8	7
---	---	---	---	---

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turn Over (incl.other Income)

1	0	2	2	4	3
---	---	---	---	---	---

 Total Expenditure

1	2	5	4	6	1
---	---	---	---	---	---

Profit before Tax

3	1	8	1	5
---	---	---	---	---

 Loss After Tax

2	9	6	7	8
---	---	---	---	---

Earning Per Share Rs.

(4	.	5	7)
---	---	---	---	---	---

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code) :

7	2	0	3	-	1	0	0	0
---	---	---	---	---	---	---	---	---

Product Description :

S	P	O	N	G	E		I	R	O	N
---	---	---	---	---	---	--	---	---	---	---

As per our report of even date

For and on Behalf of the Board

For **M/s. P A REDDY & Co.**
Chartered Accountants

P ASHOK REDDY
Partner
M. No. 023202
FR No. 007368

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 09.04.2010



TULSYAN POWER LIMITED

Regd. Office: 61, Sembudoss Street, Chennai 600 001

Board of Directors

Shri Lalitkumar Tulsyan
Shri Sanjay Tulsyan
Shri Sanjay Agarwalla

Registered Office

61 Sembudoss Street,
Chennai - 600 001

Bankers

IDBI Bank Limited
P M Towers
37 Greams Road
Chennai - 600 006

Auditors

M/s. V Ganesh & Co
Chartered Accountants
Room No. 4, III Floor
189 Thambuchetty Street
Chennai - 600 001



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Eighth Annual General Meeting of the Company will be held on Friday the 7th May, 2010 at 11.00 a. m. at I Floor, APEX Plaza, 3 Nungambakkam High Road, Chennai - 600 034, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Agarwalla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors of the Company in place of M/s V Ganesh & Co., Chartered Accountants, who retire at the Annual General Meeting and being eligible offer themselves for re-appointment.

For and on behalf of the Board

Place : Chennai
Date : 8th April, 2010

SANJAY TULSYAN
Director

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER

The Proxies to be valid should be lodged with the Share Transfer Agents, not less than 48 hours before the commencement of the Meeting.

Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting and also their copy of the Annual Report.



DIRECTORS' REPORT TO THE SHAREHOLDERS

We take pleasure in presenting the Eighth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2010

Business Performance:

As the Commercial Activity has not yet been started, the Profit & Loss Account for the period from 01/04/2009 to 31/03/2010 has not been drawn up.

Directors:

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

Auditors:

The Auditors of the Company M/s. V Ganesh & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Personnel:

None of the employees was in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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, 2010 and of the Profit of the Company for the year ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis

General:

Your Directors thank you the shareholders for your continued patronage

On behalf of the Board

Place : Chennai
Date : 8th April, 2010

SANJAY TULSYAN
Director



REPORT OF THE AUDITORS TO THE MEMBERS

To the Shareholders of Tulsyan Power Limited.

We have audited the attached Balance sheet of M/s Tulsyan Power Limited, as at 31st March 2010 and also Pre-Operative Expenditure statement for the period ended on that date, annexed hereto and reports that, these financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the 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 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors report) order 2003 amended issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956 and on the basis of the checks as we have considered appropriate, we state on the matter specified in Para 4 and 5 of the said order.

We report that

- I.
 1.
 - a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company does not have any Fixed assets except for the Land purchased and hence Clause (I) b is not applicable.
 - c. The company has not disposed any fixed assets during the year.
 2. In our opinion and according to the information given to us the provision of Clause 4 ii (a),(b) and (c) are not applicable to this Company.
 3. The Company has advanced to Tulsyan NEC a sum of Rs. 41,204/- towards procurement of materials.
 4. The Company has an adequate internal control systems commensurate with size of the company and nature of its business with regard to the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.
 5.
 - a. In our opinion and as per the Information and explanations given to us and based on the representation by the Management, there is no transaction that needs to be entered in the register maintained under section 301 of the act.
 - b. In view of the above, Clause V (b) of this order is not applicable for the current year.
 6.
 - a. As per the information and explanations given to us, the Company is not subject to Provident fund, Investors Education and protection fund, Employees State Insurance, Income tax, Sales tax, wealth tax, Service tax, Customs duty, Excise duty and Cess.
 - b. In view of the above, Clause ix (b) of the order is not applicable.
 7. The Company has no dues with any financial institutions or banks, and the company does not have debenture holders.
 8. According to the information and explanations given to us the Company has not granted any Loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 9. The company is not a Chit fund/Nidhi/Mutual Benefit fund/Society. Therefore the provisions of Clause 4 XIII are not applicable to the Company.
 10. The company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4 XIV of the Companies (Auditor's Report) order 2003 are not applicable to the company.



11. In our opinion and according to the information given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
 12. The Company has not obtained any term loans during the year.
 13. According to the information and explanations given to us and on an overall examination of the Balance sheet of the company, the company has not used short term funds for long term investments.
 14. The company has not made any public issue in the year under review.
 15. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.
 16. In our opinion and according to the information given to us the provision of clause vi, vii, viii, x, xviii and xix of Para 4 of the company (Auditors Report) order 2003 are not applicable to this Company.
- II. 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.
 - III. In our opinion, Proper books of accounts as required by law have been kept by the company, so far as it appears from examinations of the Books.
 - IV. The Balance sheet and the Pre-Operative expenditure statement dealt with by this report are in agreement with the Books of account.
 - V. In our opinion, the Balance sheet comply with the accounting standards referred to in Sub-Section 3(c) of the Section 211 of the Companies act 1956.
 - VI. On the basis of the written representations received from the Directors as on 31st March 2010 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2010 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of section 274 of the Companies act 1956.
 - VII. In our opinion, and to the best of our knowledge, the said accounts give the information required by the Companies act 1956 in the manner so required and give a true and fair view.
 - a. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March 2010 and
 - b. In so far it relates to the Pre-Operative expenditure statement of deficit for the period ended on that date.

For M/s. V. GANESH & CO.
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S
Place : Chennai
Date : 8th April, 2010



TULSYAN POWER LIMITED

Balance Sheet as at 31st March, 2010

	Schedule	31.03.2010 Rs.	31.03.2009 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Capital	1	500000	500000
Reserves and Surplus			
Share Application Money	2	5000000	5000000
Holding Company		(41204)	(75717)
Total		5458796	5424283
APPLICATION OF FUNDS			
Fixed Assets	5	586155	586155
Current Assets and Liabilities			
Current Assets			
Loans and Advances	6	3455627	3433038
Less:			
Current Liabilities and Provisions	7	5000	10000
NET CURRENT ASSETS		3450627	3423038
Miscellaneous Expenditure to the extent not written off or adjusted	8		
Preliminary Expenses		168859	168859
Pre-operative Expenses		1253155	1246231
Total		5458796	5424283

Schedule 1 to 9 form integral part of this Balance Sheet and are to be read in conjunction therewith

As per our report of even date
For **M/s. V. GANESH & Co.**
Chartered Accountants

On Behalf of the Board

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 8th April, 2010



TULSYAN POWER LIMITED
Schedules to the Balance Sheet

Particulars	As at 31.03.2010 Rs.	As At 31.03.2009 Rs.
Schedule 1		
Capital		
AUTHORISED 30,00,000 Equity Shares of Rs. 10/- each	30000000	30000000
ISSUED, SUBSCRIBED AND FULLY PAID-UP 50,000 Equity Shares of Rs.10/- each	<u>500000</u>	<u>500000</u>
Schedule 2		
RESERVES AND SURPLUS		
Share Application Money	5000000	5000000
Schedule 3		
SECURED LOAN		
Schedule 4		
UNSECURED LOAN		
	<u>(41204)</u>	<u>(75717)</u>
Schedule 5		
FIXED ASSETS		
	<u>586155</u>	<u>586155</u>
Schedule 6		
A CURRENT ASSETS		
a) Cash and Bank Balances		
i) Cash on hand	2460	2460
ii) Balances with Bank		
IDBI Bank Limited	77822	55233
Bank of India	5000	5000
b) Other Current Assets		
Sales Tax Deposit	2500	2500
B LOANS AND ADVANCES	<u>3367845</u>	<u>3367845</u>
	<u>3455627</u>	<u>3433038</u>
Schedule 7		
CURRENT LIABILITIES AND PROVISIONS		
	5000	10000
Schedule 8		
Miscellaneous Expenditure		
Pre-incorporation Expenses	168859	168859
Pre-operative Expenses	1246231	1239651
Bank Charges	100	80
Audit Fees	5000	5000
Filing Fee	1500	1500
Intererst others	324	0
	<u>1253155</u>	<u>1246231</u>

**Schedule 9**

Notes on Accounts

1.0 Significant Accounting Policies

1.1 Basis of preparation of Financial Statement:

- a) The accounts are prepared on historical cost convention and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India
 - b) Accounting policies not specifically referred to are consistent and in consonance with general accepted accounting principles
2. As the company is yet to commence its activity the Profit and Loss Account is not prepared.
 3. The company advanced to holding company Tulsyan NEC Limited towards procurement of materials and the balance at end of the year was Rs. 41,204/-
 4. The Company in the earlier year has advanced to M/s. NEG-MICON (India) P Limited towards equipment purchase and the balance at the end of the year was Rs. 33,67,845/-.

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 8th April, 2010



BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration Number :

4	9	9	5	8
---	---	---	---	---

 State Code :

1	8
---	---

Balance Sheet :

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities

5	4	5	9
---	---	---	---

 Total Assets

5	4	5	9
---	---	---	---

Sources of Funds

Paid-up Equity Share Capital

5	0	0
---	---	---

 Reserves & Surplus

0

Secured Loans

0

 Unsecured Loans

(4	1)
---	---	---	---

Share Application Money

5	0	0	0
---	---	---	---

Application Funds

Net Fixed Assets

5	8	6
---	---	---

 Investments

0

Net Current Assets

3	4	5	1
---	---	---	---

 Misc. Expenditure

1	4	2	2
---	---	---	---

Accumulated Losses

N	I	L
---	---	---

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turn Over (incl.other Income)

0

 Total Expenditure

0

Profit before Tax

0

 Profit After Tax

0

Earning Per Share Rs.

0

 Dividend Rate

0

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code) :

N	O	T	A	P	P	L	I	C	A	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description :

N	O	T	A	P	P	L	I	C	A	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---	---

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 8th April, 2010



BALAJI ENGINEERING & GALVANIZING LIMITED

Regd. Office: 61, Sembudoss Street, Chennai 600 001

Board of Directors

Shri Lalitkumar Tulsyan
Shri Sanjay Tulsyan
Shri Sanjay Agarwalla

Registered Office

61 Sembudoss Street,
Chennai - 600 001

Bankers

Syndicate Bank
Mount Road Branch
38 Anna Salai
Chennai - 600 002

Auditors

M/s. V Ganesh & Co
Chartered Accountants
Room No. 4, III Floor
189 Thambuchetty Street
Chennai - 600 001



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Second Annual General Meeting of the Company will be held on Friday the 7th May, 2010 at 10.00 a.m. at I Floor, APEX Plaza, 3 Nungambakkam High Road, Chennai - 600 034, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 together with the Report of the Directors and Auditors thereon
2. To appoint a Director in place of Mr. Sanjay Agarwalla, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint auditors of the Company in place of M/s V Ganesh & Co., Chartered Accountants, who retire at the Annual General Meeting and being eligible offer themselves for re-appointment.

For and on behalf of the Board

Place : Chennai
Date : 8th April, 2010

SANJAY TULSYAN
Director

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER

The Proxies to be valid should be lodged with the Share Transfer Agents, not less than 48 hours before the commencement of the Meeting.

Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting and also their copy of the Annual Report.



DIRECTORS' REPORT TO THE SHAREHOLDERS

We take pleasure in presenting the Second Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2010.

Business Performance:

As the Commercial Activity has not yet been started, the Profit & Loss Account for the period has not been drawn up.

Directors:

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

Auditors:

The Auditors of the Company M/s. V Ganesh & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment

Personnel:

None of the employees was in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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, 2010 and of the Profit of the Company for the year ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

General:

Your Directors thank you the shareholders for your continued patronage.

On behalf of the Board

SANJAY TULSYAN
Director

Place : Chennai
Date : 8th April, 2010



REPORT OF THE AUDITORS TO THE MEMBERS

To the Shareholders of Balaji Engineering & Galvanizing Limited

We have audited the attached Balance sheet of M/s BALAJI ENGINEERING & GALVANISING LIMITED, as at 31st March 2010 and also Pre-Operative Expenditure statement for the period ended on that date, annexed hereto and reports that, these financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the 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 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors report) order 2003 amended issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956 and on the basis of the checks as we have considered appropriate, we state on the matter specified in Para 4 and 5 of the said order.

We report that

- I. 1. The Company does not have any Fixed assets hence Clause (I) a (I) b & (I) c are not applicable.
2. In our opinion and according to the information given to us the provision of Clause 4 ii (a),(b) and (c) are not applicable to this Company.
3. The Company has received unsecured loan from its holding company, Tulsyan NEC a sum of Rs. 35,13,837/-.
4. As the Company has not purchased any fixed asset the adequacy of internal control system does not arise.
5. a. In our opinion and as per the Information and explanations given to us and based on the representation by the Management, there is no transaction that needs to be entered in the register maintained under section 301 of the act.
b. In view of the above, Clause V (b) of this order is not applicable for the current year.
6. a. As per the information and explanations given to us, the Company is not subject to Provident fund, Investors Education and protection fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess.
b. In view of the above, Clause ix (b) of the order is not applicable.
7. The Company has no dues with any financial institutions or banks, and the company does not have debenture holders.
8. According to the information and explanations given to us the Company has not granted any Loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
9. The company is not a Chit fund/Nidhi/Mutual Benefit fund/Society. Therefore the provisions of Clause 4 XIII are not applicable to the Company.
10. The company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4 XIV of the Companies (Auditor's Report) order 2003 are not applicable to the company.
11. In our opinion and according to the information given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
12. The Company has not obtained any term loans during the year.



13. According to the information and explanations given to us and on an overall examination of the Balance sheet of the company, the company has not used short term funds for long term investments.
 14. The company has not made any public issue in the year under review.
 15. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.
 16. In our opinion and according to the information given to us the provision of clause vi, vii, viii, x, xviii and xix of Para 4 of the company (Auditors Report) order 2003 are not applicable to this Company.
- II. 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.
 - III. In our opinion, Proper books of accounts as required by law have been kept by the company, so far as it appears from examinations of the Books.
 - IV. The Balance sheet and the Pre-Operative expenditure statement dealt with by this report are in agreement with the Books of account.
 - V. In our opinion, the Balance sheet comply with the accounting standards referred to in Sub-Section 3(c) of the Section 211 of the Companies act 1956.
 - VI. On the basis of the written representations received from the Directors as on 31st March 2010 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2010 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of section 274 of the Companies act 1956.
 - VII. In our opinion, and to the best of our knowledge, the said accounts give the information required by the Companies act 1956 in the manner so required and give a true and fair view.
 - a. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March 2010 and
 - b. In so far it relates to the Pre-Operative expenditure statement of deficit for the period ended on that date.

For M/s. V. GANESH & CO.
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

Place : Chennai
Date : 8th April, 2010



BALAJI ENGINEERING & GALVANIZING LIMITED

Balance Sheet as at 31st March, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.12.2009 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Capital	1	5,00,000	5,00,000
Reserves and Surplus			
Share Application Money	2		
Holding Company		35,13,837	35,13,837
Total		40,13,837	40,13,837
APPLICATION OF FUNDS			
Fixed Assets	5		
Current Assets and Liabilities			
Current Assets			
Loans and Advances	6	39,72,986	39,72,986
Less:			
Current Liabilities and Provisions	7	5,000	2,500
NET CURRENT ASSETS		39,67,986	39,70,486
Miscellaneous Expenditure to the extent not written off or adjusted	8		
Preliminary Expenses		30,436	30,436
Pre-operative Expenses		15,415	12,915
Total		40,13,837	40,13,837

Schedule 1 to 9 form integral part of this Balance Sheet and are to be read in conjunction therewith

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 8th April, 2010



BALAJI ENGINEERING & GALVANIZING LIMITED

Schedules to the Balance Sheet

	As at 31.03.2010 Rs.	As at 31.12.2009 Rs.
Schedule 1		
Capital		
AUTHORISED		
50,000 Equity Shares of Rs. 10/- each	5,00,000	5,00,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
50,000 Equity Shares of Rs.10/- each	<u>5,00,000</u>	<u>5,00,000</u>
Schedule 2		
RESERVES AND SURPLUS	-	-
Schedule 3		
SECURED LOAN		
Schedule 4		
UNSECURED LOAN	<u>35,13,837</u>	<u>35,13,837</u>
Schedule 5		
FIXED ASSETS	<u>0</u>	<u>0</u>
Schedule 6		
A CURRENT ASSETS		
a) Cash and Bank Balances		
i) Cash on hand	6,000	6,000
ii) Balances with Bank		
B LOANS AND ADVANCES	<u>39,66,986</u>	<u>39,66,986</u>
	<u>39,72,986</u>	<u>39,72,986</u>
Schedule 7		
CURRENT LIABILITIES AND PROVISIONS	5,000	2,500
Schedule 8		
Miscellaneous Expenditure		
Pre-incorporation Expenses	30,436	30,436
Pre-operative Expenses	12,915	4,000
Audit Fees	2,500	2,500
Professional Charges	0	5,815
Filing Fee	0	600
	<u>15,415</u>	<u>12,915</u>



Schedule 9

Notes on Accounts

1.0 Significant Accounting Policies

1.1 Basis of preparation of Financial Statement:

- a) The accounts are prepared on historical cost convention and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India
 - b) Accounting policies not specifically referred to are consistent and in consonance with general accepted accounting principles
2. As the Company is yet to commence its activity the Profit and Loss account is not prepared.
 3. The Company has received a sum of Rs. 35,13,837/- as loan from its holding company Tulsyan NEC Limited. The Company will pay interest once the commercial operation starts.
 4. The Company has made an advance of Rs. 39,66,986/- to Jodhpur properties and finance (P) limited towards purchase of land.

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 8th April, 2010



BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

CIN : State Code :

Balance Sheet :
Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue Rights Issue
Bonus Issue Private Placement

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="4"/>	Total Assets	<input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="4"/>
Sources of Funds			
Paid-up Equity Share Capital	<input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value="0"/>
Secured Loans	<input type="text" value="0"/>	Unsecured Loans	<input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="4"/>
Share Application Money	<input type="text" value="0"/>		
Application Funds			
Net Fixed Assets	<input type="text" value="0"/>	Investments	<input type="text" value="0"/>
Net Current Assets	<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="8"/>	Misc. Expenditure	<input type="text" value="4"/> <input type="text" value="6"/>
Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turn Over (incl.other Income)	<input type="text" value="0"/>	Total Expenditure	<input type="text" value="0"/>
Profit before Tax	<input type="text" value="0"/>	Profit After Tax	<input type="text" value="0"/>
Earning Per Share Rs.	<input type="text" value="0"/>	Dividend Rate	<input type="text" value="0"/>

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code) :
Product Description :

As per our report of even date

On Behalf of the Board

For **M/s. V GANESH & Co.**
Chartered Accountants

V. GANESH
Partner
M. No. 26197
FR No. 005313 S

SANJAY AGARWALLA
Director

SANJAY TULSYAN
Director

Place : Chennai
Date : 8th April, 2010



TULSYAN NEC LIMITED

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

ANNUAL GENERAL MEETING - 16TH JUNE, 2010 AT 11.00 A.M.

Dip. ID	
---------	--

Client ID/ Folio No.	
-------------------------	--

No. of Shares	
------------------	--

NAME & ADDRESS OF THE REGISTERED SHAREHOLDERS

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

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Narada Gana Sabha, Mini Hall, 254, T.T.K. Road, Chennai - 600 018 on Wednesday the 16th June, 2010 at 11.00 a.m.

Member's/Proxy's Signature

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



TULSYAN NEC LIMITED

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

I/We..... of
..... in the district of being a member/members of
TULSYAN NEC LIMITED appoint..... of
..... in the district of or / failing him
..... of in the district of as
my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company
to be held on Wednesday the 16th June, 2010 and at any adjournment thereof.

Signed this..... day of2010

Dip. ID	
---------	--

Client ID/ Folio No.	
-------------------------	--

No. of Shares	
------------------	--

Signature

Affix a
Re. 1
Revenue
Stamp

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