



TATA ENGINEERING

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56th Annual Report
2000-01





TATA ENGINEERING

Fifty-sixth annual report 2000-01

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Annual General Meeting on Tuesday, August 14, 2001 at Birla Matushri Sabhagar at 3.30 p.m.

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Tata Engineering and Locomotive Company Limited

Board of Directors :

Ratan N Tata (Chairman)

N A Palkhivala

N A Soonawala

J J Irani

J K Setna

V R Mehta

R Gopalakrishnan

N N Wadia

Helmut Petri

S A Naik

Ravi Kant (Executive Director)

P K M Fietzek (Alternate Director to Mr Helmut Petri)

Company Secretary :

H K Sethna

Registered Office :

Bombay House,
24, Homi Mody Street,
Hutatma Chowk,
Mumbai 400 001.

Share Registrars :

Tata Share Registry Limited,
Army & Navy Building,
148, Mahatma Gandhi Road,
Mumbai 400 001.

Solicitors :

Mulla & Mulla and
Craigie, Blunt & Caroe

Auditors :

A F Ferguson & Co.
S B Billimoria & Co.

Works :

Jamshedpur
Pune
Lucknow
Dharwad

Bankers :

State Bank of India
Central Bank of India
Bank of India
Bank of Baroda
Standard Chartered Bank
Bank of Maharashtra
Hongkong Bank
Union Bank of India
Citibank N. A.
Bank of Nova Scotia
Deutsche Bank
Bank of America
American Express Bank
Corporation Bank
HDFC Bank Limited



Summarised Balance Sheet

(Rupees Crores)

WHAT THE COMPANY OWNED

	As at March 31, 2001	As at March 31, 2000
1. NET FIXED ASSETS	3823.60	3984.15
2. INVESTMENTS	1387.18	1200.74
3. NET CURRENT ASSETS	150.00	786.31
4. MISCELLANEOUS EXPENDITURE	891.88	787.18
5. TOTAL ASSETS (NET)	<u>6252.66</u>	<u>6758.38</u>

WHAT THE COMPANY OWED

1. LOANS	2998.88	3004.26
2. NET WORTH	3253.78	3754.12
Represented by :		
Share Capital. Rs. 255.90 Crores (Previous Year Rs. 255.90 Crores)		
Reserves Rs. 2997.88 Crores (Previous Year Rs. 3498.22 Crores)		
3. TOTAL FUNDS EMPLOYED	<u>6252.66</u>	<u>6758.38</u>

Summarised Profit and Loss Account

(Rupees Crores)

	2000-01	1999-2000
1. INCOME		
SALE OF PRODUCTS AND OTHER INCOME	8164.22	8961.14
2. EXPENDITURE		
RAW MATERIALS, STORES AND OTHER EXPENSES	7058.20	7473.09
SALARIES, WAGES ETC	608.15	702.28
AMORTISATION OF DEFERRED REVENUE EXPENSES	137.36	82.62
DEPRECIATION	347.37	342.61
INTEREST	443.58	419.68
TOTAL EXPENDITURE	<u>8594.66</u>	<u>9020.28</u>
LOSS BEFORE EXTRAORDINARY ITEM	(430.44)	(59.14)
POWER COST RELATING TO PREVIOUS YEARS	(48.99)	—
EMPLOYEE SEPARATION COST	(16.71)	—
(AJUSTMENT)/PROFIT ON SALE OF UNDERTAKING	(4.20)	134.34
3. (LOSS)/PROFIT BEFORE TAX	(500.34)	75.20
4. TAX FOR THE YEAR	—	(4.00)
5. (LOSS)/PROFIT AFTER TAX	(500.34)	71.20
6. TRANSFER FROM GENERAL RESERVE	353.65	—
7. INVESTMENT ALLOWANCE (UTILISED) RESERVE WRITTEN BACK	11.20	21.55
8. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	135.49	130.77
	<u>—</u>	<u>223.52</u>
9. APPROPRIATIONS		
(i) General Reserve	—	10.00
(ii) Proposed Dividends	—	63.96
(iii) Tax on Proposed Dividends	—	14.07
(iv) Balance carried to Balance Sheet	—	135.49
	<u>—</u>	<u>223.52</u>

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Tata Engineering and Locomotive Company Limited**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE FIFTY-SIXTH ANNUAL GENERAL MEETING OF TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED will be held on Tuesday, August 14, 2001 at 3.30 p.m., at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 to transact the following business :-

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended March 31, 2001 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr Ratan N Tata, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr S A Naik, who was appointed a Director of the Company by the Board of Directors with effect from July 25, 2000 pursuant to Article 131 of the Articles of Association of the Company to fill the casual vacancy on the Board caused by the resignation of Mr A N Mafatlal and who holds such office under Section 262 of the Companies Act, 1956 up to the date of the forthcoming Annual General Meeting but who is eligible for re-appointment, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

"RESOLVED that Mr N A Palkhivala, a Director, liable to retire by rotation does not seek re-election, is therefore not re-appointed a Director of the Company.

"RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created, be not filled."
5. To appoint Auditors and fix their remuneration.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

"RESOLVED that in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if necessary, the Company hereby approves of the re-appointment and terms of remuneration of Mr F K Kavarana as Whole-time Director for the period April 1, 2000 upto March 31, 2001 upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in the said financial year set out in the draft Agreement submitted to this meeting and initialled by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors or a Committee thereof, to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr Kavarana."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-
"RESOLVED that in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if necessary, the Company hereby approves of the appointment and terms of remuneration of Mr Ravi Kant as Whole-time Director for a period of 5 years with effect from July 12, 2000 upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profit in any financial year, set out in the draft Agreement submitted to this meeting and initialled by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors or a Committee thereof, to alter and vary the terms and condition of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr Ravi Kant."
8. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-
"RESOLVED that pursuant to Article 7 of the Articles of Association of the Company, Clause V of the Memorandum of Association of the Company be altered as follows:-
For Clause V, substitute the following Clause:-
'V. The Capital of the Company is Rs.400,00,00,000/- divided into 35,00,00,000 Ordinary Shares of Rs.10/- each and 5,00,00,000 Unclassified Shares of Rs.10/- each.'"
9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :-
"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:-
For Article 5, substitute the following Article:-
'5. The Capital of the Company is Rs.400,00,00,000/- divided into 35,00,00,000 Ordinary Shares of Rs.10/- each and 5,00,00,000 Unclassified Shares of Rs.10/- each.'"
10. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-
"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as may be necessary on such of the assets of the Company both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of the financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate (hereinafter

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referred to as the 'Lending Agencies')/Trustees for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments of an equivalent aggregate value not exceeding Rs.2,000 crores together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements/Loan Agreements/Debenture Trust Deeds to be entered into by the Company in respect of the said borrowings.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the Lending Agencies/Trustees the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above Resolution."

NOTES:

- (a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 3, 4, 6 to 10 set out above are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, the Company has transferred all unclaimed dividends declared for and up to the financial year ended March 31, 1995 to the Central Government - General Revenue Account. In case of unclaimed dividends from 1978 onwards upto 1994-95, Members can approach the Registrar of Companies at the following address alongwith their claim in Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 :-

Office of the Registrar of Companies
CGO Complex, 'A' Wing, 2nd floor
Next to Reserve Bank of India
CBD - Belapur, Navi Mumbai
Maharashtra 400 614
☎ 757 6802

As per the provisions of Section 205A read with 205C of the Companies Act, 1956, the Company is required to transfer the dividends declared for the financial year ended March 31, 1996 and onwards which remain unpaid or unclaimed for a period of 7 years to the Investor Education and Protection Fund to be set up by the Central Government. *It may be noted that no claims will lie against the Company or the Investor Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the Fund.* Members who have not claimed their



dividends for the financial year ended March 31, 1996 and onwards are requested to lodge their claim with the Company's Registrar and Transfer Agents – Tata Share Registry Limited at the address mentioned in the Annual Report.

- (d) As per the provisions of the Companies Act, 1956, facility for making nominations is available for Members, debenture holders and fixed deposit holders in respect of the shares, debentures and deposits held by them. Nomination Forms can be obtained from the Company's Registrars and Transfer Agents.
- (e) As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

By Order of the Board of Directors

RATAN N TATA
CHAIRMAN

Mumbai, June 14, 2001.

Registered Office :

Bombay House,
24, Homi Mody Street,
Hutatma Chowk,
Mumbai - 400 001.

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EXPLANATORY STATEMENTS

The following Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, set out all material facts relating to the business mentioned at Item Nos. 3, 4, 6 to 10 in the accompanying Notice dated June 14, 2001.

2. **Item No.3** : The Board of Directors of the Company had at their meeting held on July 25, 2000, appointed Mr S A Naik, who was on the Company's Board representing Industrial Development Bank of India and whose nomination was withdrawn by the Institution in May 2000, as a Director of the Company, in the casual vacancy caused by the resignation of Mr A N Mafatlal. Mr Naik had vide his letter dated July 24, 2000 consented to his appointment as a Director of the Company in his individual capacity. Under Section 262 of the Companies Act, 1956, Mr Naik holds office only till the date up to which Mr Mafatlal, in whose place he was appointed, would have held office, viz. till the date of the forthcoming Annual General Meeting. A notice has been received from a Member as required under Section 257 of the Act, proposing Mr Naik's candidature for the office of Director.
3. The Board considers it desirable that the Company continue to avail of Mr Naik's services as a Director and commends the Resolution for acceptance by the Members.
4. **Item No.4** : In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association, Mr N A Palkhivala retires by rotation and has not sought re-election on health grounds. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled.
5. Mr Palkhivala has been a Director of the Company since July 1970. The Board has placed on record its appreciation of the contribution made by him to the Company. Members' attention is invited to the Directors' Report.
6. **Item Nos.6 & 7** : Consequent upon the approval of the Members at the Annual General Meetings of the Company held on July 28, 1998 and July 25, 2000, the Company entered into Agreements dated August 31, 1998 and September 25, 2000 with Mr F K Kavarana, Executive Director (Corporate Affairs) and Mr Ravi Kant, Executive Director (Commercial Vehicle Business Unit) for their re-appointment/appointment for a period of 5 years effective June 15, 1998 and July 12, 2000 respectively as also for the payment of remuneration to them. In view of Mr Kavarana's senior level appointment and responsibilities in another Company in the Group, he relinquished office as the Executive Director of the Company on March 31, 2001.
7. The Remuneration Committee and the Board of Directors at their meetings held on June 14, 2001 have approved of entering into fresh Agreements with Mr F K Kavarana for the period April 1, 2000 to March 31, 2001 and with Mr Ravi Kant for the period of 5 years from July 12, 2000. The present Agreements are accordingly being terminated by mutual consent.
8. The draft Agreements between the Company and M/s Kavarana and Kant [the appointee(s)] contain the following main terms and conditions:-
 - i. The appointees shall carry out such duties as may be entrusted to them subject to the supervision and control of the Board of Directors.
 - ii. Tenure of agreements:
 - Mr F K Kavarana : April 1, 2000 to March 31, 2001
 - Mr Ravi Kant : for a period of 5 years with effect from July 12, 2000