



TATA ENGINEERING



57th Annual Report
2001-2002

AUTO EXPO 2002

प्रधान मंत्री
Prime Minister

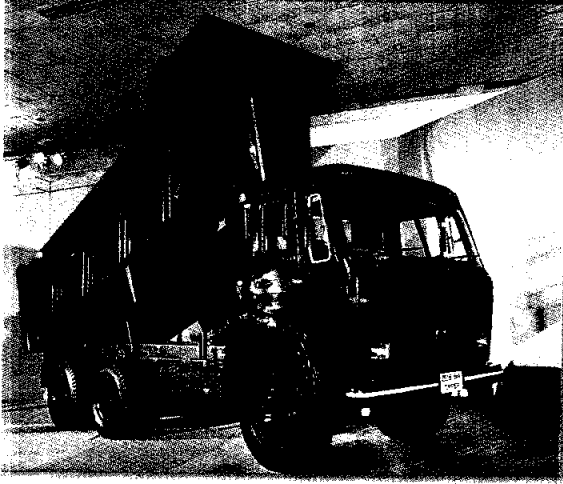
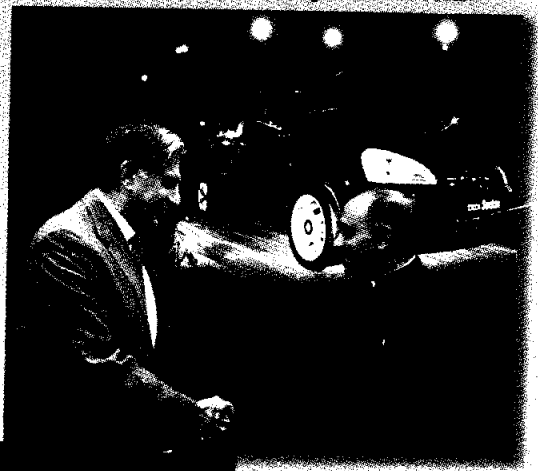
MESSAGE

I am happy to learn that TELCO is unveiling the Sedan version of the 'Indica' car at the Auto Expo exhibition in New Delhi on January 16, 2002. As an engineering company, TELCO has been at the forefront of innovation, diligence and enterprise. It is satisfying that the car is a fruit of Indian engineering endeavour. The nation is proud of TELCO's achievement in producing an indigenously designed car in the mid-size segment. On this occasion I extend my warm greetings to all the members of TELCO team. I also convey my best wishes for the success of the car not only in the highly competitive Indian market but also beyond.

A.B. Vajpayee
(A.B. Vajpayee)

New Delhi
January 14, 2002

Shri. Vijay Goel, Hon'ble Minister of State from the Prime Minister's Office, with Chairman Ratan Tata at the unveiling of the Tata Sedan



Heavy Duty Multi-Axle Tipper

The Tata Sedan

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Tata Engineering and Locomotive Company Limited

Board of Directors :

Ratan N Tata (*Chairman*)
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 P Kadle (*Executive Director*)
V Sumantran (*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,
Mumbai 400 001.
Tel: 91-22-2049131
Fax: 91-22-2045474

Share Registrars :

Tata Share Registry Limited,
Army & Navy Building,
148, Mahatma Gandhi Road,
Mumbai 400 001.
Tel: 91-22-2873831
Fax: 91-22-2844160

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
The Hongkong & Shanghai
Banking Corporation Ltd.
Union Bank of India
Citibank N. A.
Bank of Nova Scotia
Deutsche Bank
Bank of America
Corporation Bank
HDFC Bank Limited

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Annual General Meeting on Friday, July 26, 2002 at Birla Matushri Sabhagar at 3.30 p.m.

Tata Engineering and Locomotive Company Limited

Summarised Balance Sheet

(Rupees Crores)

WHAT THE COMPANY OWNED

	As at March 31, 2002	As at March 31, 2001
1. NET FIXED ASSETS	3478.34	3823.60
2. INVESTMENTS	1189.92	1387.18
3. DEFERRED TAX ASSETS (NET)	95.00	—
4. NET CURRENT ASSETS	9.52	150.00
5. MISCELLANEOUS EXPENDITURE	—	891.88
6. TOTAL ASSETS (NET)	<u>4772.78</u>	<u>6252.66</u>

WHAT THE COMPANY OWED

1. LOANS	2307.72	2998.88
2. NET WORTH	2465.06	3253.78
Represented by :		
Share Capital ..	Rs. 319.82 Crores	(Previous Year Rs. 255.90 Crores)
Reserves	Rs. 2145.24 Crores	(Previous Year Rs. 2997.88 Crores)
3. TOTAL FUNDS EMPLOYED	<u>4772.78</u>	<u>6252.66</u>

Summarised Profit and Loss Account

(Rupees Crores)

	2001-02	2000-01
1. INCOME		
SALE OF PRODUCTS AND OTHER INCOME	8918.06	8164.22
2. EXPENDITURE		
RAW MATERIALS, STORES AND OTHER EXPENSES	7463.07	7058.20
SALARIES, WAGES ETC	691.64	608.15
AMORTISATION OF DEFERRED REVENUE EXPENSES	89.83	137.36
DEPRECIATION	354.68	347.37
INTEREST	382.23	443.58
TOTAL EXPENDITURE	8981.45	8594.66
(LOSS) BEFORE EXTRAORDINARY ITEMS	(63.39)	(430.44)
PROVISION FOR CONTINGENCIES	(20.00)	—
POWER COST RELATING TO PREVIOUS YEARS	—	(48.99)
EMPLOYEE SEPARATION COST	(25.82)	(16.71)
ADJUSTMENT ON SALE OF UNDERTAKING	—	(4.20)
3. (LOSS) BEFORE TAX	(109.21)	(500.34)
4. TAX FOR THE YEAR (I) CURRENT	—	—
(II) DEFERRED	55.48	—
5. (LOSS) AFTER TAX	(53.73)	(500.34)
6. TRANSFER FROM GENERAL RESERVE	53.73	353.65
7. INVESTMENT ALLOWANCE (UTILISED) RESERVE WRITTEN BACK	—	11.20
8. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	—	135.49
AMOUNT AVAILABLE FOR APPROPRIATIONS/BALANCE CARRIED TO BALANCE SHEET	<u>—</u>	<u>—</u>

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Tata Engineering and Locomotive Company Limited**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE FIFTY-SEVENTH ANNUAL GENERAL MEETING OF TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED will be held on Friday, July 26, 2002 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, 2002 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr R Gopalakrishnan, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr N N Wadia, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr P P Kadle, who has been appointed an Additional Director of the Company by the Board of Directors with effect from October 31, 2001 pursuant to Article 132 of the Articles of Association of the Company and who, under Section 260 of the Companies Act, 1956, holds office up to the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
5. To appoint a Director in place of Dr V Sumantran, who has been appointed an Additional Director of the Company by the Board of Directors with effect from November 12, 2001 pursuant to Article 132 of the Articles of Association of the Company and who, under Section 260 of the Companies Act, 1956, holds office up to the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
6. To appoint Auditors and fix their remuneration.
7. **Voluntary delisting of the Company's Ordinary Shares from Stock Exchanges at Ahmedabad, Bangalore, Chennai, Cochin, Hyderabad, Indore, Kanpur, and Pune.**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :-

"RESOLVED that in supersession of the Resolution No.10 passed at the Annual General Meeting held on August 2, 1999 and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to delist the Company's Ordinary Shares from all or any of the stock exchanges viz. The Stock Exchange, Ahmedabad, at Ahmedabad, Bangalore Stock Exchange Limited, at Bangalore, Madras Stock Exchange Limited, at Chennai, The Cochin Stock Exchange Limited, at Cochin, Hyderabad Stock Exchange Limited, at Hyderabad, Madhya Pradesh Stock Exchange, at Indore, The Uttar Pradesh Stock Exchange Association Limited, at Kanpur and The Pune Stock Exchange Limited, at Pune."

NOTES:

- (a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 4,5, & 7 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) The Register of Members and transfer books of the Company will be closed from Monday, July 8, 2002 to Friday, July 26, 2002, both days inclusive for the purpose of annual book closure.
- (d) 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 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.

- (e) 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.
- (f) 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

PRAVEEN P KADLE
EXECUTIVE DIRECTOR

Mumbai, June 5, 2002.

Registered Office :

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

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Tata Engineering and Locomotive Company Limited**EXPLANATORY STATEMENTS**

The following Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, (the Act) set out all material facts relating to the business mentioned at Item Nos. 4, 5, and 7 of the accompanying Notice dated June 5, 2002.

2. **Item Nos. 4 & 5** : The Board of Directors at their meeting held on October 31, 2001 appointed Mr P P Kadle and Dr V Sumantran as Additional Directors with effect from October 31, 2001 and November 12, 2001 respectively, pursuant to Article 132 of the Articles of Association of the Company. Under Section 260 of the Act, Mr Kadle and Dr Sumantran will cease to hold office at this Annual General Meeting and are eligible for appointment.
3. Mr P P Kadle was the Senior Vice President (Finance & Corporate Affairs) and has been with the Company since 1996. Mr Kadle is an Honours Graduate in Commerce & Accountancy from the Bombay University and is a member of the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India. Mr Kadle has wide exposure in the fields of Finance and Corporate Affairs.
4. Dr V Sumantran, a non-resident Indian, has been with General Motors, United States for over 15 years, holding senior level positions in the Engineering/Product Development areas. Most recently he was on an assignment with SAAB Automobile, Sweden as Director, Advanced Engineering. He is also currently the Chairman of the Engineering Meetings Boards of the Society of Automotive Engineers International.
5. The Members had, at the Extraordinary General Meeting of the Company held on March 27, 2002; approved of the appointment of Mr P P Kadle and Dr V Sumantran as Executive Directors for a period of 5 years with effect from October 31, 2001 and November 12, 2001 respectively. Notices under Section 257 of the Act, have been received from the Members signifying their intention to propose Mr Kadle's and Dr Sumantran's appointments as Directors of the Company. The Board considers it desirable that the Company continue to avail of the services of Mr Kadle and Dr Sumantran as Directors and commends the Resolutions for acceptance by the Members.
6. Mr Kadle and Dr Sumantran are concerned or interested in Item Nos. 4 and 5 of the Notice respectively.
7. **Item No. 7** : Presently the Company's securities are listed on the following 13 Stock Exchanges in India :-
 - (i) The Stock Exchange, Mumbai (BSE)
 - (ii) The National Stock Exchange of India Limited (NSE)
 - (iii) The Stock Exchange, Ahmedabad
 - (iv) Bangalore Stock Exchange Limited
 - (v) Madras Stock Exchange Limited
 - (vi) The Cochin Stock Exchange Limited
 - (vii) The Delhi Stock Exchange Association Limited
 - (viii) Hyderabad Stock Exchange Limited
 - (ix) Madhya Pradesh Stock Exchange
 - (x) The Uttar Pradesh Stock Exchange Association Limited
 - (xi) The Calcutta Stock Exchange Association Limited
 - (xii) The Ludhiana Stock Exchange Association Limited
 - (xiii) Pune Stock Exchange Limited
8. With the wide and extensive networking of centres of the BSE and NSE, the investors have access to online dealings in the Company's securities across the country. Moreover, the Company's Ordinary Shares are one of the scrips which Securities and Exchange Board of India (hereinafter referred to as "SEBI") has specified for settlement only in demat form by all investors, effective April 5, 1999.

9. The Stock Exchanges in India with the permission of SEBI are now free to fix the listing fees unilaterally and the listing fees charged by some of the stock exchanges are high. The trading volumes of the Company's securities on the stock exchanges at Ahmedabad, Bangalore, Chennai, Cochin, Hyderabad, Indore, Kanpur and Pune (hereinafter referred to as "the said 8 Stock Exchanges") are on the decline. From the information received from the Stock Exchanges on trading volumes, it is observed that out of the combined trading volumes on the 13 Stock Exchanges, combined volumes on the said 8 Stock Exchanges constitute only about 3.16% and 0.01% for the financial years 2000-01 and 2001-02 respectively. In sharp contrast, the listing fees paid to the said 8 Stock Exchanges constitute about 56% and 51% of the total listing fees paid to the 13 Stock Exchanges for the financial years 2000-01 and 2001-02 respectively. The annual recurring listing fees paid to the said 8 Stock Exchanges, do not now offer corresponding benefits to the Company/its investors in the changed scenario of the said available network of the BSE and NSE and the continued listing on the said 8 Stock Exchanges is not justified. On the recommendations of the Investors' Grievance Committee, the Board of Directors, at their meeting held on June 5, 2002 have, therefore, decided to apply for the voluntary delisting of the Company's Ordinary Shares from the said 8 Stock Exchanges. The annual listing fees paid to the said 8 Stock Exchanges aggregate Rs. 18.71 lacs for the financial year 2001-02 and the proposed voluntary delisting would further contribute to the cost reduction initiative taken across various functional areas of the Company.
10. The proposed voluntary delisting of the Company's Ordinary Shares from the said 8 Stock Exchanges will not adversely affect any investors including the Members located in the regions where the said 8 Stock Exchanges are situated. Pursuant to the guidelines issued by SEBI on voluntary delisting by companies of their securities from the stock exchanges, it is now proposed to seek the Members' approval by way of a Special Resolution for voluntary delisting the Company's Ordinary Shares from the said 8 Stock Exchanges as set out in the Resolution at Item No.7.
11. Whilst the Company had, at the Annual General Meeting held on August 2, 1999, taken the Members' approval for voluntary delisting of the Company's securities from Stock Exchanges at Cochin, Hyderabad, Indore, Kanpur and Ludhiana and had also applied to the above Stock Exchanges for voluntary delisting, in view of the Company's recent Rights Issue of Convertible and Non-convertible Debentures with warrants attached, which securities have been listed on all the 13 stock exchanges, Members' approval is being sought for voluntary delisting of the Company's Ordinary Shares from the said 8 Stock Exchanges.
12. Considering that the said rights warrants are exercisable during the period June 6, 2003 to September 30, 2004 and that the Debenture holders/Company can exercise a put/call option on December 6, 2003, the said warrants and the said Non-convertible Debentures would continue to be listed on the 13 stock exchanges.
13. The proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by the Members. None of the Directors of the Company is concerned or interested in the Resolution at Item No.7.

By Order of the Board of Directors
PRAVEEN P KADLE
EXECUTIVE DIRECTOR

Mumbai, June 5, 2002.

Registered Office :
Bombay House, 24, Homi Mody Street,
Mumbai - 400 001

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Tata Engineering and Locomotive Company Limited**Information on Directors retiring by rotation seeking re-appointment and Additional Directors seeking appointment at this Annual General Meeting**

Name	Mr R Gopalakrishnan	Mr NN Wadia	Mr P P Kadle	Dr V Sumantran
Date of Birth & Age	December 25, 1945 – 56 years	February 15, 1944 – 58 years	January 21, 1957 – 45 years	September 27, 1958 – 43 years
Appointed on	December 22, 1998	December 22, 1998	October 31, 2001	November 12, 2001
Qualifications	B.Tech in electronics from IIT Kharagpur, Advanced Management Programme, Harvard Business School	Educated in UK	B.Com.(Hons.), A.C.A., Grad.C.W.A., A.C.S	B. Tech. in Aerospace Engg. from IIT, Chennai, Ph. D in Aerospace Engineering from Virginia Tech. (USA) and a Master's degree of Management of Technology from Renssalaer Polytechnic Institute.
Expertise in specific functional areas	Mr R Gopalakrishnan is the Executive Director of Tata Sons Limited and a member of the Group Executive Office of Tata Sons Limited, besides being on the Boards of various Tata companies. Prior to joining the Tatas in August 1998, Mr Gopalakrishnan was the Vice Chairman of Hindustan Lever Limited. Mr Gopalakrishnan together with the Chairman has the responsibility of overseeing the operations of the Company. (Total Experience – 35 years)	Mr Wadia is the Chairman of Bombay Dyeing & Manufacturing Company Limited and heads the Wadia Group which includes the Bombay Burmah Trading Corporation Limited, Britannia Industries Limited, National Peroxide Limited and Citurgia Biochemicals Limited. He is also on the Boards of various Tata Companies besides being a Chairman/Member of several industry associations. He is the Chairman/Trustee of various charitable institutions and non-profit organisations. (Total Experience – 40 years)	Mr Kadle has wide experience with well known Indian companies in the fields of Management, Accountancy, Law, Finance and Treasury. Prior to joining the Company as Vice - President (Finance), Mr Kadle was with Tata IBM Ltd. as the Chief Financial Officer. (Total Experience – 22 years)	Dr Sumantran has wide experience in product research, development and engineering. Prior to joining the Company, he was with General Motors, USA for 15 years, which included his assignment with SAAB Automobile, Sweden as Director, Advanced Engineering. He is also currently the Chairman of the Engineering Meetings Boards of the Society of Automotive Engineers International. (Total Experience - 17 years)
Directorships held in other Public companies (excluding foreign companies)	Birla-Tata AT&T Ltd. Castrol India Ltd. ICI India Ltd. Rallis India Ltd. Sheba Properties Ltd. Tata AutoComp Systems Ltd. Tata Chemicals Ltd. Tata Honeywell Ltd. Tata Internet Services Ltd. Tata Sons Ltd. Tata Technologies Ltd. Tata Teleservices Ltd. The Tata Power Co. Ltd.	Atul Products Ltd. Britannia Industries Ltd. Citurgia Biochemicals Ltd. Gherzi Eastern Ltd. National Peroxide Ltd. Nowrojee Wadia & Sons Ltd. Tata Chemicals Ltd. The Tata Iron & Steel Co. Ltd. The Bombay Burmah Trading Corp. Ltd. The Bombay Dyeing & Mfg. Co. Ltd. Wadia BSN India Ltd.	Tata Technologies Ltd. Tata Cummins Ltd. Tata Holset Ltd. Concorde Motors Ltd. Telco Dadajee Dhackjee Ltd. Telco Construction Equipment Co. Ltd. HV Axles Ltd. Sheba Properties Ltd. Minicar (India) Ltd. Tata Services Ltd.	NIL
Memberships/ Chairmanships of committees across public companies	Audit Committee : Tata Chemicals Ltd. ICI India Ltd. Castrol India Ltd. Sheba Properties Ltd. Remuneration Committee : Tata Chemicals Ltd. The Tata Power Co. Ltd. ICI India Ltd. Castrol India Ltd. – Chairman Tata Teleservices Ltd. Investors' Grievance Committee : Tata Engineering and Locomotive Co. Ltd.	Remuneration Committee : Tata Engineering and Locomotive Co. Ltd. – Chairman The Bombay Dyeing & Mfg. Co. Ltd. Britannia Industries Ltd.	Audit Committee : Tata Technologies Ltd. Tata Cummins Ltd. – Chairman Tata Holset Ltd. – Chairman Telco Construction Equipment Co. Ltd. Concorde Motors Ltd. HV Axles Ltd. Sheba Properties Ltd. Remuneration Committee : Tata Technologies Ltd. Investors' Grievance Committee : Tata Engineering and Locomotive Co. Ltd.	NIL