

TCI

INDUSTRIES LIMITED

(Formerly Transport Corporation of India Ltd.)



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37th
Annual Report
2001-2002

37th Annual General Meeting

Date : 14 June, 2002
 Venue : Lions Bhavan, 1st Floor,
 Lakhpat Building,
 Behind Ushakiran Complex,
 S. D. Road,
 Secunderabad - 500 003.

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BOARD OF DIRECTORS

CHAIRMAN

S. N. AGARWAL

DIRECTORS

D. P. AGARWAL
 MAHENDRA AGARWAL
 R. K. AGARWAL
 DR. ASHOK AGARWAL
 P. L. PODDAR
 VIKAS AGARWAL

COMPANY SECRETARY

SHANKARLAL KUMHAR

AUDITORS

R. S. AGARWALA & CO.
 Chartered Accountants
 Kolkata

REGISTERED OFFICE

1-7-293, Mahatma Gandhi Road,
 Secunderabad - 500 003.

TCI INDUSTRIES LIMITED

(Formerly Transport Corporation of India Ltd.)

NOTICE

Notice is hereby given that the Thirty Seventh Annual General Meeting of the members of the **TCI INDUSTRIES LIMITED** will be held on Friday the 14th June 2002 at 11:30 A.M. or immediately after conclusion of the Meeting of the Equity Shareholders of the Company convened as per directions of the Hon'ble High Court, Andhra Pradesh, Hyderabad, whichever is later, at Lions Bhavan, First Floor, Lakshpat Building, Behind Ushakiran Complex, S. D. Road, Secunderabad - 500 003 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2002 the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri P. L. Poddar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S. N. Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R. K. Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass the following resolution as a **Special Resolution by Postal Ballot** :
"RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions of the Companies Act, 1956
 - (a) the corporate guarantee given in favour of Bank of India, State Bank of Mysore & The United Western Bank Ltd. on behalf of Bhoruka Textiles Ltd. for the funded and non-funded limit of Rs. 1,738 lakhs sanctioned by these bankers to Bhoruka Textiles Ltd., and
 - (b) the corporate guarantee earlier given on behalf of Transport Corporation of India Ltd. (TCIL) for Rs. 3,450 lakhs and subsequently enhanced to Rs. 3,900 lakhs in favour of State Bank of India and other consortium bankers of TCIL for working capital limits and

- (c) the corporate guarantee for Rs. 1,000 lakhs given on behalf of Transport Corporation of India Ltd. in favour of State Bank of India for securing term loan availed by them

be and are hereby ratified, approved and continued.

RESOLVED FURTHER THAT Shri S. N. Agarwal, Shri Vikas Agarwal, Shri D. P. Agarwal and Dr. Ashok Agarwal Directors of the Company, be and are hereby severally authorised to execute and sign all such documents, guarantees, papers as may be necessary to confirm the corporate guarantee already given and to do all such acts, deeds and things as it may be necessary, proper or desirable in connection with the said corporate guarantees."

By Order of the Board

Place : Bangalore
Date : 29th April, 2002

S. N. AGARWAL
Chairman

NOTES :

1. (A) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
(B) Proxy form is enclosed which should be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting.
2. **The item at Serial No. 6 of the notice is to be decided by the postal ballot as per requirements and provisions of Section 192A of the Companies Act, 1956 and rules made thereunder. Necessary postal ballot form for postal ballot is also being sent herewith.**
3. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
4. The members are requested to intimate any change in their address with pin code, if any, immediately and quote folio number in all correspondence. They are also requested to bring their copy of Annual Report while coming to the meeting.
5. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID Numbers for easy identification of attendance at the meeting.
6. The shares of the Company have been dematerialised with effect from 07/09/2000 (ISIN No. INE 920B01019).

TCI INDUSTRIES LIMITED

(Formerly Transport Corporation of India Ltd.)

7. The Name of the Company has been changed from Transport Corporation of India Ltd. to TCI Industries Ltd. w.e.f. 29/01/99.
8. The Register of Members and Share Transfer Books will remain closed from Thursday the 30 May, 2002 to Friday the 31st May, 2002 (both days inclusive).
9. The members are requested to note that the **share transfer and related work** has been transferred effective from 20th February, 2002 at the Mumbai Corporate Office viz; TCI Industries Ltd. situated at **Mukesh Mills Compound, N. A. Sawant Marg, Colaba, Mumbai 400 005.**
10. **Those members who have not surrendered their old certificates for exchange to obtain their new share certificates of four companies including this company are requested to surrender the same at the above Corporate Office Address of the Company.**
11. The shares of the Company are at present listed on the following stock exchanges viz. Hyderabad, Mumbai, Kolkata, Delhi, Bangalore, Chennai and Cochin. The Company has made payments of the listing fees to all these Stock Exchanges in time

EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)

The following Explanatory Statement sets out all material facts relating to Item 6 mentioned in the accompanying notice dated 29th April, 2002.

Item No. 6

As per provisions of the Section 372A of the Companies Act, 1956, any guarantee given by the Company in connection with any loan made by any person to any body corporate need to be approved by Special Resolution by postal ballot if the said guarantee, taken together with existing loan, investment and guarantees exceeds 60% of its paid-up capital and free reserves or 100% of its free reserves. The section further provides, that in case of special circumstance existing, the Board may give guarantee without being previously authorised by a Special Resolution, if subsequently the Board Resolution is confirmed by the members.

M/s. Bhoruka Textiles Ltd. (BTL) had availed funded and non-funded limit of Rs. 1,738 lakhs from its bankers viz. Bank of India, State Bank of Mysore & The United Western Bank Ltd. BTL management approached the Company for giving corporate guarantee in favour of its bankers and accordingly a resolution was passed in the meeting of the Board of Directors of Company held on 2nd August, 2001

M/s. Transport Corporation of India Ltd. (TCIL) had approached the Company with request to extend the existing corporate guarantee given in favour of the

State Bank of India together with Consortium members from Rs. 3,450 lakhs to Rs. 3,900 lakhs comprising fund based limit of Rs. 3,300 lakhs and non-fund based limit of Rs. 600 lakhs. TCIL had also availed Term Loan of Rs. 1,000 lakhs from State Bank of India (SBI), South Extension Part I, New Delhi 110 049 and requested the Company for issuance of the corporate guarantee on their behalf to SBI to the extent of this term loan of Rs. 1,000 lakhs (Rupees One Thousand Lakhs) to secure the same. Accordingly the Board has approved in its meeting held on 31st October, 2001 giving corporate guarantee in favour of State Bank of India together with Consortium members for a total limit of Rs. 3,900 lakhs for securing working capital limits of TCIL and in favour of State Bank of India for Rs. 1,000 lakhs for securing term loan to be granted to TCIL.

M/s. Bhoruka Textiles Ltd. and M/s. Transport Corporation of India Ltd. being the group companies, our company has provided the corporate guarantees to such banks on their behalf. The guarantee given by the Company in favour of the bankers of the BTL and TCIL exceeds the limit of 60% of its paid-up capital and free reserves hence the proposed special resolution to confirm and ratify the decision of the Board. Therefore the resolution is placed before the members for approval as a Special Resolution by postal ballot process as explained hereunder.

As per Section 192A of the Act read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the consent of the shareholders for the above purpose is required to be obtained by means of a postal ballot. Accordingly, the draft Special Resolution along with Explanatory Statement as set out hereinabove alongwith enclosed Postal Ballot Form is sent for your consideration. The Company has appointed Mr. Sanjay Rathi, of Sanjay Rathi & Associates, Company Secretary in practice as scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer **on or before Thursday, 20th June, 2002**. The Scrutinizer will submit his report to the Chairman after completion of the Scrutiny and the results of the postal ballot will be announced by the Chairman on 24th June, 2002 at the Registered Office of the Company at 1-7-293, Mahatma Gandhi Road, Secunderabad - 500 003.

None of the Directors except Shri Vikas Agarwal, Managing Director of BTL and Shri D. P. Agarwal, Managing Director TCIL, is in any way concerned or interested in the resolution

By Order of the Board

S. N. AGARWAL

Chairman

Place : Bangalore

Date : 29th April, 2002

DIRECTORS REPORT**Dear Shareholders,**

Your Directors take pleasure in presenting this Thirty Seventh Annual Report and Audited Statement of Accounts for the year ended on 31st March, 2002.

FINANCIAL RESULTS

(Rs. in '000)		
Financial Results	2001-2002	2000-2001
Income	9958	87831
Profit before interest and depreciation and taxation	(1589)	(42340)
Less : Interest	-	-
Depreciation (Net)	78	76
Loss before taxes	(1667)	(42416)
Add : Excess Tax Provision	-	811
Written back	-	-
Balance brought forward	(150346)	(108742)
Balance carried forward	(152013)	(150346)

DIVIDEND

In view of the reported losses, no dividend could be recommended.

ALLOTMENT OF SHARES ON CONVERSION OF WARRANTS

During the year ended 31st March, 2002, the Company has allotted 4,06,109 Equity Shares on conversion of warrants of Rs. 170/- each issued to the Promoters, their Relatives and Associates of the Company on preferential basis in Equity Shares of Rs. 10/- each at a premium of Rs. 160/-.

SCHEME OF ARRANGEMENT WITH SMALL SHAREHOLDERS

The Board in its meeting held on 15th March, 2002 has approved in principle scheme of arrangement to be entered into with shareholders of the Company, under the provisions of Section 391 to 394 of The Companies Act, 1956 read with section 100 and other applicable provisions of the said Act, which will facilitate the small share holders particularly holding shares in physical form an exit route without requiring to undergo the dematerialisation and to get fair consideration for their shares which will be cancelled if they opt for the scheme. The scheme will also help the company to reduce its administrative expenses. In response to the application of the Company to Hon. High Court Hyderabad, in this respect, the Court has directed to convene the meeting of the shareholders on 14th June, 2002 at Hyderabad.

SHARE TRANSFER WORK

The Company has taken up the Share Transfer and Registrar work from M/s. Shweta Computers Ltd. and started in house share transfer and registration work with effect from 20th February, 2002 at the following address.

TCI Industries Limited,
Mukesh Mills Compound,
N. A. Sawant Marg, Colaba,
Mumbai 400 005.

FIXED DEPOSITS

The Company has neither invited nor accepted/renewed deposits from the Public within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

DIRECTORS

As per provisions of the Companies Act, 1956, Shri P. L. Poddar, Shri S. N. Agarwal and Shri R. K. Agarwal, shall retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

- (i) That in the presentation of the accounts for the financial year ended on 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended on 31st March, 2002 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

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

AUDITORS' REPORT

The remark made in point no. 6 of the Auditors' Report has been made clear in note 2 of Schedule 14 to the Accounts, which is self-explanatory.

AUDITORS

M/s. R. S. Agarwala & Co., Chartered Accountants, hold office until the conclusion of this Annual General Meeting and being eligible, have expressed their willingness to be re-appointed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The operation of the mill have been closed since 1982. Hence particulars required under Section 217(1)(e) in respect of conservation of energy and technology absorption are not applicable. The Company had no foreign exchange earnings and outgo and hence no information is furnished.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation of the trust and confidence reposed by you in the company.

For and on behalf of the Board

Place : Bangalore

S. N. AGARWAL

Date : 29th April, 2002

Chairman