

ANNUAL REPORT 1998-99



Notice of Annual General Meeting



NOTICE is hereby given that the TWENTY-FOURTH ANNUAL GENERAL MEETING of the members of TIL LIMITED will be held at 1, Taratolla Road, Garden Reach, Calcutta 700- 024, on Friday, the 30th day of July, 1999 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To declare Dividend on Ordinary Shares.
3. To appoint a Director in place of Mr. R. L. Gaggar, who retires by rotation, and, being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. U. V. Rao, who retires by rotation, and, being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION :
"RESOLVED THAT, pursuant to Section 224A of the Companies Act, 1956, Price Waterhouse, Chartered Accountants, be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration (inclusive of service tax) plus out-of-pocket expenses as may be agreed upon between the Auditors and the Board of Directors."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION :
"RESOLVED THAT the vacancy caused by Mr. S. S. Prasad who is due to retire by rotation and not offering himself for re-election at the ensuing Annual General Meeting be not filled up."
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 applicable provisions of the Companies Act, 1956 or any

amendment or modification thereof, this meeting hereby approves the re-appointment and remuneration (including remuneration in the event of loss or inadequacy of profits) payable to Mr. Avijit Mazumdar as a Wholtime Director and Chairman of the Company for a period of 5 years from 01.06.99 to 31.05.2004 as set out in the Explanatory Statement attached to the Notice convening the Annual General Meeting, a copy whereof initialled by the Chairman for identification is placed before this meeting and that the Board of Directors be and is hereby authorised to review and vary the remuneration and the terms and conditions from time to time in accordance with the recommendation of the Remuneration Committee."

8. 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 applicable provisions of the Companies Act, 1956 or any amendment or modification thereof, this meeting hereby approves the re-appointment and remuneration (including remuneration in the event of loss or inadequacy of profits) payable to Mr. Sumit Mazumder as a Wholtime Director and Managing Director of the Company for a period of 5 years from 01.06.99 to 31.05.2004 as set out in the Explanatory Statement attached to the Notice convening the Annual General Meeting, a copy whereof initialled by the Chairman for identification is placed before this meeting and that the Board of Directors be and is hereby authorised to review and vary the remuneration and the terms and conditions from time to time in accordance with the recommendation of the Remuneration Committee."

Regd. Office :
1, Taratolla Road
Garden Reach
Calcutta 700 024
Date : 31st May, 1999.

By Order of the Board
TIL LIMITED
DEBASHIS NAG
Company Secretary

**NOTES :-**

1. 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. Proxies in order to be effective must be received at the Company's Registered Office not less than fortyeight hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 21st July, 1999 to Friday, the 30th July, 1999 (both days inclusive).
3. The Dividend on Shares if declared, will be payable to those members whose names appear in the Register of Members as on the Friday, the 30th day of July, 1999 or to their mandatees subject to the provisions of Section 206 A of the Companies Act, 1956.
4. Members are requested to quote their Folio Number in all correspondence and to advise change of address, if any, to the Company. All intimation of change of Address must state the PIN CODE for proper delivery.
5. Members are requested to bring their copies of the Annual Report and Accounts at the Meeting.

EXPLANATORY STATEMENT TO ITEM NO. 6

[Under Section 173(2) of the Companies Act, 1956]

Mr. S. S. Prasad was appointed as Director of the Company by the shareholders at the Annual General Meeting held on 10.08.91. Mr. S. S. Prasad is due to retire by rotation at the ensuing Annual General Meeting. He has decided not to offer himself for re-election.

Pursuant to Section 256 of the Companies Act 1956 read with Article 112 of Articles of Association of the Company the Directors have decided not to fill in the said vacancy as such recommend your approval for passing the said Resolution.

None of the Directors is concerned or interested in the above Resolution.

EXPLANATORY STATEMENT TO ITEM NO. 7

The Board of Directors at their Meeting held on 31.05.94 had re-appointed Mr. Avijit Mazumdar as Chairman and Managing Director for a period of 5 years w.e.f. 1st June, 1994.

The Board of Directors at their Meeting held on 31.05.99 has re-appointed Mr. Avijit Mazumdar as a Wholetime Director and elected him as Chairman of the Company for a further period of 5 years w.e.f. 1st June, 1999 on existing terms & conditions and as may be modified from time to time by the Board on the recommendation of the Remuneration Committee referred to in the penultimate paragraph of this notice and in terms of Article No. 144 of the Articles of Association of the Company and pursuant to Sections 198, 269, 309, 310 & other applicable provisions of the Companies Act, 1956 including Schedule XIII of the Companies Act, 1956 as amended.

If during the currency of the tenure the Company has no profits or its profits are inadequate in any Financial Year Mr. Avijit Mazumdar may be paid such remuneration as may be determined by the Board subject to the approval of the Central Government, if required, the remuneration by way of salary, perquisites and an assured amount of performance bonus in lieu of commission from time to time.

The abstract of the agreement proposed to be entered into by the Company and Mr. Avijit Mazumdar shall be circulated to the Members in terms of Section 302 of the Companies Act, 1956 in due course.

The Directors recommend the resolution set out in item No. 7 of the notice for approval of shareholders.

None of the Directors is concerned or interested in the above Resolution, except Mr. Avijit Mazumdar & Mr. Sumit Mazumdar.

EXPLANATORY STATEMENT TO ITEM NO. 8

The Board of Directors at their Meeting held on 31.05.94 had re-appointed Mr. Sumit Mazumdar as Joint Managing Director for a period of 5 years w.e.f. 1st June, 1994.

The Board at its meeting held on 09.06.95 had re-designated Mr. Sumit Mazumdar as Managing Director of the Company with variation of the existing terms and conditions in respect of revision of salary and commission payable on net profits which were approved by the shareholders at their meeting held on 15.09.95.

The Board of Directors at their Meeting held on 31.05.99 has re-appointed Mr. Sumit Mazumdar as a Wholetime Director and Managing Director for a further period of 5 years w.e.f. 1st June, 1999 on existing terms and conditions and as may be modified from time to time by the Board on the recommendation of the Remuneration Committee referred to in the penultimate paragraph of this notice and in terms of Article No. 144 of the Articles of Association of the Company and pursuant to Sections 198, 269, 309, 310 & other applicable provisions of the Companies Act, 1956 including Schedule XIII of the Companies Act, 1956 as amended.

If during the currency of the tenure the Company has no profits or its profits are inadequate in any Financial Year Mr. Sumit Mazumdar may be paid such remuneration as may be determined by the Board subject to the approval of the Central Government, if required, the remuneration by way of salary, perquisites and an assured amount of performance bonus in lieu of commission from time to time.

The abstract of the agreement proposed to be entered into by the Company and Mr. Sumit Mazumdar shall be circulated to the Members in terms of Section 302 of the Companies Act, 1956 in due course.

The Directors recommend the resolution set out in item No. 8 of the notice for approval of shareholders.

None of the Directors is concerned or interested in the above Resolution, except Mr. Sumit Mazumdar & Mr. Avijit Mazumdar.

In relation to Explanatory Statement to Item Nos. 7 & 8, it is to be noted that the Board of Directors at their meeting held on 31.05.99 has constituted a Remuneration Committee consisting of Non-executive Directors on the Board to consider and recommend to the Board the remuneration payable to the Wholetime Directors and Senior Executives. The recommendation of the Committee will be considered by the Board from time to time and if approved, shall be implemented prospectively or retrospectively as decided by the Board subject to the ceiling for Wholetime Directors under Sections 198, 269, 309, 310 & other applicable provisions of the Companies Act, 1956 including Schedule XIII of the Companies Act, 1956 as amended.

The copies of existing agreements entered into between the Company and Mr. Avijit Mazumdar and Mr. Sumit Mazumdar will be available for inspection of the Members at the Registered Office of the Company from 10 A.M. to 1.00 P.M. on any business day (excluding Saturdays) and also at the Meeting.

Regd. Office :
1, Taratolla Road
Garden Reach
Calcutta 700 024
Date : 31st May, 1999

By Order of the Board
TIL LIMITED

DEBASHIS NAG
Company Secretary



BOARD OF DIRECTORS

Mr. A. Mazumdar
Chairman

Mr. Sumit Mazumder
Managing Director

Mr. Aditya Banerjee
Director - Finance

Mr. R. L. Gaggar
Solicitor & Advocate

Mr. J. Sengupta
Chairman
Vesuvius India Ltd.,
Gestetner (India) Ltd.

Mr. S. S. Prasad
Vice Chairman
BOC India Ltd.

Mr. U. V. Rao
Former Chief Executive &
Managing Director - L&T Ltd.

Mr. S. M. Datta
Chairman
Castrol India Ltd.

Mr. R. N. Tripathi
Nominee
Life Insurance Corporation of India
Former Managing Director

COMPANY SECRETARY

Mr. Debashis Nag

BANKERS

Bank of India

ANZ Grindlays Bank

State Bank of India

Punjab & Sind Bank

State Bank of Bikaner & Jaipur

Union Bank of India

AUDITORS

Price Waterhouse

REGISTERED OFFICE

1, Taratolla Road
Garden Reach
Calcutta 700 024

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Annual Report and Accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS

	For the year ended 31.03.99	Rs. in Lakhs For the year ended 31.03.98
Profit for the year after meeting all expenses but before charging Depreciation and Interest	1899	1955
Less : Interest	1372	1138
Depreciation	111	87
PROFIT BEFORE TAX	416	730
Tax Provision (including previous year)	89	156
PROFIT AFTER TAX	327	574
Less : Tax on the Proposed Dividend	16	24
Balance Net Profit available for appropriation	311	550

APPROPRIATIONS

General Reserve	30	150
Proposed Dividend	146	243
Debenture Redemption Reserve	—	33
Balance Carried Forward	135	124

2. PERFORMANCE

Turnover for the year under review is Rs. 251.81 Crores compared to Rs. 240.70 Crores in the previous year. Profit after Tax has reduced to Rs. 3.27 Crores mainly on account of continued slowdown in economy resulting in margins being under pressure as well as longer credit period extended throughout the year.

The wholly owned subsidiary Company, Myanmar Tractors & Trading Company Limited, in the Union of Myanmar, has achieved a turnover of Rs. 39 Crores (US \$ 9.18 M) and a Profit after Tax of Rs. 0.29 Crore (US \$ 0.07 M).

Reviewing the consolidated performance of the Group, your Company (together with the Subsidiary Company) as a whole has achieved a turnover of Rs. 290.81 Crores and a Group Profit after Tax of Rs. 3.56 Crores.



3. BUSINESS REVIEW

Material Handling Group has shown a growth in turnover of 7% over the last year while maintaining its operating margin. In a highly competitive market and easy availability of international products, the performance of this group is commendable.

Turnover of Power Systems Group has decreased mainly on account of slowdown in project implementation and industrial activity. The profitability of the division has been a major concern for quite some time. In view of the action plans already initiated jointly with the Principals and further initiatives which are planned, it is expected that in the coming years the division will become a positive contributor to the company's profitability.

Sales of Construction Equipment Group was marginally higher compared to that of previous year and its performance is satisfactory.

4. DIVIDEND

Your Directors are pleased to recommend a dividend at the rate of 15% on the equity shares.

5. FINANCE

After providing for Rs. 0.89 Crores as Provision for Taxation and Rs. 1.46 Crores for Proposed Dividend, Rs. 1.65 Crores is carried forward to Balance Sheet. The total Reserve & Surplus of the Company increased from Rs. 49.88 Crores to Rs. 50.66 Crores and the Shareholders' Fund from Rs. 59.60 Crores to Rs. 60.38 Crores.

The Company has no outstanding or unclaimed deposit from the public at the end of the year.

6. OUTLOOK

Most economic indices show a slow but steady recovery in demand-supply imbalance. The gradual political realisation about second generation economic reforms will increase public investment, which should continue irrespective of government at the Centre. It is expected that investment in infrastructure sector would now get priority.

As the Indian economy increasingly integrates with the global mainstream, there is a realisation that industry must restructure to raise efficiency and productivity levels. To meet this industry need, your company has taken several initiatives, and we expect that your company will derive maximum benefit when investment in infrastructure projects take place.

7. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure forming part of the Report.

8. PARTICULARS OF EMPLOYEES

Details as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given in the Annexure forming part of the Report.

9. HUMAN RESOURCES

The relationship with all employees remained satisfactory. An amicable settlement of Charter of Demands of Taratolla Employees' Union has been arrived at for a

DIRECTORS' REPORT

period of 5 years with effect from 1st January, 1998. The Board wishes to place on record their appreciation of the contribution made by all employees.

10. DIRECTORS

The Board regrets to inform that Mr. W Williamson, a founder and former Managing Director of the Company passed away on 11th April, 1999. The Board deeply regrets the sad demise of Mr. Williamson and wishes to place on record their deep appreciation for his contribution during his tenure as Managing Director and also subsequently as Director of the Company till his death.

Mr. R. L. Gaggar and Mr. U. V. Rao retire by rotation from the Board and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

The Board of Directors at its meeting held on 31st May, 1999 has re-appointed Mr. Avijit Mazumdar as a wholetime Director and elected him as Chairman of the Company w.e.f. 1st June, 1999 for a period of 5 years. The details of terms of re-appointment are given in the Notice of the Annual General Meeting.

The Board of Directors at its meeting held on 31st May, 1999 has re-appointed Mr. Sumit Mazumdar as a wholetime Director and Managing Director w.e.f. 1st June, 1999 for a period of 5 years. The details of terms of re-appointment are given in the Notice of the Annual General Meeting.

Mr. S. S. Prasad retires by rotation at the ensuing Annual General Meeting and does not seek re-election for his appointment. The Board wishes to place on record their deep appreciation for his contribution during his tenure as a Director of the Company.

11. Y2K COMPLIANCE

The Company has taken appropriate steps to ensure that all its internal systems of Information Technology, various micro processor based equipment and operating system would be Y2K compliant by August, 1999 at an estimated cost of Rs. 25 lacs. To address the issue the Company has set up a project team with Senior Executives responsible from the respective areas. The Company has a contingency plan to address any uncertainties that may arise.

12. AUDITORS

Messrs. Price Waterhouse, Chartered Accountants, Auditors of the Company, retire and are eligible for reappointment. Since Public Financial Institutions hold more than 25% of the Subscribed Share Capital of your Company, the Auditors' appointment will require a Special Resolution under the provisions of the Companies Act, 1956 and, accordingly, appropriate resolution is included in the Notice of the Annual General Meeting.

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

13. ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude for the continued co-operation, support and assistance provided by all the valued Customers, Employees, Shareholders, Principals, Banks and Financial Institutions.

For and on behalf of
the Board of Directors

Place : Calcutta
Dated : 31st May, 1999

A. Mazumdar
Chairman

ANNEXURE

to Directors' Report



Information in accordance with Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

FORM A**CONSERVATION OF ENERGY**

The Company's manufacturing operation is not energy intensive. However, continuous efforts in regard to conservation are on.

1. Measures taken : The company is committed to conserve energy and making the best use of this scarce resource.
2. Improvements : The Company has introduced systems for periodical monitoring of the Power factor and regularly maintaining all equipments to reduce energy consumption.
3. Impact of (1) & (2) : The energy cost per unit of output has been satisfactory.
4. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION.

A. Power and Fuel consumption :

	Year ended 31.03.99	Year ended 31.03.98
Electricity		
a) Purchased Units	1,265,076	1,215,630
Total amount (Rs. Lakhs)	59.91	50.37
Rate per Unit (Rs.)	4.74	4.14
Own Generation		
b) Through Diesel Generator		
Units	75,810	89,300
Units per litre	3.66	2.80
Cost per unit (Rs.)	2.92	3.68

B. Consumption per unit of Production

	Standard Unit	Year ended 31.03.99	Year ended 31.03.98
Product - Cranes			
Electricity (in '000)	Nos.	13.58*	12.29

- * Comparison with previous year not relevant because of different capacity of cranes produced.

ANNEXURE

to Directors Report

FORM B**TECHNOLOGY ABSORPTION****I. Research and Development**

1. Specific Areas: Our Research and Development activities are concentrated in the areas of developing new models of cranes, absorbing higher technology crane designs from foreign collaborators, improving existing models and import substitution of components.
2. Benefits Derived: The Company has remained a pioneer in the Mobile Crane Industry through introducing to the Indian market new models of cranes including application oriented specialised cranes.
3. Plan of Action: Product development in the form of new models of cranes will be further intensified in the coming year.
4. Expenditure on R&D

	Rs. in Lakhs
a) Capital Expenditure	5.28
b) Recurring (Including Market Research and Development)	33.75
c) Total Expenses	39.03
d) Total as % of Turnover	0.15%

II. Technology Absorption, Adoption & Innovation

1. Efforts made : Efforts are being made in improving the quality of machinery produced and also in upgrading the existing production methods. Continuous improvement in labour productivity is also a part of these efforts.
2. Benefits : The Company has kept abreast of the changing Crane Technology in the world and has upgraded the same to improve its competitive position.
3. Imported Technology : The Company has a number of collaboration agreements enabling it to access latest design and drawings through its existing and new collaborators.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Efforts : The Company has been constantly endeavouring to get an increased share of the worldwide crane market and has met with some success.
2. Earnings and Outgo :

	Rs. in Lakhs
i) Foreign Exchange Earnings - Export Sales (FOB), Commission, etc.	420
ii) Foreign exchange outgo (includes raw material, capital goods, components & spares, and other expenditure in foreign currency, including dividends) :	
a) Raw Material	1539
b) Components & Spares	734
c) Travelling	15
d) Technical Knowhow Fees	48
e) Dividend	50
f) Others	37

Place : Calcutta
Dated : 31st May, 1999

A. Mazumdar
Chairman

ANNEXURE**to Directors' Report**

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Sl. No.	Name	Designation and Nature of Duties	Remuneration		Qualification	Date of Commencement of Employment	No. of Years of exp.	Age in Years	Particulars of Previous Employment
			Gross	Net					
Employed throughout the year and in receipt of remuneration aggregating to Rs. 6,00,000/- or more									
			Rs.	Rs.					
01.	Banerjee Aditya	Director—Finance	901,535	580,165	B.Sc.,B.Com. (Hons.), ACA	11.03.97	26	52	Nitco Corporation Ltd.
02.	Banerjee D.	Vice President—Group HRM	653,279	440,519	BME, MBA, PGDSW	22.12.97	30	52	Exide Industries Ltd.
03.	Bhatnagar S. K.	President—Material Handling Group	784,158	528,416	B.Tech.	01.04.90	30	50	Pieco Electronics & Electricals Ltd.
04.	Mazumdar A.	Chairman	1,241,763	780,530	B.Sc. Engg. (USA)	01.10.60	41	64	Standard Vacuum Oil Co. Ltd.
05.	Mazumder Sumit	Managing Director	1,207,114	754,432	MBA (USA), AMP (Harvard)	01.07.87	27	51	JBA Printing Inks Ltd.

Employed for part of the year

01.	Roy Tapas	Chief General Manager—Manufacturing	178,240	124,159	B.E. (Mech.), AICWA	18.12.98	26	49	G. K. W. Ltd.
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NOTES:

- All the employees have adequate experience to discharge the responsibility assigned to them.
- Remuneration includes Salary, House Rent Allowance, Other Allowances and Contributions to Provident, Gratuity and Superannuation Funds. Value of perquisites has been computed as per Income Tax Rules, 1962.
- None of the above employees is a relation of any Director of the Company except Mr. Sumit Mazumder who is related to Mr. A. Mazumdar, Chairman.

Calcutta
31st May, 1999

A. MAZUMDAR
Chairman