

ANNUAL REPORT 1999 - 2000





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. 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

Canara Bank

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, 2000.

1. FINANCIAL RESULTS

	For the year ended 31.03.2000	Rs. in Lakhs For the year ended 31.03.1999
Profit for the year after meeting all expenses but before charging Depreciation and Interest	1984	1899
Less : Interest	1397	1372
Depreciation	157	111
PROFIT BEFORE TAX	430	416
Tax Provision (including previous year)	94	89
PROFIT AFTER TAX	336	327
Less : Tax on the Proposed Dividend	32	16
Balance Net Profit available for appropriation	304	311

APPROPRIATIONS

General Reserve	30	30
Proposed Dividend	146	146
Balance Carried Forward	128	135

2. PERFORMANCE

Turnover for the year under review is Rs. 252.70 Crores compared to Rs. 251.81 Crores in the previous year. Profit after tax has increased marginally to Rs. 3.36 Crores.

The wholly owned subsidiary Company, Myanmar Tractors & Trading Co. Ltd., in the Union of Myanmar, has achieved a turnover of Rs. 86.35 Crores (US \$ 19.72 M) compared to Rs. 39 Crores (US \$ 9.18 M) in the previous year and a profit after tax of Rs. 2.91 Crores (US \$ 0.7 M) compared to Rs. 0.29 Crores (US \$ 0.07 M) in the previous year.

Reviewing the consolidated performance of the Group, your Company (together with the Subsidiary Company) as a whole has achieved a turnover of Rs. 339.05 Crores compared to Rs. 290.81 Crores in the previous year and a Group profit after tax of Rs. 6.27 Crores compared to Rs. 3.56 Crores in the previous year.



3. BUSINESS REVIEW

Turnover of Material Handling Group forming 31.48% of the total turnover has decreased on account of slowdown in infrastructural and industrial activities. The profit of the division has also decreased with the margins under pressure. Efforts have been taken to promote exports to neighbouring countries and it is expected that in the coming year the division will show a positive growth in both turnover and profitability.

Construction Equipment Group being 49.01% of the Company's sales turnover has also shown marginal decrease in sales and profitability.

Turnover of Power Systems Group being 19.51% of the total turnover has improved, though profitability remains our concern. It is expected that in the current year the turnover will further improve.

4. OUTLOOK

The industry in which your Company is operating did not receive any major inflow of investments. Infrastructural development lagged behind the plan during the period under review. However, there are signs of growth in several sectors and government is refocussing in such areas which, in turn, will bring new opportunities. Implementation of the Plan for National Highways, enhancement of Port facilities will boost our market opportunities.

With flexible and innovative marketing strategies consistent with the company's improved initiatives, high branded products, service-focussed attributes, the outlook for company's business looks positive. In addition there has been a distinct emphasis on value selling, improvement on customer's satisfaction which will significantly benefit our business partners, customers and shareholders.

5. DIVIDEND

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

6. FINANCE

After providing for Rs. 0.94 Crores as Provision for Taxation and Rs. 1.46 Crores for Proposed Dividend, Rs. 1.58 Crores is carried forward to Balance Sheet. The total Reserve & Surplus of the Company increased from Rs. 50.66 Crores to Rs. 51.37 Crores and the Shareholders' Fund from Rs. 60.38 Crores to Rs. 61.09 Crores.

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

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 is given in the Annexure forming part of the Report.

DIRECTORS' REPORT

9. KNOWLEDGE RESOURCES

The relationship with all employees remained satisfactory. The Board wishes to place on record their appreciation of the contribution made by all employees. There has been a new initiative taken by the Company to train and retrain our people. This people strategy has been given top priority with a new name "Knowledge Resources Management".

10. DIRECTORS

Mr. A. Banerjee and Mr. J. Sengupta retire by rotation from the Board and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

11. Y2K COMPLIANCE

The Company achieved its computer hardware and software Y2K compliance before the end of the calendar year 1999 and the roll over to year 2000 was smooth.

12. AUDITORS

Messrs. Price Waterhouse, Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. 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.

13. AUDITORS REPORT

The notes to the Accounts referred to in the Auditors Report are self-explanatory and, therefore, do not call for any further comment under Section 217(3) of the Companies Act.

14. ACKNOWLEDGEMENTS

The Directors wish to express their gratitude for the continued co-operation, support and assistance provided by all the valued Customers, Shareholders, Principals, Banks and Financial Institutions. Your Directors deeply appreciate the efforts, dedication and commitment put in by all employees at all levels.

For and on behalf of
the Board of Directors

Place : Calcutta
Dated : 31st May, 2000

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 on 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 equipment 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 31.03.2000	Year ended 31.03.1999
a) Electricity		
Purchased Units	1,202,331	1,265,076
Total amount (Rs. Lakhs)	62.81	59.91
Rate per Unit (Rs.)	5.22	4.74
b) Own Generation		
Through Diesel Generator		
Units	80,190	75,810
Units per litre	2.61	3.66
Cost per unit (Rs.)	5.73	2.92

B. Consumption per unit of Production

	Standard Unit	Year ended 31.03.2000	Year ended 31.03.1999
Product - Cranes & Forklifts			
Electricity			
(in '000)	Nos.	11.06*	10.36

* Comparison with previous year not relevant because of different capacity of Cranes & Forklifts 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 of R & D	Rs. in Lakhs
a) Capital Expenditure	—
b) Recurring (Including Market Research and Development)	31.68
c) Total Expenses	31.68
d) Total as % of Turnover	0.12%

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.	769
ii) Foreign exchange outgo (includes raw material, capital goods, components & spares, and other expenditure in foreign currency, including dividends) :	
a) Raw Material	931
b) Components & Spares	876
c) Travelling	28
d) Technical Know-how Fees	65
e) Dividend	30
f) Others	26

Place : Calcutta
Dated : 31st May, 2000

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	1,106,165	683,552	B.Sc., B.Com. (Hons).. ACA	11.03.97	27	53	Nicco Corporation Ltd.
02.	Bhatnagar S. K.	President-Material Handling Group	1,308,999	858,696	B.Tech.	01.04.90	31	51	Pleco Electronics & Electricals Ltd.
03.	Bhattacharaya S. K.	General Manager-Machine	633,235	409,823	BME	19.12.91	34	55	Escorts Ltd.
04.	Mazumdar A.	Chairman	1,398,100	786,663	B.Sc. Engg. (USA)	01.10.60	42	65	Standard Vacuum Oil Co. Ltd.
05.	Mazumder Sumit	Managing Director	1,272,500	709,862	MBA (USA) AMP (Harvard)	01.07.87	28	52	JBA Printing Inks Ltd.
06.	Roy Tapas	Chief General Manager-Manufacturing	601,079	418,329	B.E. (Mech), AICWA	18.12.98	27	50	GKW Limited
Employed for part of the year									
01.	Banerjee D.	Vice President-Group HRM	310,408	200,833	BME, MBA, PGDSW	22.12.97	31	53	Exide Industries Ltd.
02.	Ghatak Ujjal	Senior General Manager-KRM	73,539	35,908	B.Sc., MBA	01.03.00	21	45	McNally Bharat Engineering Co. Ltd.
03.	Late Haldar A. K.	Group General Manager-PSG	581,902	418,834	B.Sc., BME	07.04.86	36	56	Voltas Ltd.
04.	Nanda L. M.	Vice President-Project	497,995	290,631	B.Tech (Hons.)- Chemical Engg.	15.07.99	32	54	Larsen & Toubro Ltd.

NOTES :

1. All the employees have adequate experience to discharge the responsibility assigned to them.
2. 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.
3. 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, 2000

A. MAZUMDAR
Chairman

FINANCIAL HIGHLIGHTS

	1999-2000	1998-1999	1997-1998
1. Share Capital	97,236	97,236	97,236
2. Reserves & Surplus	513,676	506,583	498,758
3. Net Worth	610,912*	603,819*	595,994*
4. Borrowings	843,687	741,575	643,108
5. Funds Employed	1,454,599	1,345,394	1,239,102
6. Gross Block	596,468	538,887	463,505
7. Depreciation	178,452	154,370	134,546
8. Net Block	418,016	384,517	328,959
9. Investments	51,981	52,283	52,283
10. Sales	2,527,078	2,518,139	2,407,058
11. Other Income	62,317	49,369	40,107
12. Expenses	548,001	536,765	520,890
13. Depreciation	15,726	11,133	8,660
14. Profit Before Taxation	43,020	41,647	73,045
15. Taxation	9,400	8,900	15,600
16. Profit After Taxation	33,620	32,747	57,445
17. Dividend	14,595 (Recommended)	14,595	24,325

* Including Revaluation Reserve



(Rs. '000)

1996-1997	1995-1996	1994-1995	1993-1994	1992-1993	1991-1992	1990-1991
97,215	97,154	97,085	56,759	56,759	56,759	56,759
476,792	450,426	423,536	329,334	329,193	79,031	58,383
574,007*	547,580*	520,621*	386,093*	385,952*	135,790	115,142
624,204	477,228	408,936	396,682	353,705	264,767	258,908
1,198,211	1,024,808	929,557	782,775	739,657	400,557	374,050
412,932	388,053	369,215	361,977	362,656	117,937	108,480
117,652	103,664	91,229	79,201	66,043	64,786	59,904
295,280	284,389	277,986	282,776	296,613	53,151	48,576
52,283	17,135	1,305	1,256	1,256	1,256	1,003
2,376,853	1,957,358	1,537,727	1,134,935	841,261	709,682	538,599
34,565	28,466	24,470	36,116	41,231	56,970	36,199
471,873	411,787	325,274	294,642	242,661	187,292	149,025
5,923	4,926	3,823	4,430	4,696	5,762	3,805
107,665	121,110	93,156	70,736	50,694	40,105	21,562
45,785	61,800	51,000	45,100	36,810	8,500	—
61,880	59,310	42,156	25,636	13,884	31,605	21,562
24,325	23,576	20,193	16,650	10,956	10,956	6,239