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***TIL Limited***



### **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. K. S. De  
Nominee of  
Life Insurance Corporation of India  
Executive Director (E&OS)

### **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  
Kolkata 700 024

## DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Annual Report and Accounts for the year ended 31st March, 2001.

### 1. FINANCIAL RESULTS

	For the year ended 31.03.2001	Rs. in Lakhs For the year ended 31.03.2000
Profit for the year after meeting all expenses but before charging Depreciation and Interest	1824	1984
Less : Interest	1422	1397
Depreciation	182	157
PROFIT BEFORE TAX	220	430
Tax Provision (including previous year)	18	94
PROFIT AFTER TAX	202	336
Less : Tax on the Proposed Dividend	10	32
Balance Net Profit available for appropriation	192	304

### APPROPRIATIONS

General Reserve	20	30
Proposed Dividend	97	146
Balance Carried Forward	75	128

### 2. PERFORMANCE

Turnover for the year under review is Rs. 232.48 Crores compared to Rs. 252.70 Crores in the previous year. Profit after tax has decreased to Rs. 2.02 Crores.

The wholly owned subsidiary Company, Myanmar Tractors & Trading Co. Ltd., in the Union of Myanmar, has achieved a turnover of Rs. 84.80 Crores (US \$ 18.25 M) compared to Rs. 86.35 Crores (US \$ 19.72 M) in the previous year and a Profit after tax of Rs. 4.69 Crores (US \$ 1.00 M) compared to Rs. 2.91 Crores (US \$ 0.7 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. 317.28 Crores compared to Rs. 339.05 Crores in the previous year and a Group Profit after tax of Rs. 6.71 Crores compared to Rs. 6.27 Crores in the previous year.

**3. DIVIDEND**

Taking into consideration the performance of the Company, the Board has recommended a dividend of Rs. 1.00 per share subject to approval of shareholders at the ensuing Annual General Meeting.

**4. FINANCE**

After providing for Rs. 18 Lakhs as Provision for Taxation and Rs. 97 Lakhs for Proposed Dividend, Rs. 95 Lakhs is carried forward to Balance Sheet. The total Reserve & Surplus of the Company increased from Rs. 5137 Lakhs to Rs. 5145 Lakhs and the Shareholders' Fund from Rs. 6109 Lakhs to Rs. 6116 Lakhs.

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

**5. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT AS AMENDED BY COMPANIES (AMENDMENT) ACT, 2000.****DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section (2AA) of Section 217 of the Companies Amendment Act, 2000, the Directors' Responsibility Statement is annexed herewith forming part of this Report.

**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 this Report.

**PARTICULARS OF EMPLOYEES**

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

**6. DEPOSITORY SYSTEM**

Securities Board of India (SEBI) by its notification dt. 29.05.2000 has directed to trade your company's shares under dematerialised form w.e.f. 26.03.2001. Accordingly, your company has entered into separate agreements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to enable the shareholders to hold their shares in dematerialised form with either of these depositories. The Company's interface Registrar has the necessary infrastructure to expedite the demat process.

**7. SUBSIDIARY COMPANIES**

The Directors' Report and Annual Accounts for the year ended 31st March, 2001 of the subsidiary company are given in the Annexures.

The Directors are pleased to inform that a new company in Nepal under the name TRACTORS NEPAL PVT. LTD., which is a 100% subsidiary of TIL Limited has been formed to meet the rising demand for sales and services of earthmoving and other related equipment. The new company is in the process of commencing its commercial operation.

## DIRECTORS' REPORT

### 8. DIRECTORS

Mr. R. N. Tripathi joined the Board on 22nd June, 1998 as a Nominee Director of Life Insurance Corporation of India (LIC). He resigned from the Board of Directors of the Company w.e.f. 14th December, 2000. The Board wishes to place on record its deep appreciation for valuable services and guidance rendered by Mr. Tripathi during his tenure.

Mr. Kumar Sasi De, Executive Director (E&OS) of LIC has been appointed as Nominee Director by LIC vide its letter dated 14.12.2000. The Board at its meeting held on 22.01.2001 appointed Mr. De as an Additional Director in terms of Section 260 of the Companies Act, 1956. Mr. De vacates office at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board extends a warm welcome to Mr. De and looks forward to his association.

Mr. S. M. Datta and Mr. R. L. Gaggar retire by rotation from the Board and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

### 9. 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.

### 10. 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.

### 11. CORPORATE GOVERNANCE

Report on Corporate Governance is set out as separate annexures to this Report.

### 12. 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 : Kolkata  
Dated : 31st May, 2001

**A. Mazumdar**  
Chairman

**ANNEXURE**

to Directors' Report (contd.)



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 31.03.2001	Year ended 31.03.2000
a) Electricity		
Purchased Units	951,010	1,202,331
Total amount (Rs. Lakhs)	51.80	62.81
Rate per Unit (Rs.)	5.44	5.22
b) Own Generation		
Through Diesel Generator		
Units	105,090	80,190
Units per litre	3.12	2.61
Cost per unit (Rs.)	5.98	5.73

**B. Consumption per unit of Production**

	Standard Unit	Year ended 31.03.2001	Year ended 31.03.2000
Product - Cranes			
Electricity			
(in '000)	Nos.	7.50*	11.06

\* Comparison with previous year not relevant because of product mix and capacity utilization.

**ANNEXURE**

to Directors' Report (contd.)

**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 and reach stackers, absorbing higher technology designs from foreign collaborators, improving existing models and import substitution of components. In addition, various special application vehicles have been designed and developed for Defence application.
2. Benefits Derived : The Company has remained a pioneer in the Mobile Crane Industry through introducing to the Indian market new models and Container Handling Equipment including application oriented specialized equipment.
3. Plan of Action : Product development in the form of new products, models and upgradation will be further intensified in the coming year.
4. Expenditure on R & D Rs. in Lakhs

a) Capital Expenditure	—
b) Recurring (Including Market Research and Development)	34.85
c) Total Expenses	34.85
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 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.	1129
ii) Foreign Exchange outgo (includes raw material, capital goods, components & spares and other expenditure in foreign currency, including dividends) :	
a) Raw Material	1007
b) Components & Spares	916
c) Travelling	29
d) Technical Know-how Fees	47
e) Dividend	30
f) Others	19

Place : Kolkata  
Dated : 31st May, 2001

**A. Mazumdar**  
Chairman

**ANNEXURE****to Directors' Report****SCHEDULE ANNEXED TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.**

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

Sl. No.	Name	Designation/ Nature of Duties	Remuneration		Age in Years	Qualification	Total Experience	Date of Commencement of Employment	Last Employment Held		
			Gross in Rs.	Net in Rs.					Name of the Company	Designation	Period of Service
Employed throughout the year and in receipt of remuneration aggregating to Rs. 12,00,000/- or more											
01.	Banerjee Aditya	Director-Finance	1,859,243	1,133,033	54	B.Sc., B.Com. (Hons)., ACA	28	11.03.97	Nicco Corporation Ltd.	Executive Director	8 Months
02.	Bhatnagar S. K.	President-Material Handling Group	1,200,371	714,800	52	B.Tech.	32	01.04.90	Pieco Electronics & Electricals Ltd.	Materials Manager	21 Years
03.	Mazumdar A.	Chairman	3,371,072	2,015,683	66	B.Sc. Engg. (USA)	45	01.10.60	Standard Vacuum Oil Co. Ltd.	Drilling Superintendent	4 Years
04.	Mazumder Sumit	Managing Director	3,227,783	1,941,306	53	MBA (USA) AMP (Harvard)	29	01.07.87	JBA Printing Inks Ltd.	General Manager (Exports)	7 Years

**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. Serial Nos. 01, 03 and 04 include arear remuneration of previous year.
3. Nature of employment in all cases is contractual.
4. 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.

Kolkata  
31st May, 2001



**A. MAZUMDAR**  
Chairman



**ANNEXURE**

to Directors' Report (contd.)

**REPORT ON CORPORATE GOVERNANCE :****(A) COMPANY'S PHILOSOPHY :**

The Company has always been committed to the principles of good corporate governance which inter-alia includes protection of shareholders' rights, equitable treatment of all stakeholders such as customers, suppliers and employees and to report financial information adequately and transparently. A continuous process of delegation of powers with commensurate accountability, coupled with trust, faith and transparency, has been embedded in the day to day functioning. The Company has been disclosing detailed information on different issues concerning the Company's performance from time to time.

**(B) BOARD OF DIRECTORS :****MEETINGS OF THE BOARD :**

During the year 4 Board Meetings were held on :-

31.05.2000

28.07.2000

31.10.2000

22.01.2001

**COMPOSITION :**

The Board of Directors comprises of a combination of Executive and Non-Executive Directors who are professionals in their respective fields and bring in a wide range of skills and experience. The composition and attendance at the Board Meetings and Annual General Meeting during the year were as under :

	Executive/ Non-Executive	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)
Mr. A Mazumdar Chairman & Wholetime Director	Executive	4	YES
Mr. Sumit Mazumder Managing Director	Executive	4	YES
Mr. Aditya Banerjee Director Finance	Executive	4	YES
Mr. R. L. Gaggar Senior Solicitor & Advocate	Non-Executive	4	YES
Mr. J. Sengupta Chairman, Vesuvius India Ltd. & Gestetner (India) Ltd.	Non-Executive	3	YES
Mr. U. V. Rao Former Chief Executive & Managing Director, L&T Ltd.	Non-Executive	3	No
Mr. S. M. Datta Chairman, Castrol India Ltd. & Former Chairman, Hindustan Lever Ltd.	Non-Executive	4	YES
Mr. K. S. De Executive Director, LIC	Non-Executive	1*	NO

\* Appointed w.e.f. 22nd Jan'01

**ANNEXURE**

to Directors' Report (contd.)

**(C) AUDIT COMMITTEE:**

The Audit Committee of the Board was formed and it comprises of 3 (three) Non-Executive Directors viz Mr. J. Sengupta, Mr. U. V. Rao, and Mr. R. L. Gaggar.

The Audit Committee's functions include reviewing the Company's internal control system, audit procedures, compliance with statutory and regulatory requirements, financial reporting process to ensure that the financial statements are true and correct. It will also review with Management, Quarterly Results and the Annual financial statements. The Audit Committee effectively will act as a link among the Board of Directors, Statutory Auditors and Internal Audit functions.

**(D) SHARE TRANSFER COMMITTEE:**

The Share Transfer Committee considers transfers/transmissions of shares issued by the Company, issue of duplicate certificates and certificates after split/consolidation/renewal.

The Committee comprises of the Chairman, the Managing Director, one Whole-time Director and one Non-Executive Director. The Company Secretary is the Compliance Officer. During the year the Committee had 12 (twelve) meetings.

**(E) REMUNERATION COMMITTEE :**

The Board has formed a Remuneration Committee on 31.05.1999 and it comprises of Mr. J. Sengupta, Mr. U. V. Rao, Mr. S. M. Datta and Mr. R. L. Gaggar. The committee met on 31st May, 2000 for fixing Managerial Remuneration.

**(F) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :**

The Company has formed an Investors'/Shareholders' Grievance Committee of the Board to redress the grievances of the Investors/Shareholders with a view to taking action on the grievances of investors.

The Committee comprises of Chairman - Mr. R. L. Gaggar who is a Non-Executive Director and Mr. A. Mazumdar, Chairman and Wholetime Director, Mr. S. Mazumder, Managing Director and Mr. Aditya Banerjee, Director Finance. Mr. D. Nag, Company Secretary is the Secretary for the Committee. There has been no complaint from any shareholder.

**(G) NON-EXECUTIVE DIRECTORS :**

Non-Executive Directors are paid sitting Fees of Rs. 5000/- per sitting.

Director	Business relationship with TIL, if any.	Relationship with other Directors
Mr. R. L. Gaggar	None	None
Mr. J. Sengupta	None	None
Mr. U. V. Rao	None	None
Mr. S. M. Datta	None	None
Mr. K. S. De	None	None