

ANNUAL REPORT 2003 - 04



TIL Limited



BOARD OF DIRECTORS

Mr. A. Mazumdar
Chairman

Mr. Sumit Mazumder
Managing Director

Mr. R. L. Gaggar
Solicitor & Advocate

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

COMPANY SECRETARY

Mr. Debashis Nag

BANKERS

Bank of India
State Bank of India
Punjab & Sind Bank
State Bank of Bikaner & Jaipur
Union Bank of India
UCO Bank
Central Bank of India

AUDITORS

Price Waterhouse

REGISTRAR AND SHARE TRANSFER AGENT

C. B. Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019

REGISTERED OFFICE

1, Taratolla Road
Garden Reach
Kolkata 700 024

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

(Rs. in Crores)

	For the year ended 31.03.2004	For the year ended 31.03.2003
Profit for the year after meeting all expenses but before charging Depreciation and Interest.	30.87	21.08
Less : Interest	17.50	16.68
Depreciation	4.98	2.37
PROFIT BEFORE TAX	8.39	2.03
Tax Provision		
a) Current year	1.58	0.14
b) Deferred Tax	1.23	0.34
PROFIT AFTER TAX	5.58	1.55
Balance Net Profit available for appropriation	5.58	1.55
APPROPRIATIONS		
Proposed Dividend on :		
7.5% Preference Shares	0.17	—
Equity Shares	0.73	—
Tax on Dividend	0.11	—
Balance Carried Forward	4.57	1.55

2. PERFORMANCE

Turnover including income from operations for the year under review at Rs. 288.81 Crores represents an increase of 4.57% compared to Rs. 276.20 Crores in the previous year. The profit before tax improved to Rs. 8.39 Crores from Rs. 2.03 Crores in the previous year. This includes profits from sale of company's unutilised facilities at Vashi, Maharashtra and other residential flats located at Kolkata and Chennai. The Vashi facilities mainly comprised land and buildings. Excluding these profits, the profit before tax is Rs. 0.86 Crore compared to Rs. 1.98 Crores in the year before.

MYANMAR TRACTORS LTD.

The Wholly Owned Subsidiary Company, Myanmar Tractors Ltd., in the Union of Myanmar, has achieved a turnover including service income of Rs. 82.41 Crores (US\$ 17.91 M) compared to Rs. 47.94 Crores (US\$ 9.91 M) in the previous year and a profit after tax of Rs. 2.52 Crores (US\$ 0.55 M) compared to Rs. 0.49 Crore (US\$ 0.10 M) in the previous year.



DIRECTORS' REPORT (CONTD.)

TIL OVERSEAS PTE. LTD.

The Wholly Owned Subsidiary Company, TIL Overseas Pte. Ltd., in Singapore, has achieved a turnover of Rs. 11.14 Crores (US\$ 2.42 M) compared to Rs. 5.67 Crores ((US\$ 1.17 M) in the previous year and achieved a profit after tax of Rs. 0.26 Crore (US\$ 0.06 M) compared to Rs. 0.07 Crore (US\$ 0.02 M) in the previous year.

TRACTORS NEPAL PVT. LTD.

The Wholly Owned Subsidiary Company, Tractors Nepal Pvt. Ltd., in Nepal, has achieved a turnover of Rs. 0.24 Crore (US\$ 0.05 M) compared to previous year of Rs. 0.12 Crore (US\$ 0.03 M) and earned a profit after tax of Rs. 0.17 Crore (US\$ 0.04 M) compared to Rs. 0.02 Crore (US\$ 0.004 M) in the previous year.

On a consolidated basis your Company's turnover including income from operations (together with the Subsidiary Companies) increased to Rs. 381.01 Crores from Rs. 331.23 Crores in the previous year and profit after tax increased to Rs. 7.53 Crores from Rs.1.82 Crores in the previous year.

3. DIVIDEND

To conserve cash for growth, the Company had skipped payment of dividend for the last two years. In view of improvement in Company's performance, the Directors recommend a dividend of 7.5% on equity shares. The Company is also obliged to pay 7.5% dividend on its Preference Share Capital pro-rata for the year. The dividend tax payable on the above will be paid out of retained profits.

4. FINANCE

After providing Rs.2.81 Crores as Provision for Taxation, Rs.0.17 Crore and Rs.0.73 Crore for Preference and Equity Dividend respectively, Rs.4.57 Crores is carried forward to Balance Sheet. The Reserve & Surplus (excluding Revaluation Reserve) of the Company increased from Rs.36.55 Crores to Rs.40.89 Crores and the Shareholders' Fund (excluding Revaluation Reserve) increased from Rs.46.28 Crores to Rs.54.62 Crores.

The Company has no overdue outstanding or unclaimed deposits from the public at the end of the year. Fresh deposits of Rs.1.28 Crores were received during the year.

The Company has issued 7.5% Redeemable Cumulative Preference Shares of Rs.4.00 Crores on private placement basis.

The Reports and Accounts of subsidiary companies are annexed to this Report along with the statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of mandatory requirement to present consolidated accounts, which provide members with a consolidated position of the Company including its subsidiaries, at the first instance, members are being provided with the Report and Accounts of the Company treating this as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members desirous to receive full Report and Accounts including Reports and Accounts of the subsidiaries will be provided the same on receipt of written request from them.



DIRECTORS' REPORT (CONTD.)

5. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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.

6. PARTICULARS OF EMPLOYEES

The Statement pursuant to 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 the Report.

7. SUBSIDIARY COMPANIES

The statement required under Section 212 of the Companies Act, 1956 in respect of subsidiary companies is appended herewith.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, Management Discussion and Analysis Report is annexed herewith forming part of this Report.

9. DIRECTORS

The Board of Directors at its meeting held on 7th May, 2004 and at the recommendation of the Remuneration Committee at its meeting held on the same day has re-appointed Mr. Avijit Mazumdar as a Wholtime Director and has elected him as Chairman of the Company w.e.f. 1st June, 2004 for a period of 5 years. The details of the terms of re-appointment are given in the notice convening the Annual General Meeting.

The Board of Directors at its meeting held on 7th May, 2004 and at the recommendation of the Remuneration Committee at its meeting held on the same day has re-appointed Mr. Sumit Mazumder as a Wholtime Director and Managing Director w.e.f. 1st June, 2004 for a period of 5 years. The details of the terms of re-appointment are given in the notice convening the Annual General Meeting.

Mr. R.L. Gaggar retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.



DIRECTORS' REPORT (CONTD.)

- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

11. 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, the appropriate resolution is included in the Notice of the Annual General Meeting.

12. 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.

13. COMPLIANCE CERTIFICATE FROM THE AUDITORS IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

The Company believes in, and has consistently practiced good Corporate Governance for the conduct of its business and in its dealings with all stakeholders. The certificate of the Auditors, confirming compliance of conditions of Corporate Governance in terms of Clause 49 of the Listing Agreement of the Stock Exchanges is annexed.

14. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

A. Mazumdar
Chairman

Place : Kolkata

Date : 7th May, 2004.



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, efforts on conservation are being made on a continuing basis.

1. Measures taken:

The Company's manufacturing process is not power intensive in nature and is aimed at reducing the consumption of energy per unit of production making the best use of this resource.

2. Improvements:

Regular maintenance of equipment and periodic monitoring have shown positive results.

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 :

	<u>Year ended</u> <u>31.03.2004</u>	<u>Year ended</u> <u>31.03.2003</u>
a) Electricity		
Purchased Units	1504,102	1287,180
Total amount (Rs. Lakhs)	91.46	83.32
Rate per Unit (Rs.)	6.08	6.47
b) Own Generation		
Through Diesel Generator		
Units	81,694	79,665
Units per litre	3.24	3.10
Cost per unit (Rs.)	7.36	7.42

B. Consumption per unit of Production

	<u>Standard</u> <u>Unit</u>	<u>Year ended</u> <u>31.03.2004</u>	<u>Year ended</u> <u>31.03.2003</u>
Product - Cranes			
Electricity			
(in '000)	Nos.	4.44 *	3.89 *

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



ANNEXURE TO DIRECTORS' REPORT (CONTD.)

FORM - B

TECHNOLOGY ABSORPTION

I. Research and Development

1. Specific Areas: In line with the requirements of industry, the research and development activities undertaken by the Company are concentrated on the developing equipment for the country's defence establishment and answering to the demanding technology parameters of operation. Continuous efforts on import substitution have yielded savings in foreign exchange.
2. Benefits Derived : The velocity of the Company's technology adaptation has been a major factor in its position as market leader in the material handling industry.
3. Plan of Action: Technology upgradation of existing models and introduction of new products to meet the complex needs of user sectors will continue as priority.

4. Expenditure on R&D	Rs. in Lakhs
a) Capital Expenditure	1.70
b) Recurring (Including Market Research and Development)	55.60
c) Total Expenses	57.30
d) Total as % of Turnover	0.21%

II. Technology absorption, adoption and innovation

1. Efforts made : Focused continuity represents the Company's efforts to improve upon the quality of its products. To this end, improvement of existing manufacturing systems and facilities is an ongoing process.
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 tie-up arrangement with some of the world's most renowned organizations, enabling it to access latest designs and drawings through its collaborators.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Efforts: Efforts are on for achieving specific market access to enhance its foreign exchange earnings.	
2. Earnings and Outgo :	Rs. in Lacs
i) Foreign Exchange Earnings – export sales (FOB), Commission, etc.	1055
ii) Foreign Exchange outgo (includes raw material, capital goods, components & spares, and other expenditure in foreign currency, including dividends) :	
a) Raw Material	355
b) Components & Spares	3228
c) Capital goods	327
d) Travelling	26
e) Technical Know-how Fees	49
f) Commission	58
g) Others	24

For and on behalf of the Board of Directors

Place : Kolkata

Date : 7th May, 2004.

A. Mazumdar

Chairman

www.reportjunction.com

ANNEXURE TO THE DIRECTORS' REPORT

SCHEDULE ANNEXED TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

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

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. 24,00,000/- or more.

01.	Bhatnagar S.K.	President-Material Handling Group	2,706,072	1,714,244	55	B.Tech	35	01.04.90	Pieco Electronics & Electricals Ltd.	Sr. Materials Manager	21 Years
02.	Mazumdar A.	Chairman	4,663,320	2,896,699	69	B.Sc. Engg. (USA)	48	01.10.60	Standard Vacuum Oil Co. Ltd	Drilling Superintendent	4 Years
03.	Mazumder Sumit	Managing Director	4,253,328	2,646,050	56	MBA (USA) AMP (Harvard)	32	01.07.87	JBA Printing Inks Ltd.	General Manager (Exports)	7 Years

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.
- Nature of employment in all cases is contractual.
- Mr. Sumit Mazumder, Managing Director is related to Mr. A. Mazumdar, Chairman.
- The figure Rs. 4,663,320 of Mr. A. Mazumdar includes Rs. 428,570 pertaining to last year.
- The figure Rs. 4,253,328 of Mr. Sumit Mazumder includes Rs. 394,472 pertaining to last year.

Place : Kolkata

Date : 7th May, 2004.

A. Mazumdar
Chairman

