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**ANNUAL  
REPORT  
2004 -2005**

**TIL Limited**



## BOARD OF DIRECTORS

Mr. A. Mazumdar  
Chairman

Mr. Sumit Mazumder  
Managing Director

Mr. R. L. Gagger  
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  
State Bank of Hyderabad

## AUDITORS

Price Waterhouse

## REGISTRAR AND SHARE

### TRANSFER AGENT

CB Management Services ( P ) Ltd.  
P- 22, Bondel Road, Kolkata 700019

## REGISTERED OFFICE

1, Taratolla Road  
Garden Reach  
Kolkata 700024

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## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and Accounts for the year ended 31st March, 2005.

### 1. FINANCIAL RESULTS

(Rs./Crores)

	For the year ended 31.03.2005	For the year ended 31.03.2004
Profit for the year after meeting all expenses but before charging Depreciation and Interest.	35.24	32.15
Less: Interest	17.08	18.78
Depreciation	8.12	4.98
PROFIT BEFORE TAX	10.04	8.39
Tax Provision		
a) Current year	2.95	1.58
b) Deferred Tax	0.31	1.23
PROFIT AFTER TAX	6.78	5.58
Balance Net Profit available for appropriation	6.78	5.58
<b>APPROPRIATIONS</b>		
General Reserves	0.34	—
Debenture Redemption Reserves	—	0.17
Proposed Dividend:		
7.5% Preference Shares	0.30	0.17
Equity Shares	1.22	0.73
Tax on Dividend	0.21	0.11
Balance Carried Forward	4.71	4.40

### 2. PERFORMANCE

Turnover including income from operations for the year under review at Rs.347.13 Crores represents an increase of 20.19% compared to Rs.288.81 Crores in the previous year. The Profit before Tax improved to Rs.10.04 Crores from Rs.8.39 Crores in the previous year. The Profit after Tax is Rs.6.78 Crores compared to Rs.5.58 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.53.32 Crores (US\$ 11.78 M) compared to Rs.82.41 Crores (US\$ 17.91 M) in the previous year and a profit after tax of Rs.2.75 Crores (US\$ 0.61 M) compared to Rs.2.52 Crores (US\$ 0.55 M) in the previous year.

#### TIL OVERSEAS PTE. LTD.

The Wholly Owned Subsidiary Company, TIL Overseas Pte. Ltd., in Singapore, has achieved a turnover of Rs.30.47 Crores (US\$ 6.73 M) compared to Rs.11.14 Crores (US\$ 2.42 M) in the

**DIRECTORS' REPORT (CONTD.)**

previous year and achieved a profit after tax of Rs.0.58 Crore (US\$ 0.13 M) compared to Rs.0.26 Crore (US\$ 0.06 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.0.32 Crore (US\$ 0.07 M) compared to previous year of Rs.0.24 Crore (US\$ 0.05 M) and earned a profit after tax of Rs.0.20 Crore (US\$ 0.04 M) compared to Rs.0.17 Crore (US\$ 0.04 M) in the previous year.

Our business operations in Nepal have been affected due to political turbulence. It is hoped that the situation will stabilize in future.

On a consolidated basis your Company's turnover including income from operations (together with the Subsidiary Companies) increased to Rs.430.37 Crores from Rs.382.86 Crores in the previous year and profit after tax increased to Rs.9.59 Crores from Rs.7.53 Crores in the previous year.

**3. DIVIDEND**

In view of improvement in Company's performance, your Directors recommend a Dividend @ 12.5% on Equity Shares as against 7.5% Dividend declared in the previous year. The Company is also required to pay 7.5% Dividend on Preference Share Capital.

**4. FINANCE**

After providing Rs.3.26 Crores as Provision for Taxation, Rs.0.30 Crore and Rs.1.22 Crores for Preference and Equity Dividend respectively, Rs.4.65 Crores is carried forward to Balance Sheet. The Reserves & Surplus (excluding Revaluation Reserve) of the Company increased from Rs.40.89 Crores to Rs. 45.94 Crores and the Shareholders' Fund (excluding Revaluation Reserve) increased from Rs.54.62 Crores to Rs. 59.37 Crores.

At the end of the year, deposits from the public, employees and shareholders amounted to Rs.1,25,39,000/- including unclaimed deposits of Rs.65,000/-.

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.

**5. AVAILABILITY OF INFORMATION ON THE EDIFAR SYSTEM**

In terms of Listing Agreement, your Company is required to make available information, financial reports, etc. on the Electronic Data Information Filing and Retrieval (EDIFAR) website viz [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in). This is for the benefit of various classes of market participants, investors, regulators, etc. Your Company has already gone online and the required information has been made available on this site.





## **DIRECTORS' REPORT (CONTD.)**

### **6. 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.

### **7. 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.

### **8. HUMAN RESOURCE/KNOWLEDGE RESOURCE MANAGEMENT**

Your Company believes that the competence and commitment to its people are key drivers of competitive advantage to deliver unique customer value. Considering this need to have a sustainable competitive advantage, your Company has organised for its employees various developmental programmes to strengthen organisational culture so as to render high standard of services to its customers, stakeholders, etc.

### **9. SUBSIDIARY COMPANIES**

The statement required u/s.212 of the Companies Act, 1956 in respect of subsidiary companies is appended herewith.

### **10. 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.

### **11. DIRECTORS**

Mr. U. V. Rao retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

### **12. 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.
- 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.

**DIRECTORS' REPORT (CONTD.)****13. 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.

**14. AUDITORS' REPORT**

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, does not call for any further comment under Section 217(3) of the Companies Act, 1956.

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

A Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance has been obtained and annexed herewith forming part of this report.

**16. ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude for the assistance and co-operation received from Investors, Principals, Banks, Employees and valued Customers.

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For and on behalf of the Board of Directors

Place : Kolkata

Date : 5th May, 2005.

**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. Sustained efforts on conservation are being made.

##### 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 and maintenance of all equipment which have shown positive results.

##### 3. Impact of (1) & (2): The energy cost per unit of output did not show substantial variance despite rise in input cost.

#### 4. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION.

##### A. Power and fuel consumption :

	Year ended 31.03.2005	Year ended 31.03.2004
a) Electricity		
Purchased Units	1538371	1504102
Total amount (Rs. Lakhs)	86.37	91.46
Rate Per Unit (Rs.)	5.61	6.08
b) Own Generation		
Through Diesel Generator		
Units	61826	81694
Units per litre	3.23	3.24
Cost per unit (Rs.)	8.33	7.36

##### B. Consumption per unit of Production

	Standard Unit	Year ended 31.03.2005	Year ended 31.03.2004
Product - Cranes			
Electricity			
(in '000)	Nos.	5.32*	4.44*

\* 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 Company's research and development activities are focused on developing material handling equipment with the help of world renowned technology provider.
2. Benefits Derived : The Company's technology adoption has been a major medium in retaining leadership in the material handling industry.
3. Plan of Action : The Company's priority would be technology upgradation and introduction of new products to satisfy the customers' demand.
4. Expenditure on R&D Rs. in Lakhs
  - a) Capital Expenditure Nil
  - b) Recurring (Including Market Research and Development) 51.63
  - c) Total Expenses 51.63
  - d) Total as % of Turnover 0.16%

##### II. Technology Absorption, Adaptation & Innovation

1. Efforts made : Improvement of existing manufacturing systems and facilities represents a major initiative for producing world class products and services.
2. Benefits : Availability of technology from global leaders has resulted in substantial value addition to the product range.
3. Imported Technology: Technical collaboration from world renowned companies has made it possible to access the latest global technology.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Efforts : Efforts are on for achieving specific market access to enhance the Company's foreign exchange earnings.
2. Earnings and Outgo: Rs. in Lacs
  - i) Foreign Exchange Earnings - 982  
Export sales (FOB), Commission, etc.
  - ii) Foreign Exchange outgo (includes raw material, capital goods, components & spares, and other expenditure in foreign currency, including dividends) :
    - a) Raw Material 2259
    - b) Components & Spares 31
    - c) Capital goods 42
    - d) Travelling 33
    - e) Technical Know-how Fees 76
    - f) Royalty 14
    - g) Dividend 31
    - h) Others 2

For and on behalf of the Board of Directors

Place : Kolkata

Date : 5th May, 2005.

**A. Mazumdar**

Chairman

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# ANNEXURE TO THE DIRECTORS' REPORT

## SCHEDULE ANNEXED TO DIRECTOR'S 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

Sl. No.	Name	Designation/ Nature of Duties	Remuneration		Age in Year	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.	Mazumdar A.	Chairman	4,609,900	2,773,750	70	B.Sc.Engg. (USA)	49	01.10.60	Standard Vacuum Oil Co. Ltd.	Drilling Superintendent	4 Years
02.	Mazumder Sumit	Managing Director	4,314,172	2,628,739	57	MBA (USA) AMP (Harvard)	33	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.

Place : Kolkata

Date : 5th May, 2005.

A. Mazumdar  
Chairman