

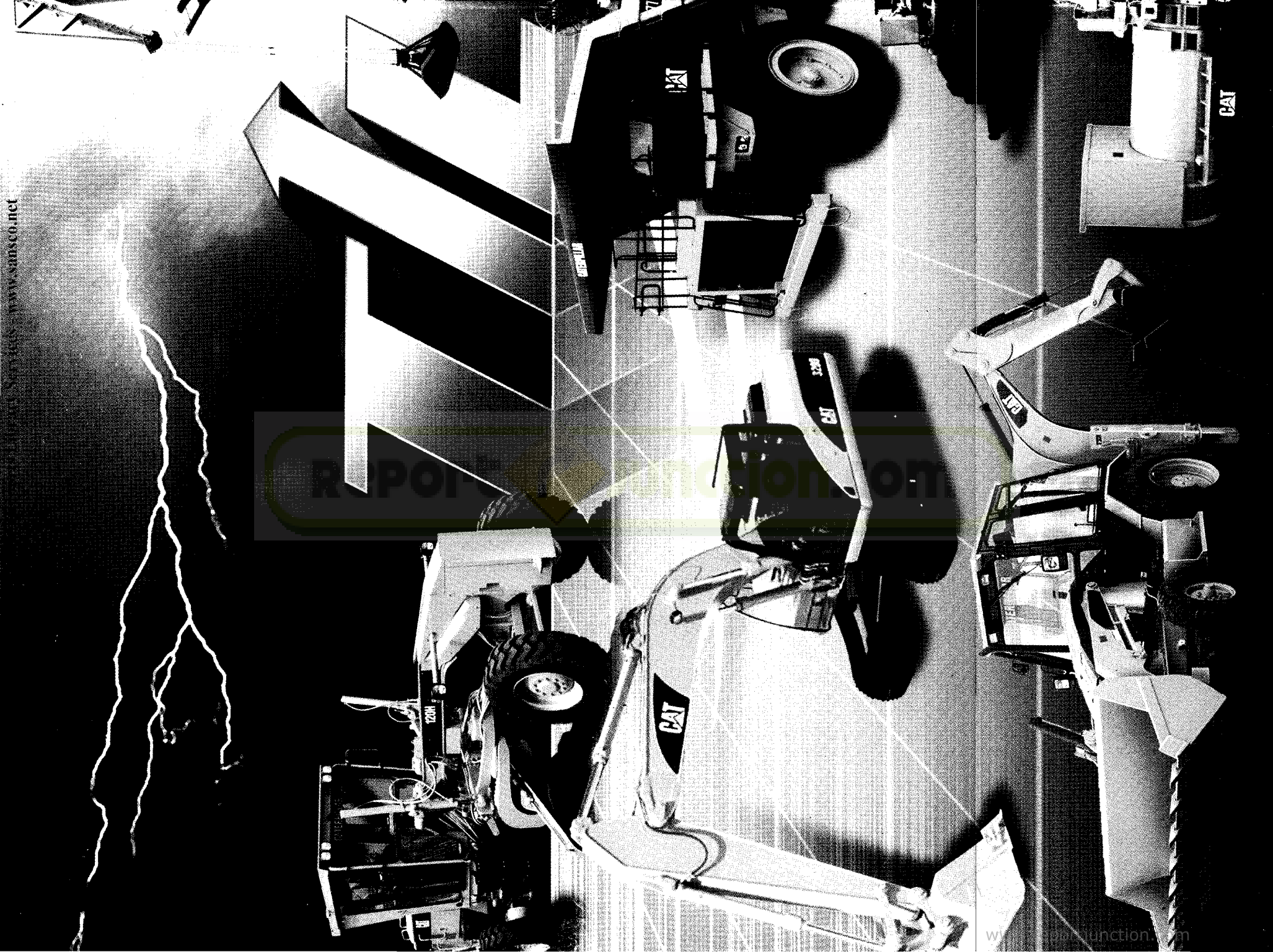


Report

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# ANNUAL REPORT 2006 - 2007

**TIL Limited**

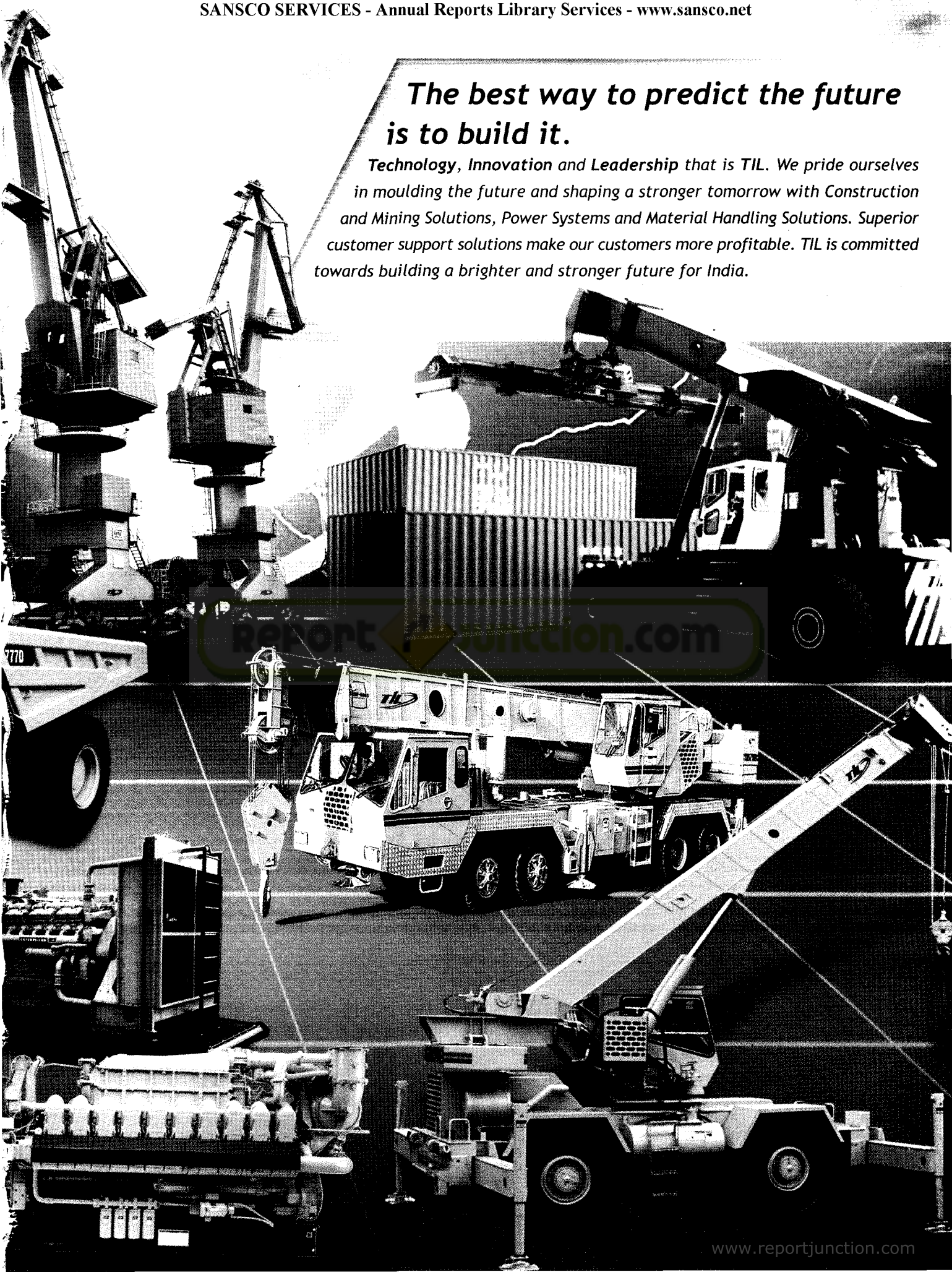


REPORT on



## *The best way to predict the future is to build it.*

*Technology, Innovation and Leadership that is TIL. We pride ourselves in moulding the future and shaping a stronger tomorrow with Construction and Mining Solutions, Power Systems and Material Handling Solutions. Superior customer support solutions make our customers more profitable. TIL is committed towards building a brighter and stronger future for India.*





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## **BOARD OF DIRECTORS**

Mr. A. Mazumdar  
Chairman

Mr. Sumit Mazumder  
Managing Director & CEO

Mr. R. L. Gaggar  
Solicitor & Advocate

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

Mr. K. S. De  
Nominee of  
Life Insurance Corporation of India

## **COMPANY SECRETARY**

Mr. Debashis Nag

## **BANKERS**

Bank of India  
Union Bank of India  
ING Vysya Bank Ltd.  
State Bank of Bikaner & Jaipur  
State Bank of India  
State Bank of Hyderabad  
UTI Bank Ltd.  
Punjab & Sind Bank

## **AUDITORS**

Price Waterhouse

## **REGISTRAR AND SHARE TRANSFER AGENT**

CB Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata - 700 019  
Tel. : (033) 2280 6692 / 94, 2280 2486  
E-mail : cbmsl1@cal2.vsnl.net.in

## **REGISTERED OFFICE**

1, Taratolla Road  
Garden Reach  
Kolkata - 700 024  
Tel. : (033) 2469 3732 / 36  
E-mail : secretarial.department@tilindia.com





## CHAIRMAN'S MESSAGE

The economy of our country is on the threshold of an unprecedented growth. This positive upsurge is evident through a sustained growth pattern, strong investment climate and a dynamic industrial sector. With Government's commitment towards consolidation, development and growth of our economy, the role of our country's infrastructure sectors has assumed a critical dimension. The 11th Five Year Plan envisages an infrastructural investment of US\$ 450 Billion (Rs.1,845,000 Crores) with the economy witnessing a robust growth and manufacturing and services remaining as key drivers.

Your company has already positioned itself to take full advantage of these emerging opportunities and TIL's objective is to meet the challenges and reap rich benefits from every opportunity that comes its way. This is reflected in your company's financial performance. For the year ended 31st March, 2007, TIL's PBT rose to Rs.28.63 Crores from Rs.18.85 Crores registering an increase of 52%. The group posted a consolidated PBT of Rs.35.50 Crores representing a growth of 67%. While the total income for TIL grew to Rs.597.07 Crores registering a growth of 24%, the consolidated total income of the group also increased to Rs.792.18 Crores showing an increase of 40%.

Combined with this excellence, your company continues to introduce new products that represent state of the art global technology. As a part of its new product offerings, TIL plans to introduce Rubber Tyred Gantry Cranes for container handling operations at ports and inland container depots. Also in the pipeline are expansion plans of its facilities to serve the growing demands of industry. Caterpillar also has demonstrated focus on India, identifying India as a major market. They have commenced manufacturing new models in India with an increased and wider product range slated to be manufactured in the country. This signifies encouraging business outlook for TIL.

In line with the positive trend of our economy and business scenario, and a concentrated focus on infrastructure, your company's businesses are organized into three groups - the Material Handling Solutions, the Construction & Mining Solutions and the Power Systems Solutions. This is to effectively optimize the emerging opportunities in the market with new initiatives and pursue the excellent growth track of TIL.

With Technology, Leadership and Innovation as its vision, along with a strong equipment range and a commitment to provide superior support to customers, your company is convinced that it is on a strong growth trajectory. Your company assures you it shall remain committed to retain its leadership position and will continue in its goal towards becoming world class solutions provider in the industry.

(A. MAZUMDAR)

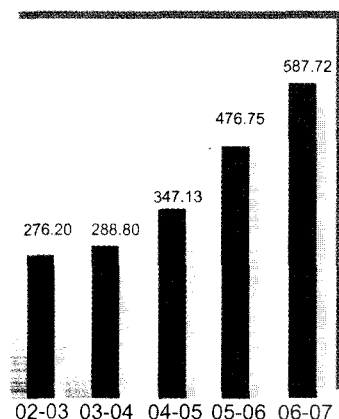


## DIRECTORS' REPORT

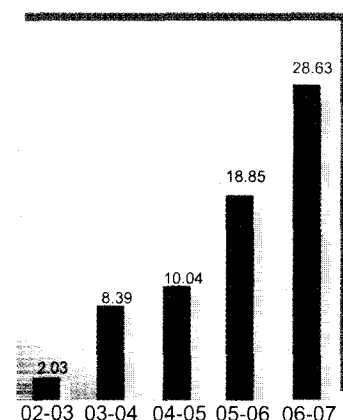
Your Directors have pleasure in presenting the Annual Report and Accounts for the year ended 31st March, 2007.

### 1. FINANCIAL RESULTS

**Turnover (Rs./Crores)**



**Profit before Tax (Rs./Crores)**



	(Rs. / Crores)	
	For the year ended 31.03.2007	For the year ended 31.03.2006
Profit for the year after meeting all expenses but before charging Depreciation and Interest.	55.02	44.41
Less : Interest	15.17	13.60
Depreciation	11.22	11.96
<b>PROFIT BEFORE TAX</b>	<b>28.63</b>	18.85
Tax Provision		
a) Current year	10.40	6.75
b) Deferred Tax (Credit) / Charge	(0.74)	(0.72)
c) Fringe Benefit Tax	0.60	0.97
<b>PROFIT AFTER TAX</b>	<b>18.37</b>	11.85
Add : Transfer from Debenture Redemption Reserve	—	0.50
<b>Balance Net Profit available for appropriation</b>	<b>18.37</b>	12.35
<b>APPROPRIATIONS</b>		
General Reserve	2.30	1.43
Capital Redemption Reserve	2.49	1.51
Proposed Dividend:		
7.5% Preference Shares	0.01	0.24
Equity Shares	2.92	1.95
Tax on Dividend	0.50	0.31
<b>Balance Carried Forward</b>	<b>10.15</b>	6.91

### 2. PERFORMANCE

Turnover including income from operations for the year under review at Rs.587.72 Crores represents an increase of 23% compared to Rs.476.75 Crores in the previous year. The profit before tax improved to Rs.28.63 Crores from Rs.18.85 Crores in the previous year i.e. an increase of 52%.

#### 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.41.80 Crores (US\$ 9.23 M) compared to Rs.48.18 Crores (US\$ 10.82 M) in the previous year and a profit after tax of Rs.3.89 Crores (US\$ 0.86 M) compared to Rs.1.90 Crores (US\$ 0.43 M) in the previous year.

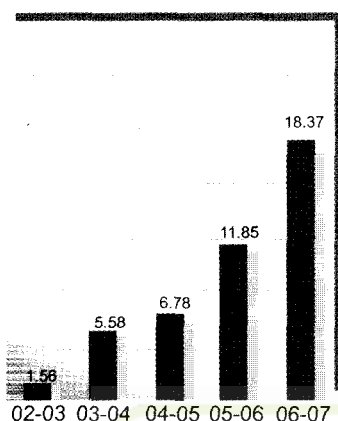
#### TIL OVERSEAS PTE. LTD.

The Wholly Owned Subsidiary Company, TIL Overseas Pte. Ltd., in Singapore, has achieved a turnover of Rs.188.25 Crores (US\$ 41.57 M) compared to

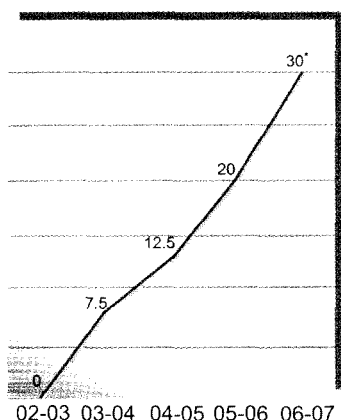


## DIRECTORS' REPORT (CONTD.)

### Profit after Tax (Rs./Crores)



### Dividend %



\* Recommended

Rs.43.07 Crores (US\$ 9.68 M) in the previous year and achieved a profit after tax of Rs.5.66 Crores (US\$ 1.25 M) compared to Rs.1.54 Crores (US\$ 0.35 M) in the previous year. This activity is totally for and on behalf of Myanmar Tractors Limited.

#### TRACTORS NEPAL PVT. LTD.

The Wholly Owned Subsidiary Company, Tractors Nepal Pvt. Ltd., in Nepal, has achieved a turnover of Rs.0.65 Crore (US\$ 0.14 M) compared to previous year of Rs.0.63 Crore (US\$ 0.14 M) and earned a profit after tax of Rs. 0.20 Crore (US\$ 0.04 M) compared to Rs.0.15 Crore (US\$ 0.03 M) in the previous year.

On a consolidated basis, your Company's Group turnover including income from operations increased to Rs.786.78 Crores from Rs.565.88 Crores in the previous year and profit after tax increased to Rs.23.32 Crores from Rs.13.51 Crores in the previous year.

### 3. FINANCE

After providing Rs.10.26 Crores as Provision for Taxation, Rs.0.01 Crore and Rs.3.42 Crores for Preference and Equity Dividend respectively, Rs.14.94 Crores is carried forward to Balance Sheet. The Reserves & Surplus (excluding Revaluation Reserve) of the Company increased from Rs.55.29 Crores to Rs.67.98 Crores and the Shareholders' Fund (excluding Revaluation Reserve) increased from Rs.67.51 Crores to Rs.77.72 Crores.

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.

### 4. DIVIDEND

Board has recommended a Dividend of 30% on Equity Shares for the year under review.

### 5. FIXED DEPOSIT

The Company has not accepted any deposits from the public during the year. Deposits accepted earlier are being repaid in accordance with the terms of Deposits. Deposits outstanding as on 31st March, 2007 amounting to Rs.18.02 Lakhs including unclaimed deposits of Rs.1.68 lakhs.

### 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

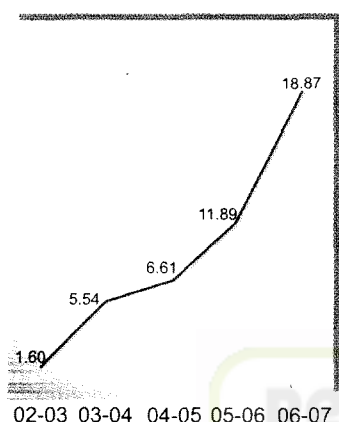
The Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is given in the Annexure forming part of the Report.



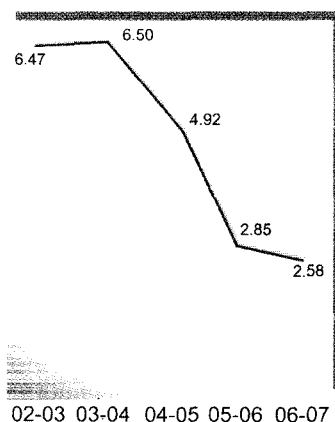


## DIRECTORS' REPORT (CONTD.)

### Earnings Per Share (Rs.)



### Interest as a % to Sale



#### 8. SUBSIDIARY COMPANIES

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

#### 9. DIRECTORS

Mr. S. M. Datta resigned from the Board of Directors with effect from 30th October, 2006. The Board placed on record the valuable services rendered by Mr. Datta during his tenure as Director.

Mr. A. Mazumdar and Mr. R. L. Gaggar retire by rotation and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

#### 10. CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance Report is annexed herewith forming part of this Report.

#### 11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### 12. DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- 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.
- 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.
- The annual accounts have been prepared on a going concern basis.

#### 13. CORPORATE SOCIAL RESPONSIBILITY

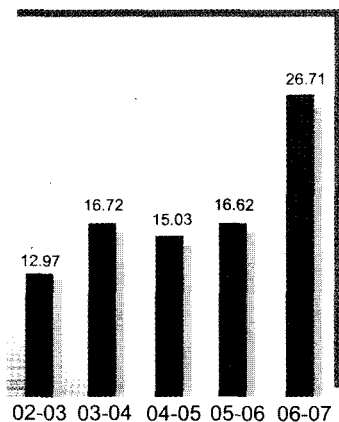
Your company believes in the importance of good corporate citizenship. Corporate Social Responsibility is an integral part of the corporate vision and TIL believes that as an organization it has a responsibility to society, community and environment.

Scholarship schemes for education, promotion of Aids awareness, family engagement initiatives at the manufacturing plant, supporting

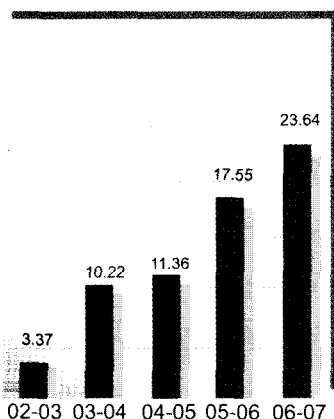


## DIRECTORS' REPORT (CONTD.)

### Return on Capital Employed %



### Return on Net Worth %



child care programmes, activities during the World Environment Day, providing Tsunami relief for the disaster struck illustrate this sense of responsibility. The TIL Welfare Trust, set up in 1995 is continuing in its objective of providing relief in the form of education, medical and financial support to the needy.

Other initiatives include sponsorship to support underprivileged children near a village situated in West Bokaro of Jharkand State, free eye operation camp through an NGO, donations to various charitable organizations for the noble causes undertaken by them.

#### 14. ENVIRONMENT

Your Company is strengthening its initiatives towards sustainable development in various areas of economic, environmental and social issues of the business. The Company believes that good environmental management is a pre-requisite to good business performance and has committed itself to continual improvement in environment performance by setting targets and reviews at every stage of production and services.

#### 15. AUDITORS

Messrs. Price Waterhouse, Chartered Accountants, Statutory Auditors of the Company, hold office till conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

#### 16. 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.

#### 17. ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to each and every one of their valued Customers, Principals, Shareholders, Suppliers, Banks and Financial Institutions, for their efforts as well as collective contribution towards achieving desired objectives. Your Directors would also like to thank all the employees for the efforts, dedication and commitment put in by them at all levels.

For and on behalf of the Board of Directors

Place : Kolkata  
Date : 15th May, 2007

A. Mazumdar  
Chairman