

TIL Limited

Annual Report

2011-12

Forward Looking Statement

In this Annual Report, the forward-looking information if any, is for enabling investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccuracies in our assumptions. Should known or unknown risks or our uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, arising as a result of new information, future events or otherwise.

Contents

Corporate Information	1
Corporate Identity	2
Chairman's Insight	6
Vice Chairman & Managing Director's Message	8
Directors' Report	10
Management Discussion & Analysis	16
Report on Corporate Governance	22
Financial Section	34

Corporate Information

BOARD OF DIRECTORS

Mr. A. Mazumdar

Chairman

Mr. Sumit Mazumder

Vice Chairman and Managing Director

Mr. R. L. Gaggar

Solicitor and Advocate

Mr. U. V. Rao

Former Chief Executive and Managing Director - L&T Limited

Mr. G. Swarup

Managing Director of Paharpur Cooling Towers Limited

Dr. T. Mukherjee

Former Dy. Managing Director of TATA Steel Limited

Mr. K. B. Saha

Nominee of Life Insurance Corporation of India

COMPANY SECRETARY

Mr. Sekhar Bhattacharjee

AUDITORS

Deloitte Haskin & Sells

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

Axis Bank Ltd.

CITI Bank N.A.

HDFC Bank Ltd.

DBS Bank Ltd.

REGISTERED OFFICE

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Garden Reach

Kolkata 700 024

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(033) 6633 2000 / 2845

E-mail: secretarial.department@tilindia.com

REGISTRAR AND SHARE TRANSFER AGENT

C B Management Services (P) Limited

P-22, Bondel Road, Kolkata 700 019

Telephone: (033) 4011 6700 / 4011 6711 / 4011 6718

E-mail: rta@cbmsl.com

About TIL

TIL IS IN THE BUSINESS OF SERVING THE INFRASTRUCTURE PROGRESS OF THE NATION WITH ITS END TO END SOLUTIONS, COMPRISING A BROAD PORTFOLIO OF PRODUCTS, TECHNOLOGIES AND WORLD CLASS BRAND ALLIANCES.

COMPLEMENTING ITS WIDE PORTFOLIO OF INDUSTRY LEADING PRODUCTS, TIL OFFERS A FULL EXTENT OF INNOVATIVE AND VALUE ADDED SERVICES AND SOLUTIONS WITH THE EVENTUAL AIM OF ENHANCING CUSTOMER EXPERIENCE.

Our vision

A responsible corporate citizen, valued by customers, respected by principals, and worthy of high esteem of all stakeholders. We will achieve this by manufacturing world class products, represent global leaders and build a world class service organization. We will focus on growth opportunities resulting from India's infrastructure build, and leverage rentals and used equipment. The unstinted commitment and relentless contribution of each employee will translate into positive growth of the Company every year.

Our values at work

Our values are our driving force and represent what we stand for. Over six decades TIL has professed a values-based culture across the organization. Our values are a source of pride for each of us as we continue to serve our customers with high standards of ethics and integrity. We remain committed to use our values to the best interest of all our stakeholders. Our values at work are: Leadership, Integrity, Knowledge, Teamwork, Accountability, Transparency and Customer Orientation.

Our mantra: we make our customers more profitable

TIL believes that future of every organization is directly linked to its customers. Today, we share an invaluable partnership with our customers because we have consistently aligned our business practices with the business goals of our customers. Our conviction of knowing, valuing and respecting our customers as partners and stakeholders has helped us in successfully creating superior customer experience. We relentlessly strive to build on the trust of our customers, and imbibe customer-centric approach in every possible sphere of our business.

Businesses

TIL operates through its Material Handling Solutions division, Equipment & Project Solutions division and the wholly owned subsidiary - Tractors India Pvt. Ltd. (TIPL) for North and East of India and Bhutan, as well as overseas subsidiaries in Nepal (TNPL), Singapore (TILO) and Myanmar [(MTL)- Caterpillar dealership that ceased with effect from 1st July, 2011.]

Material Handling Solutions (MHS) division designs, manufactures and markets a comprehensive range of material handling, lifting and port equipment solutions with integrated customer support and after-sales service.

Equipment & Project Solutions (EPS) division provides solutions in crushing & screening, hot mix asphalt plant, port & yard equipment as well as latest tunneling and trenching solutions.

Tractors India Private Limited (TIPL) is a wholly owned subsidiary of TIL Limited and is responsible for the entire Caterpillar business of Construction, Mining and Power Systems Solutions. TIPL has also entered into association with SEM for medium wheel loaders and SITECH for GPS based connected site solutions.

Corporate Social Responsibility (CSR)

TIL is committed to good corporate citizenship and believes that as an organization it has responsibility towards society, community and environment and aims at touching lives and making a difference with its various CSR initiatives.

Products



TIL - Material Handling Solutions (MHS)

Mobile Cranes (Industrial Cranes, Truck Mounted Cranes, Rough Terrain Cranes, All Terrain Cranes), Lattice Boom Crawler Cranes, Lorry Loaders, Tower Cranes, Reachstackers, Container Handler and Forklift Trucks.



TIL - Equipment & Project Solutions (EPS)

Hot Mix Asphalt Plants, Crushing & Screening Solutions (High Frequency Screens, Stationary Plants, Track Plants and Portable Plants) Rubber Tyre Gantry Cranes, Road Headers, Twin Headers, Mechanical Drive Chain Trenchers and Horizontal Directional Drills.



TIPL - Construction & Mining Solutions (CMS)

Wheel Loaders, Backhoe Loaders, Hydraulic Excavators, Off-Highway Trucks, Motor Graders, Track - Type Tractors, Track - Type Loaders, Vibratory Soil Compactors, Asphalt Compactors, Asphalt Pavers and Wheel Dozers.



TIPL - Power Systems Solutions (PSS)

Complete portfolio of Generator Sets in diesel, gas and heavy fuel configurations for continuous prime and emergency standby power. Available from small capacities to 10MW single Generator Sets and engines for industrial, oil & gas, as well as other applications. The division also offers Engine and Gensets for specific Petroleum sector applications.



TIPL - Allied Associations

SEM Wheel Loaders
SITECH Technology Solutions
Allmand Lighting Towers

Services

Pre-purchase Consultancy

Equipment Investment Analysis

24x7 Field Service Management

Scheduled Oil Sampling (S•O•SSM) Services

Component Repair & Complete Machine Rebuilds

Ready Parts Availability

Customer Support Agreements (CSA) and Maintenance and Repair Contracts (MARC)

Maintenance and Operator Training For Customers

Rental & Used Equipment Solutions

Global alliances

Caterpillar Inc.

Manitowoc Crane Group, USA

Grove Worldwide, USA

Potain (a part of Manitowoc Crane Group, USA)

Astec Industries -USA

NACCO Materials Handling Group, Inc. (NMHG) - a part of NACCO Industries Inc., USA

Paceco Corp. (a part of Mitsui Engineering and Shipbuilding - Japan)

Mitsui Miike

SEM (formerly named Shandong Engineering Machinery Factory)

SITECH

Allmand

Industries catered

Infrastructure | Engineering & Construction | Mining | Agro | Oil & Petrochemicals | Steel | Railways | Ports | Defense | Power | Pharma | Healthcare | Hospitality | Retail

Milestones

A legacy of success and innovation that began in 1944. Below are some of the Company's key highlights since its inception.

1944

Tractors India incorporated.
Representative for Caterpillar, USA, in Eastern India.

1962

India's first Mobile Crane rolls out of the Company's Kamarhatty plant in Kolkata.

1974-78

Distributorship for Caterpillar extends to Nepal, Sikkim, Bhutan and Myanmar.

1982

Tractors India manufactures India's first Rough-Terrain Crane.



1988

TIL manufactures India's first 100-tonne Truck Mounted Mobile Crane.

1994

TIL completes 50th year of its corporate journey.

2000

TIL sets up its subsidiary in Nepal called Tractors Nepal Private Ltd. (TNPL).

2002

Launches 6 Sigma.

2003

Initiates first Maintenance and Repair Contract (MARC) in India with Tata Steel (South Eastern Block).

2005

TIL's Cat Rental Store (India's first) opens at Sahibabad, Delhi.

Receives Best Supplier Award from Tata Steel.

Wins Caterpillar APD (Asia Pacific Division) President's Award for 6 Sigma.

2006

Wins the Runners Up Award at the Construction World NICMAR Awards in the fastest growing construction equipment category.

2007

TIL's 5000th crane rolls out of Kamarhatty manufacturing plant in Kolkata.



2008

Ties Up with Nacco Materials Handling Group (NMHG) for Hyster range of products.

Ties up with Astec Inc for bringing their Road Building Solutions to India.

2009

Inaugurates a state-of-the-art Component Rebuild Center (CRC) in Asansol, West Bengal.

2010

Tractors India Pvt Ltd (TIPL) formed as wholly owned subsidiary of TIL.

Tie ups with Potain for sales and service of Tower Cranes.

TIL recognized as India's second – fastest growing construction company at the Construction World Awards.

2011

Awarded as the Fastest Growing Construction Equipment Company by Construction World.

Inaugurates the Port and Construction Equipment Facility at Changual, West Bengal. Lays the foundation stone for Crane & Reachstacker Factory at Vidyasagar Industrial Park, Kharagpur, West Bengal.

Chairman's Insight



Dear Shareholders,

I AM HAPPY TO PRESENT THE ANNUAL REPORT OF YOUR COMPANY FOR THE FINANCIAL YEAR 2011-12. DURING THE LAST COMMUNICATION TO YOU, I HAD MENTIONED THAT THOUGH THE LONG TERM OUTLOOK REMAINS POSITIVE, THE INDIAN ECONOMY HAS FALLEN SHORT OF THE GROWTH PROJECTIONS RESULTING IN SHORTFALL OF THE 5-YEAR PLAN OUTLAY. I HAD EXPRESSED CONCERN WITH REGARD TO THE INCONSISTENT INFRASTRUCTURE DEVELOPMENT EXPENDITURE WHICH IS STILL CONTINUING, AND ADDITIONALLY THE GLOBAL ECONOMY IS PASSING THROUGH DIFFICULT TIMES.

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Your Company will continue to invest in product technology and operational efficiency through these tough times, and when the economy recovers, the need for better infrastructure will be more than ever and we will be adequately prepared to respond.

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In India, the slowdown appears even sharper especially after achieving high growth rates over the last few years. Uncertain global conditions, weak investor and business confidence, deferred policy implementation and tight monetary conditions are all impediments in the growth of the Indian economy. Additionally, the credit rating agencies are downgrading India's economic growth forecast resulting in withdrawal of funds by foreign investors. The infrastructure space is witnessing a downward trend along with reduced private investment.

The year 2011-12 has been one of the most challenging years TIL has faced in recent times. Though there was a marginal growth in the topline, there has been significant impact on the profits of the Company. Despite the challenging times, last year your Company received the prestigious 'Fastest Growing Construction Equipment Company' award at the 9th Construction World Awards 2011.

The Government of India recognizes these issues and have planned a total investment outlay of USD 1 trillion for the 12th Five Year Plan. On the basis of this Plan, we foresee significant growth in the infrastructure segments which will lead to growth opportunities in the mining, construction, roads and highways, power plants, ports and other infrastructure segments where TIL has a significant presence. Once these investments are effected by the Government, there would be significant growth in the infrastructure space and your Company is poised to take full advantage of these opportunities.

Your Company is committed to taking necessary measures to reverse the present situation. Team TIL is ready to learn and change, and infuse any

measures which are essential to long term growth. Your Company today is over 2500 people strong, working with the most prestigious business alliances and global partnerships and is confident that it will achieve better financial performance by adhering to the high standards of service support it has always delivered. Your Company will continue to invest in product technology and operational efficiency through these tough times, and when the economy recovers, the need for better infrastructure will be more than ever and we will be adequately prepared to respond.

Without a doubt, 2012-13 will be a tough year. Your Company is consolidating to come out stronger when the economy recovers.

TIL has witnessed many adversities and challenges and never wavered in its determination to march forward in its journey of corporate excellence.

Your Company has been committed to nation building since 1944 and I am confident that in the coming years your Company will play an even larger role, and in the process create a TIL which is continuously facilitating profitable growth for our customers, and value for all our stakeholders.

On behalf of the Board of Directors, I thank all our customers, employees, shareholders, principals, bankers, suppliers and business associates for their continued support.

A Mazumdar

Chairman

Vice Chairman & Managing Director's Message



THE YEAR UNDER REVIEW HAS BEEN ONE OF TIL'S MOST CHALLENGING IN ITS CORPORATE EXPERIENCE. THE PERSISTENT CONSTRAINTS IN OUR NATIONAL GROWTH SCENARIO, AND THEIR NEGATIVE IMPACT ON THE ECONOMY CARRIED UNABATED IN 2011-12.