

**TIL LIMITED**  
**ANNUAL**  
**REPORT**

2 0 1 3 - 1 4



## 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
Chairman's Insight	2
Vice Chairman & Managing Director's message	4
Directors' Report	6
Management Discussion & Analysis	13
Report on Corporate Governance	21
Independent Auditors' Report	35
Financial Section	40



# CORPORATE INFORMATION

## TIL LIMITED

### BOARD OF DIRECTORS

**Mr. A. Mazumdar***Chairman Emeritus**(with effect from 1st June 2014)***Mr. Sumit Mazumder***Chairman & Managing Director**(with effect from 1st June 2014)***Mr. R. L. Gaggar***Solicitor & 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 &amp; Jaipur

State Bank of India

State Bank of Hyderabad

Axis Bank Ltd.

Citibank N.A.

HDFC Bank Ltd.

DBS Bank Ltd.

### REGISTERED OFFICE

1, Taratolla Road, Garden Reach

Kolkata 700 024

Telephone : (033) 2469 3732 -36 (5 Lines)

(033) 6633 2000 /2845

E-mail : [secretarial.department@tilindia.com](mailto:secretarial.department@tilindia.com)

### REGISTRAR AND SHARE TRANSFER AGENTS

C B Management Services (P) Limited

P-22, Bondel Road, Kolkata 700 019

Telephone : (033) 4011 6700/ 6711/ 6718

Email : [rta@cbmsl.com](mailto:rta@cbmsl.com)

## CHAIRMAN'S INSIGHT



Dear Shareholders,

It gives me great pleasure to present the Annual Report of your Company for the financial year 2013-14.

In last year's Annual Report, I had talked about the challenges faced by the Indian Economy during 2012-13. The same bleak economic environment continued in the year under review as well, with the economy not performing as per projections outlined in the 12th Five Year Plan. To further add to the negative performance of the manufacturing, mining and infrastructure sectors; high inflation, weak domestic demand and a high interest rate regime led to idle capacities in core sectors.

Infrastructure is the key to a growing economy. The lack of any real headway in infra projects in 2013-14 has had a negative impact on the performance of many organizations that are linked directly or indirectly to the sector, including that of your Company. Business sentiment was adversely affected due to inflation, economic uncertainty, rupee volatility and policy paralysis. The mining and construction equipment industry performance slowed down significantly in 2013-14. Needless to say, your Company has also borne the brunt of the slowdown.

However, your Company managed to excel in certain areas as you will read in the Management Discussion and Analysis report.

This year your Company completes 70 years. Throughout this historic journey, TIL has always demonstrated its strength through a value-focused performance-driven culture and the aligned efforts of a dedicated team. With an unmatched heritage that has endured

“With an unmatched heritage that has endured the test of time and with a proven track record, your Company remains forever committed in its shared vision of creating a positive difference to the Indian infrastructure industry.”

the test of time and with a proven track record, your Company remains forever committed in its shared vision of creating a positive difference to the Indian infrastructure industry. This has been possible with the life cycle value proposition of the products your Company offers, enabled by support and solutions by a team of dedicated and talented people - building an enduring relationship with customers.

Also, in its commitment to inclusive development, your Company has undertaken numerous CSR initiatives round the year, and remains devoted to the cause. Your Company is confident that it will overcome the challenging times as it has done in the past and achieve better financial performance in the years ahead while adhering to the high standard of service support it has always delivered. TIL has constantly adopted changes and redefined business processes to be future-ready and will relentlessly pursue the same path in 2014-15 and beyond.

On the macroeconomic front, things have begun to look up and the outlook for 2014-15 appears positive. With a change in leadership at the center, business confidence is slowly growing, bolstered by comprehensive and multi-dimensional measures proposed by the new Government in its commitment to achieving high economic growth. In a recent report, World Bank feels that India could achieve a growth of 5.5 per cent this year with a dedicated focus on infrastructure. Developing infrastructure is high on the Government's agenda and there is hope that decision making will be hastened and rules simplified to create an enabling environment for big projects. Considering the extent of development required, India will have to fast track efforts to effectively translate today's potential into tomorrow's reality. The benefits of an increased demand for construction, mining, power, material handling equipment and equipment and project solutions will naturally reflect in the performance of your Company.

This will be my last message to you as Chairman of TIL and I am proud to leave the reins of your Company with the very able leadership of Sumit Mazumder. However, I have agreed to the Board's request to assume the position of Chairman Emeritus from 1st of June 2014, and will continue to provide guidance and support to TIL. I take this opportunity to thank all customers, employees, shareholders, principals, bankers and business associates for their continued support and partnership.

The ultimate goal for your Company, I repeat - has been and will be - to drive greater growth for the business, consolidate our image and create sustainable value for all our stakeholders, keeping our country's infrastructure needs foremost in all our plans and actions.

Sincerely,

**Avijit Mazumdar**  
Chairman

## VICE CHAIRMAN & MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

**The fiscal year, 2013-14 experienced a host of uncertainties and challenges. The slowdown in economic growth coupled with high inflationary pressure has been taking its toll on the macroeconomic environment. However there is a sense of optimism harbored by business and industry with the new Government bringing in a wave of fresh ideas and initiatives to resolve deadlocks and revive our sagging economy.**

In the last fiscal, our GDP grew by around 4.86 per cent, a marginal improvement over the year before, but still below the 5 per cent mark. The mining, infrastructure and roadways sectors have a direct bearing on the business performance of your Company. However, major projects have remained stuck in policy paralysis over green clearances and land acquisition. The roads and highways sector found little interest among private players and large sections were cancelled on account of policy confusion and stressed financials of developers. Owing to the policy deadlock, the mining sector was also on contraction mode for most of the year and construction activities had come to a near standstill.

Despite the negative headwinds, the Material Handling division of your Company registered a 60.9 per cent growth in profitability, driven by improved margins from machines and aftermarket products, favorable product mix and efficient operating cost management. Your Company also managed to retain its market share in the rough terrain crane category. A revolutionary entrant in the 15-ton mobile crane category - the PIXEF 215 - was launched during end 2013 to great public appreciation. PIXEF also received the 'The India Design Mark', awarded by India Design Council for excellence in product design. The Equipment & Project Solutions (EPS) division of your Company in its second year of commercial operations posted a double-digit revenue figure, but remained below our expectations. Land acquisition issues had initially thrown a wrench into production plans and by the time EPS completed

“ The outlook for 2014-15 is turning positive. While miracles will not happen overnight, India is expected to witness solid growth and develop particular strengths in manufacturing and infrastructure in the medium to long term. ”

the product development and testing phases and prepared to hit the market, the economy had already begun its downward slide. Naturally, considerable efforts have gone into reducing huge inventories and meeting debt obligations in the year under review. Notably, the division prototyped and developed its own Track and Wheeled Plant in collaboration with Telsmith Inc. in your Company's state-of-the-art Kharagpur factory. The division, with its aggressive promotion strategy has also been successful in creating a stronger brand perception of High Frequency Screens in the market.

TIPL, the 100 per cent subsidiary of your Company acquired the expanded Cat® Mining equipment distribution and support business from Caterpillar Global Mining LLC. Now, TIPL with its wide network will serve as the distribution source for a full spectrum of surface and underground mining products - providing a 'one stop shop' for mining customers. Some other notable initiatives have been retail footprint expansion and reinforced commitment to train and develop people in order to emerge stronger and more capable.

Your Company's operations continue to be managed efficiently by SAP - world's leading ERP solutions. SAP has enabled your Company to integrate operational processes across verticals; ensuring more seamless and efficient information exchange - thereby improving customer experience.

The outlook for 2014-15 is turning positive. While miracles will not happen overnight, India is expected to witness solid growth and develop particular strengths in manufacturing and infrastructure in the medium to long term. There are positive signs in recent measures taken by the Government to ease the approval process for mining and infrastructure projects. Essential impetus would also be provided by the expected liberalization of FDI and implementation of GST, both of which would help in the much anticipated recovery of the manufacturing sector. Furthermore, under the 12th Five Year Plan, the Government has declared an outlay of US\$ 1 Trillion in Indian infrastructure, a lot of which would flow into the space wherein your Company operates. I assure you that your Company is relentlessly working to gear up to seize opportunities that can put it back on the growth trajectory.

Before I conclude, I'd like to share with you some important news.

Mr Avijit Mazumdar joined TIL in 1960 and after nurturing your Company and propelling its growth for more than five decades, Mr Mazumdar has now decided to relinquish his responsibility as Chairman, effective 1st June 2014. He has, however, accepted the Board's invitation to continue as Chairman Emeritus and will continue to provide us with his invaluable guidance and counsel. We are committed to his vision and continue to be inspired by his hard work, dedication and foresight. As the new Chairman and Managing Director, it will be my mission and honor to steer your Company towards newer milestones.

On behalf of the entire TIL family, I thank you for the faith that you have reposed in us. I am confident that your Company will tide over the market headwinds soon and continue to focus on strategies and initiatives to overcome the challenges and optimize the emerging opportunities for profitable and sustainable growth thereby enhancing stakeholder value.

Warm Regards,

**Sumit Mazumder**

Vice Chairman & Managing Director



# TIL LIMITED DIRECTORS' REPORT



Your Directors have pleasure in presenting the Annual Report and Audited Accounts for the year ended 31st March 2014 as under:

## 1. FINANCIAL RESULTS

(₹ / Crs.)

	For the year ended	
	31.03.2014	31.03.2013
Profit for the year after meeting all expenses but before charging Depreciation and Finance Cost	44.66	32.82
Less: Finance Cost	29.82	18.01
Depreciation	11.13	9.81
<b>Profit Before Tax</b>	<b>3.71</b>	<b>5.00</b>
Tax Provision		
a) Current Tax	0.04	-
b) Deferred Tax (Credit)/Charge	1.16	2.33
<b>Profit After Tax</b>	<b>2.51</b>	<b>2.67</b>
Balance Net Profit available for appropriation	2.51	2.67
<b>Appropriations</b>		
General Reserve	0.13	0.20
Proposed Dividend:		
Equity Shares	1.50	2.01
Tax on Dividend	0.26	0.34
<b>Balance Carried Forward</b>	<b>0.62</b>	<b>0.12</b>



## 2. PERFORMANCE

The consolidated turnover of your Company's Group including income from operations (Gross) and other Income during the year ended 31st March 2014 stood at ₹ 1347.72 Crs. compared to ₹ 1213.93 Crs. in the previous year. Profit before tax for the Group was ₹ 14.67 Crs. compared to ₹ 8.17 Crs. in the previous year.

On standalone basis, turnover including income from operations (gross) and other Income for the year under review stood at ₹ 307.71 Crs. vis-à-vis ₹ 297.03 Crs. in the previous year. Profit before tax stood at ₹ 3.71 Crs. vis-à-vis ₹ 5.00 Crs. in the previous year.

### Tractors India Pvt. Ltd.

Tractors India Pvt. Ltd., the Wholly Owned Subsidiary Company in India, achieved a turnover including income from operations (gross) and other Income of ₹ 1012.64 Crs. compared to ₹ 882.98 Crs. in the previous year. Profit before tax stood at ₹ 11.69 Crs. compared to ₹ 4.03 Crs. in the previous year.

### Foreign Subsidiaries:

During the year under review, the consolidated revenue of the foreign subsidiary companies stood at ₹ 29.00 Crs. as compared to previous year's consolidated revenue of ₹ 41.34 Crs. The foreign subsidiaries reported a consolidated loss of ₹ (0.51) Cr. during the year under review as compared to profit before tax of ₹ 1.48 Crs. during the previous year.

## 3. FINANCE

After providing ₹ 1.20 Crs. as Provision for Taxation, ₹ 1.76 Crs. (including Dividend Tax of ₹ 0.26 Cr.) distributed as Equity Dividend, ₹ 0.62 Cr. has been carried forward to Balance Sheet. Reserves & Surplus (excluding Revaluation Reserves) of the Company increased from ₹ 255.22 Crs. to ₹ 255.97 Crs. and the Shareholders' Fund (excluding Revaluation Reserves) increased from ₹ 265.25 Crs. to ₹ 266.00 Crs..

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

The Board has recommended a Dividend @ ₹ 1.50 on each Equity Share (Face Value of ₹ 10/- each) for the year under review.

## 5. FIXED DEPOSIT

The Company has not accepted any deposits from the public during the year as defined under Section 58A of the Companies Act, 1956. Deposit outstanding as on 31st March 2014 including unclaimed deposit was nil.

## 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 total number of employees of the Company as on 31st March 2014 was 1,117.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all Shareholders of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said Statement may write to the Company Secretary at the Registered Office of the Company, and the same will be sent by post.

## 8. SUBSIDIARY COMPANIES

Your Company has four subsidiary companies viz. Tractors India Private Limited (TIPL), TIL Overseas Pte. Ltd. (TILO), Tractors Nepal Private Limited (TNPL) and Myanmar Tractors Limited (MTL), being a step down subsidiary.

Pursuant to Circular No.2/2011 dated 8th February 2011 of the Ministry of Corporate Affairs, Government of India, read with Section 212(8) of the Companies Act, 1956, the Board of Directors of the Company has recommended attaching financials of TIPL as it has substantial business operations. For other subsidiaries, your Company fulfills the conditions contemplated in the aforesaid circular. Therefore, the Annual Report and other particulars of the other three subsidiaries viz. TILO, TNPL and MTL respectively are not attached with this Annual Report. However, a statement of particulars of the said subsidiary companies has been attached along with audited consolidated financial statement.

The Company shall provide copy of the Annual Report and other documents of its subsidiary companies, as required under Section 212 of the Companies Act, 1956, to the shareholders of the Company and also to the shareholders of the subsidiary companies on their request free of cost. The Annual Report containing the annual accounts of the subsidiary companies are also kept open for inspection by any shareholder at the Registered Office of the Company and also at the Registered Office of the subsidiary companies. The details of accounts of the subsidiary companies have been placed on the website of the Company. The consolidated financial statement presented by the Company includes financial results of its subsidiary companies.

## 9. DIRECTORS

Mr. Avijit Mazumdar (DIN 00133114), Chairman has decided to relinquish his position as Chairman of the Company from 1st June 2014 at the meeting of the Board of Directors held on 20th May 2014. The Board, while unanimously acknowledging the significant contribution made by Mr. Mazumdar during his long tenure as Managing Director and Chairman of the Company, have requested Mr. Mazumdar to accept the position of 'Chairman Emeritus' from 1st June 2014, which Mr. Mazumdar has agreed to accept.

Consequent to the relinquishment of Chairmanship by Mr. Avijit Mazumdar, the Board of Directors at their meeting held on 20th May 2014 have unanimously passed a resolution to appoint Mr. Sumit Mazumdar (DIN 00116654) who is presently the Vice Chairman and Managing Director of the Company to be the Chairman and Managing Director of the Company with effect from 1st June 2014.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of the Independent Directors for a consecutive term of five years form part of the Notice of the 39th Annual General Meeting read with the Explanatory Statement thereto.

Dr. T. Mukherjee (DIN 00004777) retires by rotation and being eligible, offer himself for re-appointment. The Board recommends his 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 are 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 Exchanges, 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:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.