



TRF LIMITED

A **TATA** Enterprise

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**38th Annual Report
2000-01**

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Board of Directors

(As on July 1, 2001)

DR. JAMSHED J. IRANI - *Chairman***S. K. MUKHERJEE****S. J. GHANDY****R. SANKARAN****N. P. SINHA****A. J. ENGINEER****S. N. MALHOTRA****S. K. BHARGAVA****B. D. BODHANWALA****SANTOSH K. GUPTA** - *Managing Director***CYRIL DE SOUSA** - *Whole-time Director***Management**

(As on July 1, 2001)

Santosh K. Gupta*Managing Director***Cyril De Sousa***Sr. Executive Director**(Bulk Material Handling Equipment Division)***B. K. Singh***Executive Vice President (Business Development)***Gautam Maitra***Executive Vice President**(Bulk Material Handling Systems Division)***V. K. Thakar***Executive Vice President (Corporate Affairs)***A. K. Sinha***Vice President (Port & Yard Equipment Division)***B. K. Mitra***General Manager (Projects)***S. K. Kanungoe***General Manager (EPC & EPCM Division)***Auditors****A. F. FERGUSON & COMPANY****Registered Office**11, Station Road,
Burma Mines,
Jamshedpur - 831 007**Share Department**Tata Share Registry Limited
Army & Navy Building,
148, Mahatma Gandhi Road,
Mumbai - 400 001**Bankers**BANK OF INDIA
CANARA BANK
CENTRAL BANK OF INDIA
HONGKONG & SHANGHAI BANK
IDBI BANK LTD.
STATE BANK OF INDIA
VYSYA BANK LIMITED

TRF LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE THIRTYEIGHTH ANNUAL GENERAL MEETING OF TRF LIMITED will be held at the Auditorium of the Shavak Nanavati Technical Institute, 'N' Road, Bistupur, Jamshedpur - 831001 on Friday, August 24, 2001 at 12.00 noon to transact the following business:

1. To receive and adopt the Directors' Report, the Audited Profit and Loss Account for the year ended March 31, 2001 and the Balance Sheet as at that date together with the Auditors' Report.
2. To declare a dividend.
3. To appoint a Director in place of Mr. S. K. Mukherjee, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S. J. Ghandy, who retires by rotation and is eligible for re-appointment.
5. To resolve to fill the vacancy caused by the retirement of Mr. N. P. Sinha, Director, who retires by rotation and does not wish to seek re-appointment, by appointing Mr. R. P. Singh as Director of the Company, in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his appointment as a Director.
6. To resolve not to fill in, for the present, the vacancy caused by the resignation of Mr. D. S. Rao, Director.
7. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

8. To appoint a Director in place of Mr. S.K. Bhargava, who was appointed an Additional Director of the Company by the Board of Directors with effect from October 30, 2000, and who holds office upto the date of the Annual General Meeting, and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing his appointment as a Director.
9. To appoint a Director in place of Mr. B.D. Bodhanwala, who was appointed an Additional Director of the Company by the Board of Directors with effect from October 30, 2000, and who holds office upto the date of the Annual General Meeting, and who is eligible for

appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing his appointment as a Director.

10. To consider and, if thought fit, to pass with or without modification the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED that, in partial modification of the resolution passed at the 36th Annual General Meeting of the Company in respect of the remuneration payable to Mr. Santosh K. Gupta, Managing Director, pursuant to the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the shareholders, the Company hereby approves the change in remuneration of Mr. Santosh K. Gupta (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of the appointment) with authority to the Board of Directors/Committee of Directors to fix his salary within the scale from time to time, increasing thereby proportionately all benefits relating to the quantum of salary, with the liberty to the Board of Directors/Committee of Directors to alter and vary the terms and conditions of appointment and/or agreement in the event of any increase in remuneration, if permitted under any statutory amendments or re-enactment of Schedule XIII of the Companies Act, and acceptable to Mr. Santosh K. Gupta as set out in the supplementary draft agreement submitted to this meeting and for identification signed by a Director".

11. To consider and, if thought fit, to pass with or without modification the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED that sanction be and is hereby accorded to the payment of Retirement benefits to the Managing/Executive Directors of the Company on their retirement, which benefits, as set out in the Explanatory Statement hereto, will only be provided to them at the discretion of the Board in each individual case on the recommendation of the Remuneration Committee".

NOTES :

- a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in



respect of business under Item Nos. 5, 8, 9, 10 & 11 above are annexed hereto.

- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE, INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTHTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, July 26, 2001 to Thursday, August 9, 2001 (both days inclusive) for the purpose of ascertaining the dividend.

- d) The dividend on shares as recommended by the Directors, if declared at the meeting, will be payable to those members whose names appear on the Register of Members of the Company as on August 9, 2001, subject, however, to the provisions of Section 206A of the Companies Act, 1956.

By Order of the Board of Directors

Registered Office :
11, Station Road,
Burma Mines,
Jamshedpur - 831 007
June 5, 2001

R. Sankaran
Director

ANNEXURE TO NOTICE

Explanatory Statements under Section 173(2) of the Companies Act, 1956

As required under Section 173 of the Companies Act, 1956 (hereinafter referred to as 'the Act') the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 5, 8, 9, 10 & 11 of the accompanying Notice dated June 5, 2001, convening the meeting.

ITEM NO. 5

Mr. R. P. Singh is Chief (Engineering & Projects) of The Tata Iron and Steel Company Limited having vast experience in project implementation. As required by Section 257 of the Act, a Notice in writing along with a deposit of Rupees five hundred has been received from a member signifying his intention to propose Mr. Singh's appointment as a Director.

Considering the vast knowledge and experience of Mr. Singh, your Board considers that the appointment of Mr. R. P. Singh as Director will be of immense benefit to the Company and commends for your approval his appointment.

No Director is concerned or interested in the Resolution.

ITEM NO. 8

Mr. S. K. Bhargava was appointed an Additional Director of the Company by the Board of Directors with effect from October 30, 2000. According to the

provisions of Section 260 of the Act read with Article 104 of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting. As required by Section 257 of the Act, a Notice in writing along with a deposit of Rupees five hundred has been received from a member signifying his intention to propose Mr. Bhargava's appointment as a Director.

Mr. Bhargava is Ex-Chairman of Eicher Group and past President of CII. Considering the vast experience of Mr. Bhargava, your Board considers that the appointment of Mr. Bhargava as Director will be of immense benefit to the Company and commends for your approval his appointment.

Except Mr. Bhargava, no other Director is concerned or interested in the Resolution.

ITEM NO. 9

Mr. B. D. Bodhanwala was appointed an Additional Director of the Company by the Board of Directors with effect from October 30, 2000. According to the provisions of Section 260 of the Act read with Article 104 of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting. As required by Section 257 of the Act, a Notice in writing along with a deposit of Rupees five hundred has been received from a member signifying

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his intention to propose Mr. Bodhanwala's appointment as a Director.

Mr. Bodhanwala is a Director of Narbod Construction (P) Limited. Considering the vast experience of Mr. Bodhanwala in construction business, your Board considers that the appointment of Mr. Bodhanwala as Director will be of immense benefit to the Company and commends for your approval his appointment.

Except Mr. Bodhanwala, no other Director is concerned or interested in the Resolution.

ITEM NO. 10

Mr. Santosh K. Gupta was appointed Managing Director of the Company with effect from April 1, 1999 for a period of five years. The principal terms and conditions of Agreement of Mr. Santosh K. Gupta were approved by the Shareholders at the 36th Annual General Meeting.

As the shareholders are aware, while the Government had radically changed the limits of managerial remuneration, the Company had set for itself certain limits in this regard. Present salary scale of Mr. Santosh K. Gupta was based on internal limits and as approved by the Members. It is now proposed to revise the salary scale with effect from April 1, 2001 as follows :

Salary scale of Mr. Santosh K. Gupta, Managing Director, be fixed at Rs. 50,000 – Rs. 120,000 per month (with proportionate increases on the value of the benefits related to his salary) for the remainder of the tenure of his contract with authority to the Board of Directors/Committee of the Board to fix his salary from time to time. The annual increments will be merit based and take into account the Company's performance.

All other terms and conditions of appointment of Mr. Santosh K. Gupta as approved by the shareholders at the 36th Annual General Meeting of Shareholders held on August 25, 1999 will remain unchanged.

The terms of the revised remuneration are now being placed before the Members in the General Meeting for their approval.

The draft Agreement between the Company and Mr. Santosh K. Gupta is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Mr. Santosh K. Gupta is concerned or interested in the resolution at Item No. 10 of the Notice.

This may be treated as an abstract of the respective draft agreement between the Company and Mr. Gupta pursuant to Section 302 of the Act.

The resolution is commended for acceptance by the shareholders.

ITEM NO.11

At its Meeting in March 2001, the Board of Directors have approved the guidelines for payment of retirement benefits to its Managing/Executive Directors (collectively called Whole-time Directors) under which certain benefits could be provided to such Directors of the Company on their retirement as Whole-time Directors of the Company.

The benefits to be provided to the retiring Whole-time Directors will be at the discretion of the Board in each individual case on the recommendation of the Remuneration Committee of the Board and subject to the condition that the retiring Director undertakes not to engage in or start directly or indirectly any business or activity competing with the business of the Company.

The retirement benefits may include compensation in the nature of a monthly payment related to the last drawn salary and length of service with the Tata group (and on the death of the Whole-time Director, a portion thereof to the spouse for life time), ex-gratia payment relating to length of service, medical benefits, etc., and residential accommodation for Managing Director during his life time, as may be decided by the Board.

It is considered appropriate as a measure of good corporate practice that the shareholders' approval be sought to the said payments.

The resolution is commended for acceptance by the shareholders.

Mr. Santosh K. Gupta, Managing Director and Mr. Cyril De Sousa, Senior Executive Director of the Company to the extent that they may be entitled to these benefits, may deemed to be concerned or interested in the resolution at Item No.11.

By Order of the Board of Directors

Registered Office :
11, Station Road,
Burma Mines,
Jamshedpur – 831 007.
June 5, 2001

R. Sankaran
Director

Highlights					
	Rupees in lakhs				
	2000-01	1999-2000	1998-99 *	1997-98 *	1996-97 *
Sales	126,99.39	128,57.95	188,40.02	150,70.20	125,48.39
Employee costs	19,52.98	19,69.63	21,44.31	18,13.11	17,29.96
Depreciation	1,87.94	1,88.46	1,89.01	2,14.90	1,93.18
Interest & brokerage	1,64.87	2,49.67	3,44.20	5,75.00	4,81.18
Profit before taxes	5,01.65	6,33.77	2,96.80	11,77.83	6,81.13
Taxes	1,87.00	1,40.00	1,69.00	2,50.00	2,76.00
Profit after taxes	3,14.65	4,93.77	1,27.80	9,27.83	4,05.13
Dividend (%)	26	22	20	35	30
Net fixed assets	12,14.36	13,04.43	12,68.39	13,72.71	18,73.90
Share capital	5,50.22	5,50.22	4,68.19	4,68.19	4,68.19
Reserves and surplus	27,88.66	26,31.66	22,23.75	21,99.88	14,52.30
Net worth	33,38.88	31,81.88	26,91.94	26,68.07	19,20.49
Borrowings	2,08.95	15,66.87	27,48.46	29,55.45	31,56.59
Net worth per share (Rs.)	60.68	57.83	57.50	56.99	41.02
Debt : Equity ratio	0.06:1	0.49:1	1.02:1	1.1:1	1.6:1
Works production	40,48.57	42,46.50	63,81.61	69,78.14	56,41.33
Progress billings	96,91.81	100,26.98	92,01.45	151,91.83	109,16.65
Number of employees	1131	1194	1168	1315	1345
* Pre-amalgamation figures					

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Directors' Report

To the Members

The Directors are pleased to present the Thirtyeighth Annual Report and the audited statement of accounts for the year ended March 31, 2001.

1.0 Financial Results

Rupees in lakhs

		<i>Previous year</i>
Net Sales / Income from Operations	126,99.39	128,57.95
Other Income	2,85.82	2,45.59
Total Income	129,85.21	131,03.54
Expenditure		
a) (Increase)/decrease in stock in trade	6,32.04	5,15.40
b) (i) Consumption of raw materials	62,99.52	63,65.28
(ii) Payment to sub-contractors and engineering fees	13,18.94	11,88.95
c) Staff Cost	19,52.98	19,69.63
d) Operations, administration and selling expenses	18,05.31	20,95.46
e) Total Expenditure (a to d)	120,08.79	121,34.72
Profit before interest, depreciation, Exceptional/Extraordinary items and tax	9,76.42	9,68.82
Interest	1,64.87	2,49.67
Profit before depreciation, Exceptional/Extraordinary items and tax	8,11.55	7,19.15
Depreciation	1,87.94	1,88.46
Profit before Exceptional/Extraordinary items and tax	6,23.61	5,30.69
Exceptional/Extraordinary items [gain/(loss)]		
a) Employee Separation Compensation	(79.18)	(75.99)
b) Fuel cost surcharge relating to previous years	(42.78)	—
c) Arising out of amalgamation	—	1,79.07
d) Total of Exceptional / Extraordinary items (a to c)	(1,21.96)	1,03.08
Profit before tax	5,01.65	6,33.77
Provision for tax for the year	1,37.00	1,40.00
Provision for tax for previous year	50.00	—
Profit after tax	3,14.65	4,93.77
Add, amount brought forward from previous year	5,06.36	2,10.27
Disposable profit	8,21.01	7,04.04
Appropriations :		
(a) Proposed Dividend	1,43.06	1,21.05
(b) Tax on dividend	14.59	26.63
(c) General Reserve	5,00.00	50.00
Balance carried forward	163.36	506.36
	8,21.01	7,04.04

2.0 Dividend

The Directors recommend payment of dividend @ 26% for the year ended March 31, 2001 (Previous year : 22%).

3.0 Amalgamation

Operational integration of all the divisions in the organisation following the amalgamation of Tata Material Handling Systems Limited (now operating as Port and Yard Equipment Division) and Tata Technodyne Limited (now operating as EPC/EPCM Division) with your Company has progressed very satisfactorily and your Company has already started to reap the expected benefits from synergy and sharing of key resources.

4.0 Industry Scenario

The gloomy economic scenario in the country in general, and the sluggish growth in the capital goods and infrastructure sectors in particular, have once again resulted in very limited opportunities for order intake to companies such as yours. However, with increased operating efficiencies and improved competitiveness, your Company has been able to significantly increase its share of the available opportunities. The improved competitiveness achieved will also stand the Company in good stead in future.

5.0 Operations

5.1 Although the sales of the Company at Rs. 126.99 crores during the year under review have remained at almost the same level as in the previous year (Rs.128.58 crores), the Company's profitability (profit before exceptional/ extraordinary items and tax) has improved as a result of tight fiscal discipline and improvement in working capital management.

5.2 During the year under review, your Company successfully completed amongst others the following:

- a) Installation of two Ship Unloaders (largest in the country), supplied by the Company during the previous year for Oswal Chemicals & Fertilizers Ltd, Paradeep.
- b) Installation of 6 Nos. 10 t Level Luffing Cranes at Mumbai Port Trust, Mumbai which were supplied by the Company during the previous year.
- c) Supply of 8 Nos. Luffing Cranes to Vishakhapatnam Port Trust, Vishakhapatnam and installation of the first five cranes.
- d) Manufacture and supply of 30 Nos Side Discharge Loaders to Eastern Coalfields Ltd., Mahanadi Coalfields Ltd., and Tata Steel.
- e) Commissioning of the Materials Management Centre for Tata Ryerson Ltd., inside Tisco Works, Jamshedpur.
- f) Performance Guarantee tests for Coal Handling Plant at NTPC, Unchahar.
- g) Performance guarantee tests for Stamping-Charging-Pushing (SCP) machines at Battery No. 9, Tata Steel.
- h) Commissioning and handing over of Bulk Material Handling plant to ACC, Madhukonda.
- i) Construction and inauguration of "JRD Tata Learning Centre" in the office premises of the Company at Jamshedpur.

6.0 Exports

During the year the Company received orders through Tata International Ltd. and other agencies for equipment worth

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Rs.141.60 lakhs to Bangladesh, Sri Lanka and Australia. In addition, your Company is providing EPCM services to Tata International for a project in Laos (value of the project Rs. 6.40 crores).

During the year, the Company earned foreign exchange equivalent to Rs.734 lakhs through deemed exports. (During the previous year the earnings through deemed exports were equivalent to Rs.912 lakhs, and direct export earnings were equivalent to Rs.10.57 lakhs).

7.0 Future Outlook

Your Company has evolved robust strategies to consolidate operations in its existing business areas in India and abroad, and to vigorously pursue emerging opportunities in setting up coal washeries. Despite the current state of the economy, the management of your Company is optimistic about the long term prospects in the existing and emerging areas of business.

8.0 Collaborations/Associations

The Company has signed a Co-operation Agreement with M/s Landers Maschinenfabrik, Germany for manufacture and sale of grab buckets and for conversion of ship-board cranes. This is expected to generate good business opportunities for the Company in India and abroad in foreseeable future.

The Company is maintaining its existing collaborations / associations with M/s Techint Technologies (formerly: Italimpianti), Koch Transporttechnik GmbH (who have acquired technology of SCP machines for coke ovens from Saarberg Interplan), Schalker Eisenhutte Maschinenfabrik GmbH (Schalke), BMH Claudius Peters, Hatch Associates,

Australia and Grinaker-LTA, S.A. for respective products and services.

9.0 Costs

As mentioned above, your Company Management has placed great emphasis and has achieved significant (i) improvements in the operational efficiencies and (ii) reduction in costs. These achievements have made the Company more competitive.

10.0 Working Capital Management & Cash-flow

The Company continued to focus its efforts towards effective management of working capital and cash flows, and has achieved a reduction in its total borrowings from Rs.15.67 crores as at March 31, 2000 to Rs. 2.09 crores as at March 31, 2001.

The Company Management reinforced its efforts to reduce the level of debtors in the shortest possible time and has achieved good results despite the continuing general liquidity crunch.

11.0 Fixed Deposits

As in the previous year, the Company has not accepted/renewed any fixed deposits during this year. All deposits matured during the year have been repaid with interest accrued up to the date of maturity. Deposits of Rs. 5.77 lakhs due for repayment on or before March 31, 2001 were not claimed by 43 depositors as on the date of this report.

12.0 Business Excellence & Quality

12.1 As has been reported last year, the Company has signed the Tata Brand Equity and Business Promotion (BE-BP) Agreement with TATA SONS LTD. and has adopted the Tata Code of Conduct.