



TRF LIMITED

A **TATA** Enterprise



**43rd Annual Report
2005-06**

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43rd Annual General Meeting will be held on Friday, July 14, 2006 at the Auditorium of Shavak Nanavati Technical Institute, 'N' Road, Bistupur, Jamshedpur - 831 001 at 12:00 noon

Members are requested to kindly bring their copies of the Annual Report to the meeting.

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Board of Directors

(As on April 18, 2006)

Dr. Jamshed J. Irani (*Chairman*)

S. J. Ghandy

R. Sankaran (*upto 16.07.2005*)

S. K. Bhargava

B. D. Bodhanwala

R. P. Singh

K. P. Singh

Ranaveer Sinha

Jayant Kumar

Santosh K. Gupta (*Managing Director*)

R. C. Nandrajog (*Executive Director*)

Management

(As on April 18, 2006)

Santosh K. Gupta Managing Director

R. C. Nandrajog Executive Director

A. K. Chakraborti Executive Vice President (Engg., IT & HR)

Hari Om Prakash Sr. General Manager (BMHS)

Ashim Roy General Manager (Finance & Accounts)

T. K. Basu General Manager (Engineering)
(w.e.f. 22.08.2005)

P. P. Deshmukh Deputy General Manager (Works)

L. T. K. Ambasta Deputy General Manager (Projects)

N. Ghosh Assistant General Manager (Mini Blast Furnaces)

S. S. Chand Assistant General Manager (Contracts)

S. Dasgupta Sr. Divisional Manager - Incharge, Port & Yard Equipment Div.

Vishwanath G. Malagi Company Secretary

REGISTERED OFFICE

11, Station Road, Burma Mines,
Jamshedpur - 831 007

BANKERS

Bank of India
Canara Bank
Central Bank of India
State Bank of India
Indian Bank

AUDITORS

A. F. Ferguson & Co.

REGISTRARS & SHARE TRANSFER AGENTS

TSR Darashaw Limited
(Formerly Tata Share Registry Ltd.)
Army & Navy Building,
148, Mahatma Gandhi Road,
Mumbai - 400 001

Notice

NOTICE IS HEREBY GIVEN THAT THE FORTY-THIRD ANNUAL GENERAL MEETING OF TRF LIMITED will be held at the Auditorium of Shavak Nanavati Technical Institute, 'N' Road, Bistupur, Jamshedpur – 831 001, on Friday, July 14, 2006 at 12.00 noon to transact the following business :

1. To receive and adopt the audited Profit and Loss Account of the Company for the year ended March 31, 2006, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares of the Company for the year ended March 31, 2006.
3. To appoint a Director in place of Mr. S. K. Bhargava, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. B. D. Bodhanwala, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. R. P. Singh, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The Register of Members and share transfer books of the Company will be closed from June 23, 2006 to June 30, 2006 (both days inclusive) for the purpose of ascertaining entitlement of dividend.
- c) The dividend on shares, as recommended by the Directors, and if declared at the meeting, will be payable to those members whose names appear on the Register of Members of the Company as on June 30, 2006 or their mandatees, subject however, to the provisions of Section 206A of the Companies Act, 1956.

In respect of shares held in electronic form, the dividend will be payable to the beneficial owners as on June 23, 2006 as per details received from the Depositories.

- d) As per the provisions of the Companies Act, 1956, facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registered Office or the Registrars & Share Transfer Agents of the Company.
- e) Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no claims shall be tenable either by the Company or the said Fund after the transfer of the said amount.

Members, who have not as yet encashed their dividend warrant(s) for the financial year ended March 31, 1999 and onwards, are requested to make their claims to the Registrars & Share Transfer Agents of the Company without any delay.

- f) Members desirous of any additional information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
- g) Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.

Registered Office:

11, Station Road,
Burma Mines,
Jamshedpur – 831 007.

April 18, 2006

By Order of the Board of Directors

Vishwanath G. Malagi
Company Secretary

TRF LIMITED

Fortythird annual report 2005-06

Details of directors seeking appointment/re-appointment in the forthcoming Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges)

Name of Director	Mr. Subodh Kumar Bhargava	Mr. Behram Darab Bodhanwala	Mr. Ram Prit Singh
Date of birth	30.03.1942	02.11.1947	25.07.1944
Date of appointment	30.10.2000	30.10.2000	24.08.2001
Expertise in specific functional areas	Engineering	Civil Construction, Project & Material Handling	Engineering, Procurement, Contracting, Construction
Qualifications	B.E. (Mech.)	B.Com (Hons.)	B.Sc. Engg. (Mech.)
List of companies in which outside Directorship held as on March 31, 2006	Wartsila India Ltd. Videsh Sanchar Nigam Ltd. Samtel Color Ltd. Rane Engine Valves Ltd. Samcor Glass Ltd. Carborundum Universal Ltd. GlaxoSmithKline Consumer Healthcare Ltd. Batliboi Ltd. SRF Ltd. DCM Engineering Ltd.	NONE	TCE Consulting Engineers Ltd. Stewarts & Lloyds Ltd.
Chairman/Member of the committees of the Boards of companies on which he is a Director as on March 31, 2006	Videsh Sanchar Nigam Ltd.: Chairman – Audit Committee Rane Engine Valves Ltd.: Chairman – Audit Committee Samtel Color Ltd.: Chairman – Audit Committee Wartsila India Ltd.: Member – Audit & Investors' Grievances Committee Carborundum Universal Ltd.: Member – Audit Committee DCM Engineering Ltd.: Member – Audit Committee	NONE	TCE Consulting Engineers Ltd. : Member – Audit Committee
Shareholding in TRF Limited	NIL	NIL	NIL

Highlights					
	Rupees in lakhs				
	2005-06	2004-05	2003-04	2002-03	2001-02
Sales & Services (Net)	216,55.27	200,06.26	173,43.82	134,72.52	123,42.30
Other Income	24.01	1,62.59	1,16.63	2,59.43	1,14.23
Extraordinary Income	—	—	—	1,57.34	8,84.05
Employee costs	24,00.26	20,74.59	19,56.95	19,99.70	20,30.65
Depreciation	1,29.86	1,39.59	1,51.90	1,58.85	1,46.49
Interest & brokerage	4,34.69	4,11.07	2,11.97	2,63.56	1,10.78
Profit / (Loss) before taxes	11,57.66	6,60.34	5,29.44	(93.55)	12,53.48
Taxes / (Write back)	4,50.19	2,63.86	1,97.37	(51.40)	3,20.00
Profit / (Loss) after taxes	7,07.47	3,96.48	3,32.07	(42.15)	9,33.48
Dividend (%)	40	30	26	12	26
Works production	97,00.39	73,01.72	51,62.38	48,63.94	52,78.56
Progress billings	15014.33	144,45.20	136,74.20	94,07.43	95,35.94
	As on 31.03.2006	As on 31.03.2005	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002
Net fixed assets	8,53.76	8,94.44	9,03.42	10,01.37	11,23.67
Share capital	5,50.22	5,50.22	5,50.22	5,50.22	5,50.22
Reserves and surplus	37,22.33	32,65.82 *	33,67.47	31,96.78	33,13.42
Net worth	42,72.55	38,16.04 *	39,17.69	37,47.00	38,63.64
Borrowings	41,27.13	64,05.37	43,52.42	30,18.51	18,69.65
Net worth per share (Rs.)	77.65	69.35	71.20	68.10	70.22
Debt : Equity ratio	0.97:1	1.68:1	1.1:1	0.81:1	0.48:1
Number of employees	753	788	852	941	1001
* Consequent to the confirmation by the Hon'ble High Court of Judicature at Ranchi of the Financial Restructuring Scheme approved by the shareholders at the Extra-ordinary General Meeting held on December 29, 2003, the impact of restructuring have been given effect to from April 1, 2004. As a result, reserves and surplus, excluding revaluation reserves as on April 1, 2004, have come down by Rs. 309.91 lakhs, with corresponding decrease in Misc. Expenditure to the extent not written off.					

Directors' Report

To the Members

The Directors are pleased to present their Forty-third Annual Report and the audited statements of Accounts for the year ended March 31, 2006.

1.0 Financial Results

Rupees in lakhs

		<i>Previous year</i>
Net Sales & Services / Income from Operations	216,55.27	200,06.26
Other Income	24.01	1,62.59
Total Income	216,79.28	201,68.85
Expenditure		
a) (Increase)/Decrease in Inventories and Contracts in Progress	6,04.07	(56.11)
b) (i) Consumption of raw materials & Components	120,21.71	113,12.50
(ii) Payment to sub-contractors	23,26.59	34,17.24
c) Staff Costs	24,00.26	20,74.59
d) Operations, administration and selling expenses	25,74.65	21,76.02
e) Total Expenditure (a to d)	199,27.28	189,24.24
Profit before interest, depreciation, exceptional/extraordinary items and tax	17,52.00	12,44.61
Interest	4,34.69	4,11.07
Profit before depreciation, exceptional/extraordinary items and tax	13,17.31	8,33.54
Depreciation	1,29.86	1,39.59
Profit/(Loss) before exceptional/extraordinary items and tax	11,87.45	6,93.95
Exceptional/Extraordinary items [gain/(loss)]		
a) Employees Separation Compensation	(26.79)	(33.61)
b) Provision for diminution in the value of Investment	(3.00)	—
c) Total of Exceptional / Extraordinary items (a and b)	(29.79)	(33.61)
Profit / (Loss) before Tax	11,57.66	6,60.34
Provision for Taxation for the year	4,35.00	2,53.00
Provision for Deferred Tax liability	(42.06)	10.86
Provision for Fringe Benefit Tax	57.25	—
Profit / (Loss) after tax available for Disposal	7,07.47	3,96.48
Add : amount brought forward from previous year	2,36.09	1,77.83
Disposable Profit	9,43.56	5,74.31
Appropriations :		
(a) Proposed Dividend	2,20.09	1,65.07
(b) Tax on Dividend	30.87	23.15
(c) General Reserve	3,75.00	1,50.00
Balance carried forward	3,17.60	2,36.09
	9,43.56	5,74.31

(figures for previous year have been regrouped wherever necessary)

2.0 Dividend

The performance of your Company during the financial year 2005-06, has been very encouraging. The Directors recommend payment of a dividend of 40% for the year ended March 31, 2006 (previous year : 30%), if approved by the shareholders at the ensuing Annual General Meeting.

3.0 Operations

During the year under review, your Company has posted an increase of 7.5 % in Total Income over previous year [Total Income for financial year 2005-06 is Rs.21679 lakhs (*all time high*) as against Rs.20169 lakhs in the previous year]. Profit before Tax for the year has registered an increase of 75.3 % over the previous year. (Profit before Tax for the financial year 2005-06 : Rs. 1157.66 lakhs as against Profit before Tax of Rs. 660.34 lakhs in the previous year). Profit after Tax for the year has registered an increase of 78.4% over the previous year (Profit after Tax for Financial Year 2005-06 : Rs. 707.47 lakhs as against Profit after Tax of Rs.396.48 lakhs in the previous year).

3.1 During the year under review, the Works achieved an all time high production of Rs.97 crores surpassing the previous best of Rs.73 crores achieved in 2004-05.

3.2 During the year 2005-06, your Company, in addition to other orders, secured two large orders viz. (i) order for Coking Coal & Coke Handling System from M/s. Hooghly Met Coke & Power Co. Ltd., Haldia, valued at Rs.81 crores and (ii) order for coal handling from M/s. Bhilai Electric Supply Co., valued at Rs.152.60 crores.

3.3 Your Company, during the Financial Year 2005-06 has completed amongst others:

- a) Engineering, manufacture, supply and erection of Stock House Material Handling System for 'G' Blast Furnace at Tata Steel.
- b) Commissioning of Raw Material feed system for Kilns No. 3 and 4 of Bhushan Steel Ltd.
- c) Commissioning of Barrel Reclaimer at Tata Steel (engineering, manufacture, supply and erection of which was completed in previous year).

4.0 Exports

During the year, your Company earned foreign exchange worth Rs.252.67 lakhs through exports including deemed exports, as against previous year's earnings through exports including deemed exports of Rs.177.20 lakhs.

5.0 Management Discussion & Analysis

Management Discussion and Analysis Report is set out as separate Annexure to this report.

6.0 The Auditors, in their report to the Members, have commented that in view of uncertainties in matters under arbitration involving technical issues, they were unable to assess the final outcome and were, therefore unable to express an opinion on the recoverability of debts of Rs.571 lakhs. The arbitration, as has been reported in the Notes to the Accounts in earlier years, had been requested by your Company, not only for payment of the outstanding debts of Rs.571 lakhs but also for settlement of Company's other claims. As your Company has a very strong case, it continues to consider the aforesaid debts of Rs.571 lakhs as good.

7.0 Fixed Deposits

As in the previous year, your Company has not accepted/ renewed any fixed deposits during the year. All deposits have matured and have been repaid when claimed by the depositors together with interest accrued upto the date of maturity. All unclaimed deposits along with interest accrued upto the date of maturity have been deposited with the Investors Education and Protection Fund as and when these became due.

8.0 Business Excellence & Quality

8.1 As reported in previous years, your 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. Your Company's journey towards excellence through continuous improvements in all its areas of business activities is continuing with the application of the Tata Business Excellence Model (TBEM) in the management of your Company. In recognition of its efforts, your Company received 'Serious Adoption of TBEM' Award for 2005 in the month of November, 2005.