




24th Annual Report (2010-11)

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TINNA OVERSEAS LIMITED

TINNA PRESENCE ACROSS INDIA



CHAIRMAN'S MESSAGE

Dear Shareholders,

I am delighted to connect with you through this annual report of the Company.

First, I take this opportunity to thank our Customers, Partners, Bankers and Shareholders for reposing their confidence in the Company and providing their unstinted support. My thanks to the management team and all employees of the company for having their enthusiasm and dedication towards the company.

As you are aware that the trading of shares of the company was under suspension. With its continuous sincere efforts the Company was able to get the revocation of suspension of its shares. I am very happy to inform you that the trading of shares resumed w.e.f 07th July, 2011. The trading of equity will provide a continuous liquidity to the shareholders of the company which in turn helps broaden the shareholder base. The company is fast emerging and steadily overcoming the bottlenecks of the past.

The company is a market leader in the field of rubber & bituminous products, the company has captured substantial share in the market by maintaining high quality, reliability and customer satisfaction.

I urge you to read the details of the developments and performance of the various business in the chapter on Management Discussion and Analysis. We are confident of contributing the growth story backed by good performance across businesses.

I am pleased to inform you that after pioneering and crossing 200,000 ton marks last year in field of rubber modifier, CRMB & PMB production, **we have now entered into manufacturing of quality bitumen Emulsions at our Panipat central plant where we have installed a state of the art plant.** This fully computerized sophisticated plant is capable of producing 12 TPH Bitumen Emulsion of very high quality was imported from Europe from the world leaders in this technology.

Poor maintenance of roads costs the country about ₹ 35,000 Crore annually and erodes some 40,000 km of rural roads, and 10,000 km of secondary roads as per report prepared by the national transport development policy committee of RBI. Poor roads reduce life of vehicles, increase traveller freight time, push up consumption of fuel and raise maintenance costs of automobiles.

Most central banks in emerging economics, like the Reserve Bank of India (RBI) reached to high inflation by adopting a hard line in terms of monetary policy. Consequently, interest rates have increased by several basis points in these emerging economies, including India. High interest rates may hinder investment future growth. These are worrisome and may affect growth in the near terms even in India, but I do believe that the macro-economic fundamentals and the demographic characteristics are well in place to foster growth momentum in the long run.

I would like to express our delight at presenting you the financial result of your company. Over the years, we have built a sizeable business in India and with renewed focus on bitumen industries as an independent entity, we aim to accelerate our growth into global markets.

We stay committed to deliver value to our shareholders and renew our promise to constantly focus on exceeding customer's expectations by providing world class product and services.

Thank you for your participation in the evolution of the company so far.

Best Wishes & Regards,

Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Bhupinder Kumar

Chairman

Shri Kapil Sekhri

Director

Shri Rajesh Kumar Garg

Director

Shri Anil kumar Grover

Director

Shri Kulbir Singh

Additional Director

Shri Choudhary Runveer Krishanan

Company Secretary & Compliance Officer

BOARD COMMITTEES

AUDIT COMMITTEE

Shri Rajesh Kumar Garg

Chairman

Shri Anil Kumar Grover

Member

Shri Kulbir Singh

Member

REMUNERATION COMMITTEE

Shri Anil Kumar Grover

Chairman

Shri Rajesh Kumar Garg

Member

Shri Kulbir Singh

Member

SHAREHOLDERS'/INVESTORS' /

GRIEVANCES COMMITTEE

Shri Anil Kumar Grover

Chairman

Shri Rajesh Kumar Garg

Member

Shri Kulbir Singh

Member

REGISTERED OFFICE

No. 6, Sultanpur (Mandi Road)

Mehrauli, New Delhi - 110030

STATUTORY AUDITORS

Rawla & Company

Chartered Accountants

BANKERS

Syndicate Bank

CONTENTS

Page No(s)

Corporate Information

Chairman's Message

Notice	1 - 7
Directors' Report & Annexures	8 - 11
Report on Corporate Governance	12 - 22
Auditors' Report & Annexures	23 - 27
Balance Sheet	28
Profit & Loss Account	29
Schedules to Accounts	30 - 50
Cash Flow Statement	51
Statement pursuant to Section 213(3) and other details of Subsidiary Companies under Section 212(8) of the Companies Act, 1985	52
Balance Sheet Abstract	53
Consolidated Accounts & Auditor Reports Thereon	54 - 80
Accounts on Subsidiary Company: B.G.K. Infrastructure Developers Pvt. Ltd.	81 - 92
Form of Proxy and Attendance Slip	

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of Tinna Overseas Limited will be held on **Friday, 30th September, 2011 at 9.00 A.M. at 18 South Drive Way, DLF Farms, Chhattarpur, New Delhi** to transact the following business:

ORDINARY BUSINESS

01. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011, and Profit & Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
02. To appoint a Director in place of Shri Bhupinder Kumar who retires by rotation and being eligible offers himself for re- appointment
03. To appoint M/s Rawla & Co., Chartered Accountants, New Delhi, the retiring Auditors as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors.

SPECIAL BUSINESS

04. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"Resolved That Shri Kulbir Singh be and is hereby appointed as a Director of the company liable to retire by rotation."

05. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:

"Resolved That in partial modification of special resolution passed at the annual general meeting of the company held on 30th September, 2010 and pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII & other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) & subject to such other approvals/sanctions, if any, Shri Bhupinder Kumar shall be given/entitled to remuneration w.e.f. 01st April, 2011 of ₹ 3,00,000/- pm or such other amount as permissible in terms of Section II of Part II of Schedule XIII of the Companies Act, 1956 in case of inadequate profit or no profit during his remainder

tenure. Further, in case of sufficient profits, his remuneration shall be calculated in terms of the special resolution as earlier approved at the Annual General Meeting held on 30th September, 2010.

Resolved Further That other terms and conditions/ contents shall be as per earlier resolution and remain unchanged.

Resolved Further That in terms of Section II of Part II of Schedule XIII of the Companies Act, 1956, the required disclosure be and is hereby also given."

06. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:

"Resolved That in partial modification of special resolution passed at the annual general meeting of the company held on 11th December, 2009 and pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII & other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) & subject to such other approvals/sanctions, if any, Shri Kapil Sekhri shall be given/entitled to remuneration w.e.f. 01st April, 2011 of ₹ 3,00,000/- pm or such other amount as permissible in terms of Section II of Part II of Schedule XIII of the Companies Act, 1956 in case of inadequate profit or no profit during his remainder tenure. Further, in case of sufficient profits, his remuneration shall be calculated in terms of the special resolution as earlier approved at the Annual General Meeting held on 11th December, 2009.

Resolved Further That other terms and conditions/ contents shall be as per earlier resolution and remain unchanged.

Resolved Further That in terms of Section II of Part II of Schedule XIII of the Companies Act, 1956, the required disclosure be and is hereby also given."

**By Order of the Board of Directors
For Tinna Overseas Limited**

**New Delhi
August 24, 2011**

**Choudhary Runveer Krishanan
Company Secretary**

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. **The proxy in order to be effective must be lodged at the Regd. Office of the Company at No. 6, Sultanpur (Mandi Road), Mehrauli, New Delhi-110030 at least 48 hours before the commencement of the meeting.**
3. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 26th September, 2011 to Friday, the 30th September, 2011- (both days inclusive).
6. Members who are holding Company's shares in dematerialization form are requested to bring details of their depository A/c Number for identifications.
7. Members holding equity shares in physical form are hereby requested to notify change of their address, if any, quoting folio number.
8. Members are requested to inform us their e-mail address to enable us to send important communications such as un-audited financial results, press releases and other similar information soon after these are intimated to the stock exchanges.
9. The Company has a dedicated e-mail address "**investor@tinna.in**" for shareholders to mail their queries or lodge complaints, if any. We will endeavour to reply to your queries at the earliest.
10. The Company's website "**www.tinna.in**" has a dedicated section on investors.
11. SEBI has placed the Company's shares under compulsory demat i.e transactions in the Company's shares are required to be done only in the demat form. Further considering the advantages of scripless trading like exemption from stamp duty, elimination of bad deliveries, reduction in transaction costs, improved liquidity etc., members are requested to consider dematerialisation of their shareholding, if not already done, to avoid inconvenience in future.

STATEMENT CONTAINING FOLLOWING INFORMATION PURSUANT TO SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956

Item No. 5.

In terms of the Section II of Part II of Schedule XIII, the following Information as listed:-

I General Information:

- (1) **Nature of industry-** To deal in all kind of rubbers, rubber sheets, rubber products and P.V.C. Chemicals, Bituminous Products;
- (2) **Date or expected date of commencement of commercial production-** The Company was incorporated on 04th March, 1987 and is an existing company and production activities already commenced many years back.
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus-** The Company is an existing company and hence, the para is not applicable to the company.
- (4) **Financial performance based on specified indicators-** The total turnover of the company in the financial year is ₹ 11,801.98 lacs. During the year the total turnover from bitumen activity is increased by 21 % and the company is now entering into manufacturing of quality bitumen Emulsions at our Panipat central plant where we have installed a state of the art plant. This fully computerized sophisticated plant is capable of producing 12 TPH Bitumen Emulsion of very high quality was imported from Europe from the world leaders in this technology.
- (5) **Export performance and net foreign exchange collaborations-** There is no export in the company during the financial year.
- (6) **Foreign investments or collaborators, if any-** There is no foreign investment or collaborators in the company.

II. Information about the appointee:

- (1) **Background details-** Shri Bhupinder Kumar is the principal promoter of the Company. He is also Director/ Chairman of other group companies. He is visionary leader. Under his leadership, the Company

has achieved enviable growth. He has been the driving force in successful implementation of various initiatives and strategies, which positioned the Company to this level. He is 60 years old having vast and varied experience of the industry over 40 years.

- (2) **Past remuneration -** Shri Bhupinder Kumar was given overall remuneration of 5% of net profits of the Company calculated in terms of Section 198, 269, 309, 310, 311 read with Schedule XIII & other applicable provisions of the Companies Act, 1956 as applicable from time to time.
- (3) **Recognition or awards -** Under his leadership, the Company has achieved enviable growth. He has been the driving force in successful implementation of various initiatives and strategies, which positioned the Company to this level. The dream of "TINNA" was developed and established by Shri Bhupinder Kumar. Today, Tinna group is well known entity on the global industrial dimension.
- (4) **Job profile and his suitability -** He is Chairman cum whole Time Director of the company and looking after/ guiding entire operations/ policy matters.
- (5) **Remuneration proposed -** Shri Bhupinder Kumar shall be given/entitled to remuneration w.e.f. 01st April, 2011 of ₹ 3,00,000/- pm or such other amount as permissible in terms of Section II of Part II of Schedule XIII of the Companies Act, 1956 in case of inadequate profit or no profit during his remainder tenure. Further, in case of sufficient profits, his remuneration shall be calculated in terms of Section 198, 269, 309, 310, 311 of the Companies Act, 1956.
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) -** The Company is a market leader in the Bitumen Product as well as the Company is having major investment in Winery & Agro Products. In current business performance of the company the remuneration designed is very competitive keeping in view the growth of the Company. In last few years the management is having very disciplined approach

towards the remuneration policy. The phenomenal growth in activity and the increase in investment in different sectors viz., agro product, winery, etc. have substantially increased the responsibility and accountability of the management and its directors.

- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any** - Except specified remuneration, there is no pecuniary relationship directly or indirectly with the company or with the managerial personal.

III. Other information:

- (1) **Reasons of loss or inadequate profits** - The reduction in profit mainly resulted due to lowering of margin as due to increased competition, selling price/job work charges of refineries has remained same/reduced but operational cost has increased. Price of scrap rubber has gone up. Due to inflation manpower cost has also increased. Financial cost has increased due to increased lending rate. During the year company booked Cess Tax of Mumbai units and interest ₹ 56.22 lacs (including interest etc ₹25 lacs) relating to earlier years as per order adjudicated on 31 August 2010. Company started activity of site mixing in the 4th quarter on 2009-10 and achieved turnover of Rs 11 lacs and during the current year 2010-11 its turnover was ₹ 448 lacs for the material sold for site mixing. Being the first year of site mixing it was a learning experience and there was higher cost of site mixing operation (Mobile Blending Units) and the profit from this activity was less than expected. However, the operational and administrative system of the site mixing unit is now in better position and company is hopeful for the better contribution from MBU. The Company also booked bad debts /provision for doubtful debts ₹ 49.47 lacs.
- (2) **Steps taken or proposed to be taken for improvement** - Company is working hard to increase non-tender business, directly with private parties and by setting up site mixing units. In previous financial year 2009-10, company was having 2 site mixing units and in current year company is having 8 site mixing units. At Panipat company has set up Emulsion Plant which has become operational in August 2011.
- (3) **Expected increase in productivity and profits in measurable terms** - Above steps of new plant and better utilization of existing assets expected to give improvements in results.

IV. Disclosures:

The information pertaining to remuneration package of the managerial person is disclosed separately in the column "Report on Corporate Governance" of this annual report.

The following disclosures are mentioned in the Board of Director's report under the heading "Report on Corporate Governance" attached to this annual report:-

- (i) *All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;
- (ii) *Details of fixed component and performance linked incentives along with the performance criteria;
- (iii) *Service contracts, notice period, severance fees;
- (iv) *Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

[* Please refer the Sub Para III of Para 2 of "Report on Corporate Governance"]

Item No. 6.

In terms of the Section II of Part II of Schedule XIII, the following Information as listed:-

I. General Information:

- (1) **Nature of industry**- To deal in all kind of rubbers, rubber sheets, rubber products and P.V.C. Chemicals, Bituminous Products;
- (2) **Date or expected date of commencement of commercial production**- The Company was incorporated on 04th March, 1987 and is an existing company and production activities already commenced many years back.
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**- The Company is an existing company and hence, the para is not applicable to the company.

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The total turnover of the company in the financial year is ₹ 11,801.98 lacs. During the year the total turnover from bitumen activity is increased by 21 % and the company is now entering into manufacturing of quality bitumen Emulsions at our Panipat central plant where we have installed a state of the art plant. This fully computerized sophisticated plant is capable of producing 12 TPH Bitumen Emulsion of very high quality was imported from Europe from the world leaders in this technology.

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