

## Directors' Report

### To the Members

The Directors are pleased to present their forty-eighth annual report and the audited financial accounts for the year ended March 31, 2011.

#### 1.0 Financial Results

(Rupees in lakhs)

	Stand alone		Consolidated	
		<i>Previous Year</i>		<i>Previous Year</i>
Net Sales & Services / Income from Operations	72,358.02	64,994.95	111,355.70	86,591.86
Other income	870.28	365.31	1,254.42	1,237.10
Total income	73,228.30	65,360.26	112,610.12	87,828.96
Expenditure:				
a) (Increase)/Decrease in Inventories and Contracts in progress	(479.46)	(1,616.29)	(2,102.25)	(1,399.99)
b) (i) Consumption of raw materials & Components	40,042.63	36,131.61	68,467.52	50,844.79
(ii) Payment to sub-contractors	18,030.83	10,129.79	18,371.00	10,338.55
c) Employee Costs	4,573.79	4,308.51	8,302.18	6,914.10
d) Operations administration and selling expenses	9,287.54	7,740.11	16,324.73	11,808.19
e) Total Expenditure (a to d)	71,455.33	56,693.73	109,363.18	78,505.64
Profit before interest, depreciation, exceptional/extraordinary items and tax	1,772.97	8,666.53	3,246.94	9,323.32
Interest	1,246.50	972.82	1,755.21	1,250.76
Profit before depreciation, exceptional/extraordinary items and tax	526.47	7,693.71	1,491.73	8,072.56
Depreciation	385.62	319.50	849.17	611.60
Profit/(Loss) before exceptional/extraordinary items and tax	140.85	7,374.21	642.56	7,460.96
Amount transferred to Capital Account	—	—	(69.30)	(107.01)
Profit before exceptional/ extraordinary items and after amount transferred to Capital Account	140.85	7,374.21	711.86	7,567.97
Exceptional/Extraordinary items [gain/(loss)]:				
Prior period items	—	(239.91)	—	(181.20)
Profit / (Loss) before tax	140.85	7,134.30	711.86	7,386.77
Provision for Taxation for the year	—	2,575.00	489.71	2,661.38
Provision for Deferred Tax liability	57.60	(158.57)	33.13	(151.47)
Provision for Fringe Benefit Tax	—	—	—	—
Profit/(Loss) after tax	83.25	4,717.87	189.02	4,876.86
Less: Minority Interest	—	—	162.09	204.80
Profit after minority interest	83.25	4,717.87	26.93	4,672.06
Add: amount brought forward from previous year	1,557.49	1,802.03	763.60	1,055.19
Disposable Profit	1,640.74	6,519.90	790.53	5,727.25
<b>Appropriations:</b>				
(a) Proposed Dividend	220.09	825.33	220.09	825.33
(b) Tax on Dividend	35.70	137.08	35.70	138.32
(c) General Reserve	6.50	4,000.00	6.50	4,000.00
Balance carried forward	1,378.45	1,557.49	528.24	763.60
	1,640.74	6,519.90	790.53	5,727.25

(figures for previous year have been regrouped wherever necessary)

# TRF LIMITED

## Fortyeighth annual report 2010-11

### 2.0 Dividend

The Directors recommend payment of dividend of 20 % for the year ended March 31, 2011 (Previous year: 75%), if approved by the shareholders at the ensuing Annual General Meeting.

### 3.0 Issue of Commercial Papers

During the financial year your Company has issued Commercial Papers worth Rs.10,500 lakhs. As on March 31, 2011 all Commercial Papers have been matured and repaid.

### 4.0 Credit Rating

During the financial year your Company has revalidated its credit rating for Short Term Debt including Commercial Papers, by CARE. CARE has assigned 'PR1+' rating for an amount of Rs. 9,000 lakhs. This rating is the highest given to any Indian company, in our field of business.

### 5.0 Operations

5.1 During the year your Company has expanded its Works capacity and a new fabrication yard is under construction and nearing completion. Your Company has also started two new business divisions, viz. (i) Balance of Plant (BOP) and (ii) Operation & Maintenance Services (O&MS).

(i) *Balance of Plant (BOP)* : With an objective to exploit the business opportunities and to increase the market share in thermal power sector, a separate Balance of Plant division was established to carry on BOP business.

The main initiatives taken during the year was vendor development, selection of consortium partners, market survey and analysis, building database for future power projects, initiate extensive customer contact programme and build customer relationship etc.

(ii) *Operation & Maintenance Services (O&MS)* : This division is started with a view to create a new revenue stream for TRF and

to generate demand for spares. Currently, this division is under discussions with perspective customers.

5.2 During the financial year 2010-11 performance of your Company was as follows:

- ❑ Total income at Rs. 112,610.12 lakhs, (Previous Year Rs. 87,828.96 lakhs);
- ❑ Turnover at Rs. 111,355.70 lakhs, (Previous Year Rs. 86,591.86 lakhs);
- ❑ Profit before tax at Rs. 711.86 lakhs, (Previous Year Rs. 7,386.77 lakhs);
- ❑ Profit after tax at Rs. 189.02 lakhs, (Previous Year Rs. 4,876.86 lakhs);
- ❑ Earning Per Share as on March 31, 2011 was Rs. 0.24 (Previous Year as on March 31, 2010 was Rs.42.46 );
- ❑ All time high production of Rs. 24,910 lakhs, (Previous Year Rs. 20,000 lakhs).

5.3 The order book position at the end of the year was reasonable.

5.4 During the financial year 2010-11 following major projects were in progress:

- a) Coal Handling Plant for 3 x 500 MW Power Plant at Indira Gandhi Super Thermal Power Plant, Aravali;
- b) Iron Ore Crushing & Conveying Plant at NMDC, Bailadilla;
- c) Coal Handling Equipment supply to Tata Projects Limited for "Balance of Plant" MAHAGENCO, Bhusawal;
- d) Coal Handling Plant for 2 x 600 MW Power Plant for DVC, Raghunathpur;
- e) Coal Handling Plant for 2 x 500MW Power Plant at Mauda Super Thermal Power Project;
- f) Coal Handling Plant for 2 x 660MW Power Plant at Barh Super Thermal Power Project Stage-II;
- g) Coal Handling Plant for 2 x 500MW Power Plant at Vindhyachal Super Thermal Power Project Stage-IV;

- h) Coal Handling Plant for JSPL, Angul;
- i) Tata Steel Raw Material Handling System for 3 million Tonnes expansion.

5.5 *Reasons for inadequate profits* : The financial mis-statements were noticed in a particular division for earlier years. This was done by a group of officers who were discharged from the Company and the Company has initiated necessary legal proceedings against them. A new team, who had taken charge of the division had reviewed the cost of the projects under execution and corrected the same where ever necessary. Consequently, the Company had to book losses in the division bringing down the overall profits of the Company.

In addition, profitability of the project business was lower in the current year as compared to earlier years because of lower margin in the projects under execution.

## 6.0 Subsidiaries Performance

### 6.1 YORK Group

During the year, most economies in the Asia-Pacific region as well as Africa performed well riding on mining, infrastructure and manufacturing sectors growth. York's market share has improved significantly in India, Indonesia, South Africa and Thailand. During the year York commenced direct sales in China and are supplying its products to trailer builders who export trailers to Australia, Middle-East and Africa.

During the year York's R&D team has developed and introduced several new products for special applications. York introduced ABS axle and air suspension in petroleum, oil & gas segment where safe transportation is the prime consideration. Improved braking and having vibration free chassis

(eliminating the need for frequent suspension welding due to failures) would contribute greatly for safe transportation in the sector.

In India, in addition to its current manufacturing facility at Jamshedpur, York has set up a larger plant at Pune, which will eventually have an installed capacity of 100,000 axles /annum. York is also setting up an R&D department at its new facility at Pune. This facility was commissioned in May 2011. York India customer base is also fast expanding and now stands at 104 at the end of March 2011 as compared to 54 in the beginning of the year.

York India sales has increased substantially and it has acquired 22% market share in the fast growing trailers segment. York is now the preferred brand for trailer axles and suspensions for many reputed large fleets and transporters.

### 6.2 Adithya Automotive Applications

Adithya Automotive Applications Private Limited (AAA) started in-house commercial operations during the year. On October 7, 2010 the state-of-the-art plant at Lucknow was inaugurated by Dr. Jamshed J. Irani, Director Tata Sons and Chairman TRF Ltd. It started with manufacturing, assembly and mounting of 14 Cu M tipper bucket on Tata LPK 2518 chassis. It has already added a variant of 10 Cu M bucket to be mounted on Tata LPK 1618.

During the year 'AAA' supplied approx 1300 tipper buckets of different cubic capacities and has reached a level of 75% capacity utilization in the last quarter of the year.

### 6.3 DLT Group

During the year the sales in terms of number of units sold and revenue has increased in both local and export markets. Export sales increase has come

through higher sales in Port as well as Road segments in the Middle East, Africa and South Asia regions. Continued good demand and our ability to compete with new products enabled us to maintain leadership in the local market.

Noteworthy new products developed during the year include Special 25 meter long trailer for carrying the Wind Mill blades, Tip Trailers and Coil Carriers.

Dutch Lanka Engineering Private Limited, a 100% subsidiary of DLT in Sri Lanka engaged in repairs, maintenance and service business of trailers in Sri Lanka, has improved its performance significantly.

The demand of trailers in Indian market has also been upbeat and our JV Company Tata-DLT was able to maintain its highest market share position in the Indian market.

#### **6.4 Hewitt Robins International Ltd (HRIL)**

On April 15, 2010, your Company has acquired 100% equity shares of Hewitt Robins International Ltd (HRIL) of United Kingdom. HRIL has a proven history of over 90 years in bulk material handling and processing and has a wide range of vibrating screens and crushing equipments for the Mining, Aggregate and Steel Industries. After acquisition an integration program has been implemented and a significant growth plan actioned. HRIL technology was absorbed in India and TRF has made good progress in establishing Hewitt Robins brand in Indian market. HRIL also displayed mobile crusher in Bauma exhibition in Mumbai and has received good response.

A list of the Company's subsidiaries is given in page No. 86 of this Report.

Your Company undertakes that the annual accounts of its subsidiary companies and the related detailed

information shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. This is to further inform that annual accounts of the subsidiary companies are kept at the registered office of the Company and of the subsidiary companies concerned, for inspection by any shareholder. Shareholder desirous to inspect the subsidiary companies accounts may make a request to the Company at its registered office.

#### **7.0 Exports**

During the year, your Company earned foreign exchange worth Rs. 46,171.92 lakhs through exports, including deemed exports of Rs. 45,276.10 lakhs, as against previous year's earnings through exports (including deemed exports) of Rs. 32,657.97 lakhs.

#### **8.0 Audit Report**

The Statutory Auditors Report on Annual Accounts for the financial year 2010-11 doesn't contain any qualification, which warrants comments from the Board of Directors.

During the financial year 2010-11, the Company has paid Rs. 87.33 lakhs as Managerial Remuneration to the Managing Director, which has exceeded the limit calculated under Schedule XIII to the Companies Act, 1956, by Rs. 39.33 Lakhs, vide note 19 to the accounts. The Company is in process of filing the application to the Central Government seeking its approval for the said remuneration paid over the limit and also approval of the shareholders at the forthcoming Annual General Meeting.

#### **9.0 Management Discussions and Analysis**

Management Discussions and Analysis Report is set out as a separate Annexure to this Report.

#### **10.0 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 as and when they became due, with the Investors Education and Protection Fund (IEPF).

## 11.0 Business Excellence & Quality

### 11.1 Business Excellence :

Your company is a signatory to the Tata Brand Equity and Business Promotion (BEBP) Agreement with Tata Sons Ltd. The agreement entails complying with the Tata Group Policies, Tata Code of Conduct (TCOC), and conducting business as per the Tata Business Excellence Model (TBEM). During the year, your company scored 524 points (out of a maximum of 1000 points) in the TBEM assessment and is committed to further improvements.

Numerous actions have been taken to further improve business processes and compliance to the TCOC:

- Greater thrust on increasing awareness of TCOC – Several awareness sessions, films, etc. were organized across the organization. Employees were encouraged to undertake online TCOC training-cum-test;
- Large number of improvement projects have been completed by Quality Circles and Cross-Functional Teams;
- New initiatives related to employee communication were initiated;
  - ❖ Tea Time with MD – a small group two way communication sessions with the Managing Director and officers;
  - ❖ MD@SITE – a teleconference meeting with all employees working at various project sites;
- A large rain water harvesting project was commissioned in the TRF township;

- Implementation of TOC-CCPM (Theory of Constraints – Critical Chain Project Management) at the BMHE Division was initiated. This initiative is already in place in the BMHS and P&YE divisions.

### 11.2 Quality

Recertification of ISO 9001-2008 version is being obtained by the Bulk Material Handling Division of your Company as and when due.

## 12.0 Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management, confirm that :

- 12.1 in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- 12.2 they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit / loss of your Company for the relevant period;
- 12.3 they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- 12.4 they have prepared the annual accounts on a going concern basis.

## 13.0 Affirmative Action & Corporate Sustainability Initiatives

Your Company carried out numerous Corporate Social Responsibility programmes based on

# TRF LIMITED

## Fortyeighth annual report 2010-11

prevailing social, economic and environmental needs of the target community, with the objective of improving their quality of life. The target community comprises those residing in the 'bustee' near TRF Nagar, your Company's residential colony and in the vicinity of the Company premises. In order to make the Corporate Social Responsibility and Affirmative Action Programme meaningful and sustainable, your company undertakes activities after establishing their need on the basis of dialogues with the stakeholders and field surveys. Your company over a period of time has been able to develop a unique model of the social responsibility programmes for the implementation at beneficiaries level. The programmes are implemented with the help of voluntary support given by its employees and their spouses. The spouses have volunteered to undertake the implementation of the social responsibility under the umbrella of TRF Ladies Association. This Association is a registered body and serves the purpose of working as the executing arm of Company for its community outreach process.

Further, in pursuit of its commitment to follow the Code for Affirmative Action, your Company implemented corporate social responsibility initiatives with the aim of uplifting the socio-economic status of the members of the SC/ST section of the identified community.

Your Company, with the help of TRF Ladies Association, took the initiative in the area of climate change by setting up a rain water harvesting facility in TRF Nagar and in Company's Works premises, with an objective to prevent the wastage of water resources and raise the water table in the adjoining areas. This initiative has enabled your Company to make available potable water for employees for daily use in the Company premises and for the community living in the immediate vicinity of TRF Nagar. Water harvested in TRF Nagar is shared with the communities residing in adjacent 'bustees'.

In addition to the above, your Company also installed solar water heating system in its Works Premises at Jamshedpur. It introduced

the usage of CFL in TRF Nagar and tapped natural lighting for illumination of its shopfloor.

Your Company took note that most of the dwellings in 'bustee', where its target community resides, did not have power connection in their residence and hence distributed solar lanterns to them. This initiative has enabled the recipients of the lanterns utilize their time more meaningfully and facilitate their children to study after sunset. In line with the Company's code for Affirmative Action most of the chosen beneficiaries were from the SC/ST community.

In the area of education and literacy, your Company has supported the Valley View School (+2 CBSE) and which in turn has enabled it to cater to nearly 1400 children. Due to the support given by the Company the school has grown in size and stature and students passing from the school are viewed as well educated and disciplined citizens in the society. Your Company continued to provide basic literacy to 53 children most of them are from SC/ST community residing in the vicinity through the 'Akshar' literacy school. Support to three visually impaired children was provided by TRF by sponsoring their education and skill training at National Association for the Blind, Jamshedpur. In addition to providing basic education, the school provided uniforms, stationery and a nutritious mid-day meals to the children. Health check up as and when required and medicines are given to the students. The Company plans to impart computer training to them to enable them to take up vocations and identify some more visually impaired students for similar training programme.

In pursuit of an elaborate health care programme that your Company has been conducting over the years, the scope and size of activities in this area was further widened and strengthened. It participated in the National Pulse polio programme under which 177 children were immunized and 150 cataract patients benefited by Inter Ocular Implants organized by it. Further, it conducted preventive health check-

up for 170 school children and treated 410 patients from the nearby area in the free-health clinic run by it in TRF Nagar. The employees and associates of the Company voluntarily donated 257 units of blood in the blood donation camps organized in the Company premises.

In the area of employability, your Company conducted training programme to impart training in trades like fitter, welder, electrician, machinist, etc. During the period under review, 58 youths were made employable under this scheme. The Company provided internship to a number of engineering and management students with the aim of the providing them work experience which would enhance their employment prospects. The Company provided vocational training to 23 women residing in the neighbourhood with the help of TRF Ladies Association at their 'Astitva' –a women's centre. It trained and enabled the women through its short term courses on skills like stitching, embroidery, tailoring etc, enabling them to supplement their family income. The vocational training was given to them with the aim of preparing them to earn livelihood and thus empower them to contribute to the socio-economic mainstream.

#### **14.0 Environment**

Although, the operations of your Company at Jamshedpur, and at its construction sites, are basically non-polluting in nature, adequate precautions are taken to comply with all regulatory requirements in this regard at all locations and construction sites. In addition to ensuring compliance with the legal norms, your Company continues its efforts towards urban beautification and tree plantation. As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant particulars are given in the annexure to this report.

#### **15.0 Corporate Governance**

As you are aware, your Company has consistently endeavoured to promote and adopt good corporate governance practices over the

years. During the year the corporate governance practices were further aligned with the requirements of Corporate Governance as prescribed by Securities and Exchange Board of India (SEBI). Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance and Auditors' Certificate in this regard has been annexed to this report.

#### **16.0 Dematerialization of Securities**

As the members are aware, your Company has made arrangements to dematerialize its securities and has been offering securities in dematerialized form pursuant to the Depositories Act, 1996 through National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). All the applications received for dematerialization have been acted upon and 89.39 % of Company's Share Capital stood in dematerialized form as on March 31, 2011.

#### **17.0 Industrial Relations**

The Directors would like to place on record their sincere appreciation to the Tata-Robins-Fraser Labour Union and the employees for their continued co-operation in maintaining harmonious industrial relations, production and productivity and in the implementation of various initiatives to reduce internal costs and improvements in operational efficiencies.

#### **18.0 Directors**

- 18.1 Dr. Jamshed J. Irani, Director, retires by rotation at the next Annual General Meeting in accordance with provisions of the Companies Act, 1956 and has expressed his unwillingness for re-appointment.
- 18.2 Mr. Subodh K. Bhargava, Director, retires by rotation at the next Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and is eligible for re-appointment.
- 18.3 Mr. Ram Prit Singh, Director, retires by rotation at the next Annual General Meeting in accordance with the

# TRF LIMITED

## Fortyeighth annual report 2010-11

provisions of the Companies Act, 1956 and is eligible for re-appointment.

### 19.0 Particulars of Employees

A statement giving information about employees of your Company pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, would be made available to the shareholders on request.

### 20.0 Additional Information

Additional information required to be disclosed in terms of Notification No. GSR 1029 dated December 31, 1988 issued by the Department of Company Affairs is given in the Annexure to this report.

### 21.0 Auditors

The existing Auditors, M/s Deloitte Haskins & Sells (DHS), Kolkata, Chartered Accountants, retire at the next Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a certificate from the Auditors to the effect that

their appointment, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956. Members are requested to appoint Auditors for the financial year 2011-12 at the Annual General Meeting and to authorize the Board of Directors to fix their remuneration as mutually agreed upon between the Board and the Auditors.

### 22.0 Acknowledgement

Directors place on record their deep appreciation for the continued support received during the year from the shareholders, customers, suppliers and associates, banks, financial institutions, collaborators, the Workers' Union, other authorities and the employees of your Company.

On behalf of the Board of Directors

*Kolkata,  
May 12th, 2011*

Dr. Jamshed J. Irani  
*Chairman*

## Annexure to the Directors' Report 2010-11

(Additional Information given in terms of Notification No. GSR 1029 of 31.12.1988  
issued by the Department of Company Affairs)

### Disclosures

#### A. Conservation of Energy

- a) **Energy Conservation measures taken**
  - Maximum demand control.
  - Power factor improvement.
  - Acoustic cover 200 KVA Diesel generator set for maximum demand control.
- b) **Additional Investments and Proposals, if any :**
  - To install soft starters for higher K.W. motors.
  - To install capacitor banks in the shop floor near to the load point.
  - Shop floor illumination improvement through natural light & energy efficient lights.
  - Energy efficient welding Machines.
- c) **Impact of the above measures on consumption of Energy :**
  - 10% reduction in power consumption.
  - No annual minimum guarantee charges.
- d) **Total Energy Consumption and Energy Consumption per unit of production as prescribed in Form - A :**
  - Not given as your Company is not under the list of Specified Industries.

#### B. Technology Absorption

Refer "Form B" given in the next column.

#### C. Foreign Exchange Earnings and Outgo

Earnings - Rs. 46,171.92 lakhs

Outgo - Rs. 456.49 lakhs

Information on foreign exchange outgo is contained in Schedule 19 of Notes to Accounts.

### Form B

#### Research & Development

##### 1. Specific areas in which R&D carried out by your Company :

Design development :

- Double roll crusher size : 900 mm dia x 2400 mm long.
- Reversible Impactor crusher size : TA-1214/16.
- Scalper size : 3000 mm x 9600 mm with 2QV14 vibrator unit with the help of HRIL design.
- TUF-12 feeder size : 2650 mm x 4000 mm for 2300 tph (design) capacity for Coal.
- Wagon Tippler for 140 T Wagon and 25 plus tips/hr. to take care of G33 norms of RDSO (In-Progress).
- Implementation for Radio communication System and on board Fire detection & Fighting mechanism.
- Development of 4000 tph slewing stacker.

##### 2. Benefits derived as a result of the above R&D

- Enhancing product range.
- Meeting need of customized product.
- Complying revised RDSO's norms.
- Addressing new markets.

##### 3. Future Plan of Action

To Develop & Introduce :

- Cone crusher.
- Universal Vibratory Unit.
- Sizer 2000 TPH for coal.
- Feeder Breaker 1500 TPH for Coal.
- Man Riding Chair Lift System for underground mines.
- Higher capacity of Unloaders, Stacker Reclaimers & machines for cement plants.

##### 4. Expenditure on R & D including Expenditure incurred on items developed and supplied to customers

- |                                    |                    |
|------------------------------------|--------------------|
| a) Capital                         | : Nil              |
| b) Recurring/Revenue               | : Rs. 382.05 lakhs |
| c) Total                           | : Rs. 382.05 lakhs |
| d) Total R&D expenditure           | : 0.52 %           |
| as a percentage of total turnover. |                    |

##### 5. Technology absorption, adaptation and innovation :

- Development of Twin Wagon Tippler.
- Development of Rapid Loading System.
- Development of Pipe Conveyor.

On behalf of the Board of Directors

Kolkata,  
May 12th, 2011

Dr. Jamshed J. Irani  
Chairman

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1. Industry, Structure and Development

In the year under review Indian Infrastructure sector has shown a robust growth. Government has been taking important initiatives to sustain the growth, one of them being Public Private Partnership (PPP) projects. However, key issues relating to land acquisition, environment clearance, shortage of coal continue to be the areas of concern.

During the Eleventh Plan capacity addition in power sector has been estimated at about 62,000 MW. Thermal power plants continue to be largest contributor in power sector growth.

Many new green field steel plants have been announced and your Company hopes that work on some of these projects will commence soon. In the Port sector, large capacity additions have been planned in the next 5 years in the form of coal handling terminals. Similarly, many green field minor ports are in the pipeline.

Your Company is expected to make good progress as it operates in all these sectors.

Automotive sector has also shown robust growth and operations of our subsidiaries in Automotive Sectors, mainly YORK Transport Equipment Asia Pte. Limited (YTEA), Adithya Automotive Application Private limited (AAA) and Dutch Lanka Trailer Manufacturers Limited (DLT) have operated upto the expected level.

### 2. Opportunities & Threats

- ❑ The Company continues to explore opportunities for collaborations and tie-ups to upgrade its technology and widen its product mix.
- ❑ Pipe conveying and high speed conveying systems have been identified as new product segments.
- ❑ Your Company has identified 'Balance of Plant business' as a big growth opportunity and has formed a team to pursue the business.
- ❑ To de-risk the business, your company has entered into Auto Application business.

- ❑ Your Company is investing in plant and machinery to enhance fabrication and machining capabilities to increase equipment production, required to meet the increased demand.

Your Company does not perceive any major threat except for those attributable to intense competition and rising costs of inputs without commensurate increase in the net realizations. Apart from it, Chinese suppliers are making entry into the Indian market which will bring new dimension to the competition.

### 3. Financial Performance

On standalone basis, total income of your Company during the year was Rs. 73,228.30 lakhs, (Previous year Rs. 65,360.26 lakhs). Profit before Tax for the year was Rs. 140.85 lakhs (Previous year Rs. 7,134.30 lakhs). Profit after Tax for the year was Rs. 83.25 lakhs (Previous year Rs. 4,717.87 lakhs).

On consolidated basis, total income of your Company during the year was Rs. 112,610.12 lakhs, (Previous year Rs. 87,828.96 lakhs). Profit before Tax for the year was Rs. 711.86 lakhs (Previous year Rs. 7,386.77 lakhs). Profit after Tax for the year was Rs. 189.02 lakhs (Previous year Rs. 4,876.86 lakhs).

Operational performance has been separately dealt in Directors' Report.

### 4. Segment-wise Performance

The Projects and Services segment has posted revenue of Rs. 58,257.36 lakhs (Previous Year Rs. 55,161.55 lakhs) and the Products and Services segment has also posted revenue of Rs. 25,049.35 lakhs (Previous Year Rs. 16,258.45 lakhs), including inter segmental revenue of Rs. 10,948.69 lakhs (Previous year Rs. 6,425.05 lakhs).

### 5. Segmental Results

The Projects and Services segment posted a segmental loss of Rs. 2,764.01 lakhs (Previous Year Profit of Rs. 5,497.36 lakhs) but the Products and Services segment have recorded a profit of

Rs. 4,384.15 lakhs (Previous Year Rs. 2,640.12 lakhs). The Profit, of the Company, after deducting Interest and other unallocable expenditure/ income from the segmental results, has been Rs. 140.85 lakhs (Previous Year Rs. 7,134.30 lakhs).

#### **6. Outlook**

Power, Steel, Minerals and Ports business continue to do well and Company's business in material handling products and systems is bound to reap benefit in these growth sectors. However there is slowdown in finalization of new projects.

#### **7. Risks and Concerns**

Your Company does not perceive any major risk other than the normal risks inherent in contracting and tender driven businesses in which we operate.

To comply with the requirements of the revised Clause 49 of the Listing Agreement, your Company has laid down procedures for identification of the Risks and effective steps are being taken to improve the existing Risk Management System.

#### **8. Statutory Compliance**

On obtaining confirmation from the various units of the Company of having complied with all the statutory requirements, a declaration regarding compliance with the provisions of the various statutes is made jointly by the Managing Director and Company Secretary at each Board Meeting. The Company Secretary ensures compliance with the SEBI regulations and provisions of the Listing Agreement. The external- internal auditors M/s Pricewaterhouse Coopers (PwC) has done the audit to ensure compliance with the provisions of various statutes and found it in order. They have reported their findings to the Audit Committee. The General Manager (F&A), as the Compliance Officer for prevention of insider trading, ensures compliance with the Tata Guidelines on Insider Trading.

#### **9. Internal Control System**

Your Company has put in place adequate internal control systems and procedure commensurate with the scale and nature of its operations. The effectiveness of the internal control is continuously monitored by the senior management. To enhance the effectiveness of Internal Audit functions, your Company has appointed M/s Pricewaterhouse Coopers (PwC) as its external- internal auditors, directly reporting to the Audit Committee. During the year the Audit Committee of the Board regularly met to discharge its functions as required pursuant to the guidelines of Clause 49 of the Listing Agreement. To further strengthen the existing controls, the Audit Committee revisited the Revenue Recognition as well as various Provisioning Policies of the Company. The internal audit activities are undertaken as per the Annual Audit Plan developed by the internal auditors based on the risk profile of the business. The annual audit plan is approved by the Audit Committee, which regularly reviews compliance with the plan.

The Audit Committee regularly meets with the statutory auditors to ascertain their views on the adequacy of internal controls and their observations on the financial reports. The Audit Committee advised on strengthening the processes, controls and systems relating to the accounting standard.

#### **10. Developments in Human Resources/ Industrial Relations front**

As in previous years, efforts towards human resource development have been continued during the year, with greater emphasis on training and improvement initiatives. With a very enlightened Workers Union, industrial relations in your Company continue to be healthy and cordial.

On behalf of the Board of Directors

*Kolkata,  
May 12th, 2011*

*Dr. Jamshed J. Irani  
Chairman*