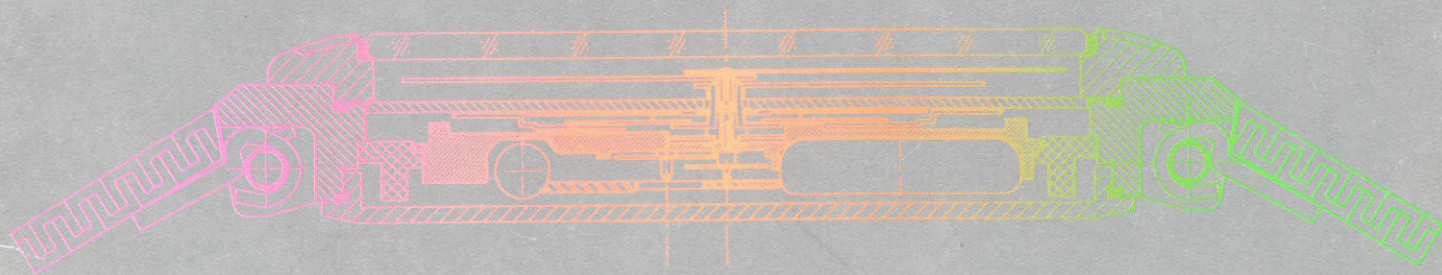
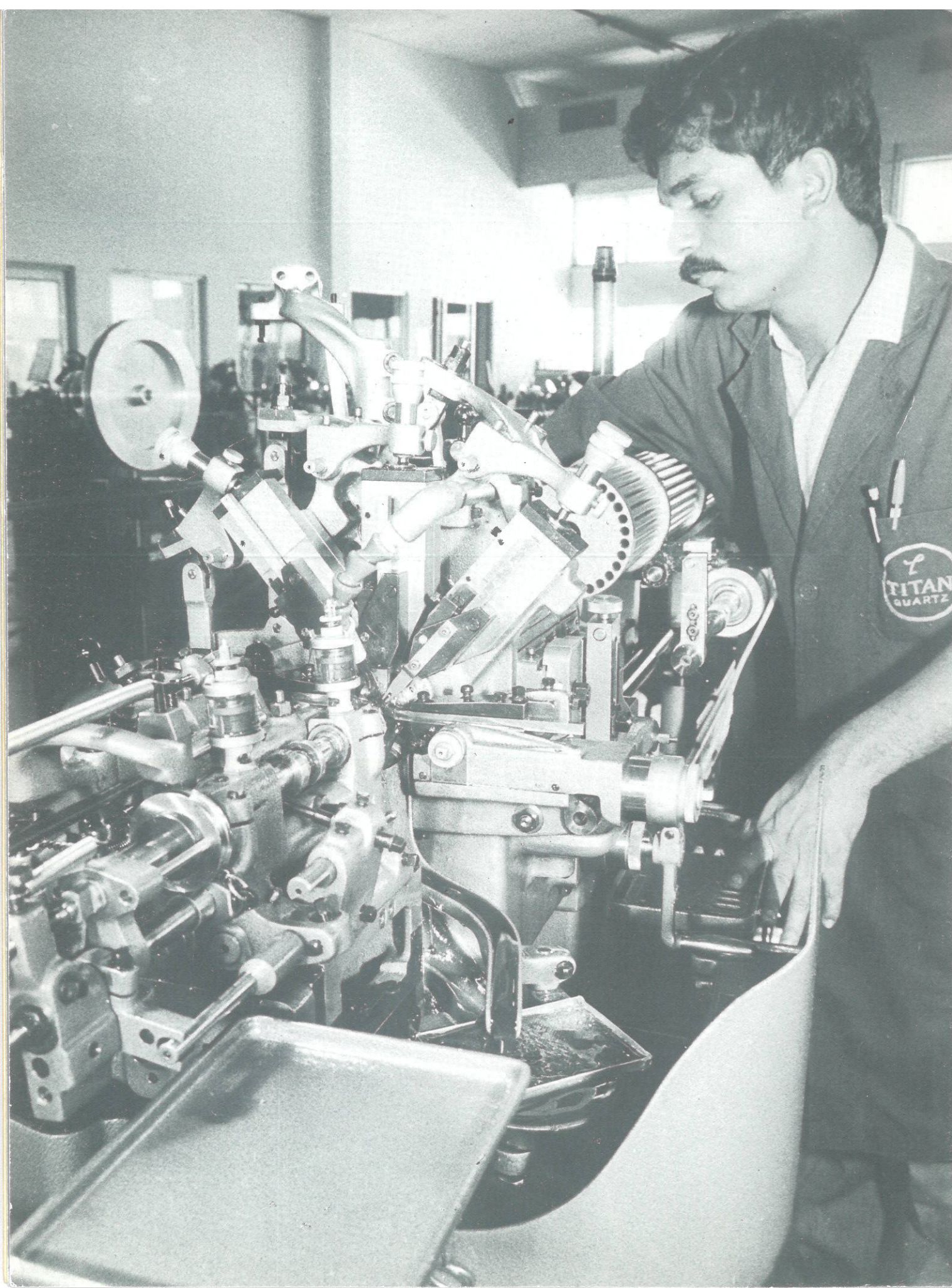


# TITAN WATCHES









# **Titan Watches Limited**

## **FIFTH ANNUAL REPORT 1988-89**

### **Directors**

A.L. Mudaliar Chairman  
Xerxes Desai Managing Director  
K. Venkatesan  
Ishaat Hussain  
F. Perret  
A.S. Gore  
A.C. Mukherji  
P.K. Dave  
T.K. Balaji  
R. Nagarajan  
C. Shanmukham  
A.N. Palwankar  
Dara P. Mehta (Alternate Director to F. Perret)

### **Executives**

A.K. Manchanda Executive Vice President  
I.K. Amitha Senior Vice President - Operations  
C. Gaudot Technical Advisor  
R.C. Hari Rao Vice President - Manufacturing  
Ravi Kant Vice President - Marketing  
K.S. Oberoi Vice President - Administration  
M.N. Ramdas Vice President - Finance & Company Secretary  
V.V. Pillai General Manager - Special Assignments  
V. Rajaram General Manager - Projects

### **Bankers**

Canara Bank  
Indian Overseas Bank

### **Auditors**

A.F. Ferguson & Co.  
Chartered Accountants

### **Registered Office**

3, SIPCOT Industrial Complex  
Hosur 635 126

### **Share Department**

Tata Share Registry Limited  
Army & Navy Building  
148, Mahatma Gandhi Road  
Bombay 400 001

*Front and Back Cover:*

*Cross-sections through a watch generated on the Computer Aided Design System at Hosur.*

# Directors' Report

## To the Members of Titan Watches Limited

The Directors are pleased to present the Fifth Annual Report and Audited Statement of Accounts for the period ended 31 March, 1989. Consequent to the introduction of April-March as the uniform accounting year for income-tax purposes, the accounting period was terminated at the end of nine months.

## Financial Results

The performance during the nine-month period was very satisfactory. Income rose from Rs. 1890.43 lakhs in the previous year and Rs. 1205.20 lakhs in the corresponding nine-month period of that year, to Rs. 2804.10 lakhs in the period under review.

	Rupees in lakhs	
	1988-89 (9 months)	1987-88 (12 months)
Gross Profit .....	694.68	251.31
Interest .....	351.24	136.40
Depreciation .....	215.72	84.80
Profit before taxes .....	127.72	30.11
Provision for taxes .....	21.00	4.00
Profit after taxes .....	106.72	26.11
Profit brought forward .....	21.07	(5.04)
Profit carried forward .....	127.79	21.07

Since the profit is not sufficiently large, your Directors are unable to recommend the payment of a dividend.

## Operations

The Members will be pleased to note that during the nine-month period ended 31 March 1989, the Company sold 5,13,106 watches compared with 2,19,013 watches in the corresponding period of the previous year and 3,44,218 in the whole of that year.

The Company's well conceived marketing, advertising and distribution strategies, its highly motivated sales force, upgradation of retailing standards and development of new outlets have delivered the desired results. The Company's watches are now sold in over 500 cities from over 2,000 outlets supported by an expanding and efficient after-sales-service network. The Company is currently developing exclusive showrooms as part of its strategy to upgrade retailing standards and to make watch-buying a pleasurable experience. The Company's exciting range of internationally styled watches continues to keep pace with new trends through the regular introduction of new models and designs. A wholly new range of watches for the young will be introduced later this year.

The indigenisation programme for watch components has been implemented faster than had been originally planned. Your Company is now making all the components of the men's calibres and virtually all the components of the women's calibres. Component quality fully meets international standards. The Company's manufacturing successes are largely due to the speedy absorption of technology, the high calibre of the Company's technical personnel and the quality of training imparted to its young employees, as also the sophistication of its plant and machinery.

Sales and production for the period under review would have been even better but for the constraints faced in terms of availability of appearance parts largely due to the poor availability of quality watch cases from Indian suppliers and delays in receiving import licences.

## Prospects

During the current year the Company expects to produce and sell substantially more watches. The Company has also arrived at an understanding with its collaborators to export upto 2.5 million watch movements over the next 3 years. A quantity of 44,000 watch movements has been exported and efforts are on to export complete watches. A representation has been made to the Government of India for the introduction of Cash Compensatory Support (CCS) which, when introduced, would go a long way in enabling the country to make a breakthrough in the international market.

## Future Indigenisation

With growing volumes, further indigenisation is becoming operationally more desirable and economically more viable. The Company is therefore establishing facilities for the in-house manufacture of watch cases and certain other critical components. The expected capital cost of this scheme is Rs. 30.30 crores. The Company has been sanctioned foreign currency loans amounting to Japanese Yen 412 million and Swiss Francs 4.8 million by the International Finance Corporation, Washington and a term loan of Rs. 7 crores by the Tamil Nadu Industrial Development Corporation Limited. A substantial portion of these loans has already been drawn. A part of the funds requirement will be met by the proposed rights issue.

Work on the case project is proceeding satisfactorily and commercial production is expected to commence later this year.

## Rights Issue

Members will be pleased to note that the Controller of Capital Issues has consented to the issue of 2,52,000 12.5% convertible debentures of the face value of Rs. 500 each for cash at par, aggregating Rs. 12.60 crores. In case of oversubscription the Company will retain upto 15% of the issue amount.

The terms and conditions of the issue are substantially the same as approved by the Shareholders at the Extraordinary General Meeting held on 10 April 1989. The conversion of Part A of the convertible debentures (i.e. Rs. 100 out of the face value of Rs. 500) into 10 fully paid equity shares will be at the expiry of six months from the date of allotment of the convertible debentures, as against the earlier proposal of converting immediately on allotment. This modification has been stipulated by the Controller of Capital Issues and has been accepted by your Directors.



As earlier proposed, Part B of the face value of Rs. 200 will be converted during the fourth year at a price to be then fixed with the approval of the Controller of Capital Issues. Part C of the face value of Rs. 200 will remain non-convertible and will be redeemed at par at the end of the tenth year.

The rights offer will be in the ratio of one convertible debenture of Rs. 500 for every 100 fully paid equity shares held on the record date, viz. 16 June 1989. The rights issue will be open for subscription from 1 August 1989 and will close on 31 August 1989. The detailed terms and conditions of the rights offer and the necessary composite application forms will be sent to the Members towards the end of July 1989.

## Government Policies

The Government of India's policies in general continue to be helpful to the watch industry and its operating departments responsive to the industry's needs. A development panel on the watch industry has been constituted of which your Managing Director is a member. Much is expected of this Panel in giving direction and momentum to the growth of the watch industry in India. There are several areas of concern to which the Government and the industry must address themselves : the restrictive policies relating to the manufacture and import of straps and bracelets which have impaired product reliability and limited styling variety ; the incidence of customs duties on cases and dials which has raised costs to the consumer without affording any additional protection to local manufacturers of these items who are also protected by restrictions on imports resulting from licencing controls ; the absence of industry - specific incentives for export ; the arrival on the Indian watch scene of watches with foreign brand names with no visible Indian manufacturing base ; smuggling of watches - most of which are in fact counterfeits of a popular Japanese brand ; and counterfeiting of popular Indian brands.

## Taxation

Your Company paid a total of Rs. 70 lakhs by way of excise duties during the period under review. In the Finance Act, 1989, the excise duty on watches was increased from 2.05% to 5.25%.

During the period under review, your Company paid Rs. 873 lakhs by way of custom duties. In the Finance Act, 1989 the import duties applicable to capital goods imports were increased by 5%. This will lead to an additional outflow of a little over Rs. 40 lakhs : on account of equipment imported for the case project.

The rates of sales taxes levied by the State Governments continue to be highly divergent, ranging from 2% to 16%. This leads to disruption of normal trade by encouraging inter-state movement of goods without full payment of taxes. Your Company continues to make efforts towards achieving uniformity.

## Acknowledgements

Your Directors appreciate the continued support and assistance received from the Central Government, the Government of Tamil Nadu and its agencies, the Company's foreign collaborators, the participating financial institutions, the Company's bankers and the watch trade.

## Employees

A large measure of the Company's success is due to the dedication and talent of the employees of the Company. Your Directors place on record their sincere appreciation for the efforts put in by them.

## Directors

Mr. F. Perret, Mr. A.S. Gore, Mr. P.K. Dave and Mr. C. Shanmukham retire by rotation and are eligible for reappointment.

Questar Investments Limited have nominated Mr. Ishaat Hussain as a Director of the Company in place of Mr. M.H. Mody. Mr. Mody was closely associated with the Company since its incorporation. The Directors place on record their appreciation of Mr. Mody's invaluable contribution to the Company.

Following the change in the Chairmanship of the Tamilnadu Industrial Development Corporation Limited (TIDCO), TIDCO has nominated Mr. K.Venkatesan, their Chairman and Managing Director, as a Director of the Company in place of Mr. P.N. Veda Narayanan.

## Particulars of Employees

Information required to be provided under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is attached to this report.

## Auditors

Members will be requested at the Annual General Meeting to appoint auditors for the current year and fix their remuneration.

On behalf of the Board of Directors,  
A.L. Mudaliar  
Chairman

Hosur, 17 July 1989



# Auditors' Report

## To the Members of Titan Watches Limited

We have audited the attached balance sheet of Titan Watches Limited as at 31 March 1989 and also the profit and loss account of the Company for the nine month period ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above :
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
  - (c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
  - (d) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view:
    - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 1989; and
    - (ii) in the case of the profit and loss account, of the profit for the period ended on that date.

Bombay, 6 July 1989

For A.F. Ferguson & Co.  
Chartered Accountants  
R. Subramaniam  
Partner

# Annexure to the Auditors' Report

Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Titan Watches Limited on the Accounts for the period ended 31 March 1989.

1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. Most of the fixed assets have been physically verified by the management during the period. As explained to us, no discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the period.
3. The stocks of finished goods, stores, spare parts and raw materials lying at its location have been physically verified by the management at reasonable intervals. The stocks in possession of third parties have been verified by the management with reference to certificates obtained from them and/or other relevant documents.
4. The procedures followed by the management for physical verification of stocks are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the book records were not significant and have been properly dealt with in the books of account.
6. In our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, where the terms and conditions were prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management within the meaning of section 370 of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, where the terms and conditions were prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management within the meaning of section 370 of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials (including components), plant and machinery, equipment and other assets, and for the sale of goods.
11. The Company has not purchased any goods and materials or sold any goods, materials or services exceeding Rs. 50,000 in value for each type thereof during the period from/to firms, companies or other parties in which Directors are interested as listed in the register maintained under section 301 of the Companies Act, 1956, except for components purchased from its foreign collaborators



where, according to the information and explanations given to us, the items are of a specialised nature for which there is no alternative source of supply to enable a comparison of prices paid.

12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the books of account in respect of the items so determined.
13. The Company has not accepted any deposits from the public to which the provisions of section 58A of the Companies Act, 1956, and the rules made thereunder would apply.
14. As explained to us, the Company's operations do not generate any by-products and in our opinion, reasonable records have been maintained by the Company for the sale of scrap.
15. In our opinion, during the current period, the Company had an adequate internal audit system commensurate with the size and nature of its business.
16. We are informed that maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products.
17. According to the records of the Company, provident fund and employees state insurance dues have been regularly deposited during the period with the appropriate authorities.
18. There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty as at 31 March 1989 which are outstanding for a period of more than six months from the date they became payable.
19. In our opinion and according to the information and explanations given to us, personal expenses have not been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of its service activities, the Company has a reasonable system of recording receipts, issues and consumption of components and stores commensurate with its size and the nature of its business. The system provides for a reasonable allocation of materials to the relative jobs but it is not considered necessary by the management to allocate man-hours consumed to relative jobs. In our opinion, there is a reasonable system for authorisation at proper levels with necessary control on the issues of stores and allocation of stores to jobs, and there is a system of internal control commensurate with the size of the Company and the nature of its business.

For A.F. Ferguson & Co.  
Chartered Accountants  
R. Subramaniam  
Partner

Bombay, 6 July 1989

# Balance Sheet

as at 31 March 1989

Sources of funds	Schedule	Rupees in lakhs	
		31-3-1989	30-6-1988
Shareholders' funds			
Share capital .....	A	<b>2396.25</b>	2394.95
Reserves and surplus .....	B	<b>137.79</b>	21.07
Loan funds			
Secured loans .....	C	<b>4474.99</b>	3618.65
<b>Total .....</b>		<b>7009.03</b>	6034.67
<b>Application of funds</b>			
Fixed assets	D		
Gross block, at cost .....		<b>5814.01</b>	4949.65
Less: Depreciation .....		<b>321.19</b>	105.70
Net block .....		<b>5492.82</b>	4843.95
Advances on capital account and capital work in progress, at cost .....		<b>540.88</b>	532.05
		<b>6033.70</b>	5376.00
Investments .....	E	<b>6.00</b>	3.00
Current assets, loans and advances	F		
Inventories .....		<b>1494.06</b>	825.41
Sundry debtors .....		<b>217.09</b>	23.58
Cash and bank balances .....		<b>237.90</b>	177.10
Loans and advances .....		<b>240.76</b>	507.97
		<b>2189.81</b>	1534.06
Less:			
Current liabilities and provisions	G		
Current liabilities .....		<b>1220.48</b>	878.39
Net current assets .....		<b>969.33</b>	655.67
<b>Total .....</b>		<b>7009.03</b>	6034.67
Notes	J		

Per our report attached

For A. F. Ferguson & Co.  
Chartered Accountants

R. Subramaniam  
Partner

Bombay, 6 July 1989

M.N.Ramdas  
Vice President - Finance  
& Company Secretary

For and on behalf of the Board,

A.L.Mudaliar

Chairman

M.H.Mody

Vice Chairman

Xerxes Desai

Managing Director

Hosur, 5 July 1989



# Profit and Loss Account

for the period 1 July 1988 to 31 March 1989

Income	Schedule	Rupees in lakhs	
		Current Period	Previous Year
Sales .....		2758.94	1679.62
Other income .....	H	45.16	210.81
<b>Total</b> .....		<b>2804.10</b>	<b>1890.43</b>
Expenditure		Rupees in lakhs	
		Current Period	Previous Year
Operating and other expenses .....	I	2109.42	1639.12
Depreciation .....		215.72	84.80
Interest (including Rs. 316.20 lakhs on fixed loans and debentures, 1988 : Rs. 111.28 lakhs) .....		351.24	136.40
<b>Total</b> .....		<b>2676.38</b>	<b>1860.32</b>
Profit for the year .....		127.72	30.11
Taxes .....		21.00	4.00
Profit after taxes .....		106.72	26.11
Profit brought forward .....		21.07	(5.04)
<b>Profit carried to balance sheet</b> .....		<b>127.79</b>	<b>21.07</b>
Notes	J		

Per our report attached

For A. F. Ferguson & Co.  
Chartered Accountants

R. Subramaniam  
Partner

Bombay, 6 July 1989

M.N.Ramdas  
Vice President - Finance  
& Company Secretary

For and on behalf of the Board,

A.L.Mudaliar

Chairman

M.H.Mody

Vice Chairman

Xerxes Desai

Managing Director

Hosur, 5 July 1989

# Schedules forming part of the Balance Sheet

	Rupees in lakhs	
	31-3-1989	30-6-1988
<b>"A" Share Capital</b>		
Authorised		
3,50,00,000 equity shares of Rs. 10 each .....	<b>3500.00</b>	3500.00
Issued and subscribed		
2,39,24,900 ( 1988 : 2,38,99,000 ) equity shares of Rs. 10 each, fully paid up .....	<b>2392.49</b>	2389.90
75,100 (1988 : 1,01,000) equity shares of Rs. 10 each, fully called up	<b>7.51</b>	10.10
Less: unpaid allotment money @ Rs. 5 per share .....	<b>3.75</b>	5.05
	<b>3.76</b>	5.05
	<b>2396.25</b>	2394.95

## "B" Reserves and Surplus

Capital reserve - state subsidy .....	<b>10.00</b>	-
Surplus - balance in profit and loss account .....	<b>127.79</b>	21.07
	<b>137.79</b>	21.07

## "C" Secured loans

15% non-convertible debentures of Rs. 100 each, fully paid up (includes premium on redemption Rs. 20.00 lakhs) .....	<b>420.00</b>	420.00
13.5% debentures of Rs. 200 each, fully called up (net of unpaid allotment money Rs. 7.51 lakhs ; 1988 : Rs. 10.10 lakhs) .....	<b>1305.00</b>	1302.40
Foreign currency term loans from the International Finance Corporation, Washington .....	<b>2238.12</b>	1896.25
Other term loan .....	<b>400.00</b>	-
Cash credit account secured by hypothecation of book debts, stocks, and stores and spares .....	<b>111.87</b>	-
	<b>4474.99</b>	3618.65



# Schedules forming part of the Balance Sheet

## "D" Fixed Assets

Rupees in lakhs

	Gross block			Depreciation		Net block	
	Cost as at 1-7-1988	Additions	Deductions	Cost as at 31-3-1989	As at 31-3-1989	As at 31-3-1989	As at 30-6-1988
Land-freehold .....	0.82	-	-	0.82	-	0.82	0.82
Land-leasehold .....	3.67	-	-	3.67	-	3.67	3.67
Buildings .....	545.92	21.49	-	567.41	28.06	539.35	531.82
Plant, machinery and equipment .....	4226.02	798.03	-	5024.05	275.49	4748.56	4145.96
Furniture, fixtures and equipment .....	142.42	36.96	-	179.38	12.37	167.01	134.46
Vehicles .....	30.80	8.87	0.99	38.68	5.27	33.41	27.22
Total	4949.65	865.35	0.99	5814.01	321.19	5492.82	
30 June 1988	586.20	4363.45	-	4949.65	105.70		4843.95
Advances on capital account and capital work in progress, at cost .....						540.88	532.05
						6033.70	5376.00

## "E" Investments

Rupees in lakhs  
31-3-1989 30-6-1988

Trade investments - unquoted, at cost

6,000 (1988 : 3,000) fully paid equity shares of Rs. 100 each in Tata Share Registry Ltd. ....	6.00	3.00
--	------	------

# Schedules forming part of the Balance Sheet

## "F" Current assets, loans and advances

Rupees in lakhs  
31-3-1989 30-6-1988

Inventories		19.42	5.25
Consumable stores, at cost .....		37.90	11.96
Loose tools .....			
Stock-in-trade, at cost or net realisable value whichever is lower	391.58		319.92
Raw materials and bought-out components .....	810.07		261.84
Work in progress .....	235.09		226.44
Finished goods .....			
		1436.74	808.20
		1494.06	825.41
Sundry debtors (unsecured and considered good)	2.38		0.14
Over six months .....	214.71		23.44
Others .....		217.09	23.58
Cash and bank balances	5.35		18.12
Cash on hand .....	1.61		18.82
With scheduled banks - in current accounts .....	217.03		126.01
- on deposit .....	13.91		14.15
- in transit .....		237.90	177.10
Loans and advances (unsecured and considered good)	6.00		326.00
Deposits with companies .....			
Advances recoverable in cash or in kind or for value to be received .....	205.38		140.43
Income-tax deducted at source, net of provision for tax .....	11.07		26.55
Balances with excise and customs authorities .....	18.31		14.99
		240.76	507.97
		2189.81	1534.06

## "G" Current liabilities and provisions

Current liabilities	1145.06	862.88
Sundry creditors .....	75.42	15.51
Interest accrued but not due on loans .....		
	1220.48	878.39



# Schedule forming part of the Profit and Loss Account

## “H” Other Income

	Rupees in lakhs	
	Current Period	Previous Year
Interest - gross (tax deducted at source on interest received Rs. 5.52 lakhs ; 1988 : Rs. 26.09 lakhs) .....	20.73	122.49
Profit on sale of investments .....	-	68.00
Miscellaneous income .....	24.43	20.32
	<u>45.16</u>	<u>210.81</u>

# Schedule forming part of the Profit and Loss Account

## "I" Operating and other expenses

	Rupees in lakhs	
	Current Period	Previous Year
Materials consumed	1822.40	1247.13
Raw materials and components .....	20.57	20.33
Stores and spare parts consumed .....		
Payments to and provisions for employees	116.56	71.50
Salaries and wages .....	8.17	5.55
Company's contribution to provident and other funds .....	29.70	23.43
Welfare expenses .....	1.31	2.15
Gratuity .....		
	155.74	102.63
Other expenses	25.89	23.92
Power and fuel .....	7.57	0.91
Repairs to buildings .....	0.95	2.06
Repairs to plant and machinery .....	207.45	184.76
Advertising .....	40.00	48.37
Selling and distribution expenses .....	21.97	13.83
Insurance .....	26.19	20.52
Rent .....	44.55	41.27
Rates and taxes, net of modvat .....	37.50	35.20
Travel .....	32.66	14.36
Telephone and telex .....	38.61	14.94
Royalty .....	183.37	121.95
General expenses .....		
	666.71	522.09
Auditors' remuneration	0.50	0.50
Audit fees .....	0.15	1.52
Fees for other services .....	0.17	0.13
Reimbursement of expenses .....		
	0.82	2.15
	0.06	0.09
Directors' fees .....		
Decrease/(Increase) in work in progress and finished goods		
Closing stocks	810.07	261.84
Work in progress .....	235.09	226.44
Finished goods .....		
	1045.16	488.28
Opening stocks	261.84	151.09
Work in progress .....	226.44	81.89
Finished goods .....		
	488.28	232.98
	(556.88)	(255.30)
	2109.42	1639.12

# Schedule forming part of the accounts

## "J" Notes to the accounts

1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1229.42 lakhs (1988 : Rs. 904.29 lakhs).
2.
  - a) The 15% non-convertible debentures of Rs. 100 each are secured by a legal mortgage on an immovable property of the Company.
  - b) The Company has also created an additional security by way of an equitable mortgage of the Company's immovable property situated at Hosur, and by hypothecation of its movable assets (save and except book debts), both present and future, subject to a prior charge on inventories, in favour of banks for providing working capital.
  - c) These debentures are redeemable in three equal annual instalments commencing from the expiry of the 7th year from the date of allotment (i.e. 3 March 1987), at a premium of 5% of the face value, payable together with the first instalment.
3.
  - a) The 13.5% debentures of Rs. 200 each are secured by a legal mortgage on an immovable property of the Company.
  - b) The Company has also created an additional security by way of an equitable mortgage of the Company's immovable property situated at Hosur and by hypothecation of its movable assets (save and except book debts), both present and future, subject to a prior charge on inventories in favour of banks for providing working capital.
  - c) These debentures are redeemable at par at the end of ten years from the date of allotment (i.e. 15 June 1987), with the Company having an option to redeem the same at any time after the end of seven years from the date of allotment, either fully or partly, on a pro rata basis or by draw of lots or any other basis.
4. The foreign currency term loans from the International Finance Corporation, Washington are secured by way of an equitable mortgage of the Company's immovable property situated at Hosur and by hypothecation of its movable assets (save and except book debts), both present and future, subject to a prior charge on inventories in favour of banks for providing working capital. These loans are converted at the rates prevailing at the end of the year in which it was sanctioned and first disbursed. Sundry creditors include Rs. 367.42 lakhs (1988 : Rs. 235.34 lakhs) being additional liability arising due to exchange fluctuation on realignment of these loans in rupee terms.
5. The securities referred to in notes 2(b), 3(b) and 4 rank pari passu.
6. The other term loan under secured loans, is in the process of being secured by way of an equitable mortgage of the Company's immovable property situated at Hosur and by hypothecation of its movable assets (save and except book debts), both present and future, subject to a prior charge on inventories in favour of banks for providing working capital.
7. Depreciation has been provided on the straight line method at rates prescribed under the Companies Act, 1956.
8. Break-up of expenditure (excluding gratuity) on employees who were :

	employed throughout the period on a remuneration of at least Rs. 54,000 (1988: Rs. 72,000)		employed for a part of the year on an aggregate remuneration at a rate of at least Rs. 6,000 per month	
	1989	1988	1989	1988
Number of employees .....	13	9	2	1
	Rupees in lakhs		Rupees in lakhs	
Salaries and wages .....	9.40	7.48	0.86	0.88
Company's contribution to provident and other funds .....	1.61	1.68	0.19	-

The annual limit of Rs. 72,000 has been reduced to Rs. 54,000 on a pro rata basis for the current period.



# Annexure to the Directors' Report

Information as per section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31 March 1989.

Particulars given below are in the following sequence :

Name, Designation, Age, Gross and Net remuneration, Qualification, Experience, Last employment held, Commencement of employment.

Ahluwalia Avi Regional Manager (North) 30 54,040 46,922 B.Tech. 7 Hindustan Lever Ltd. Jan 1987 - Amitha I.K. Senior Vice President (Operations) 62 1,11,807 80,015 B.E. (Mech.), PG (Prec. Engg.) 39 HMT Ltd. Jul 1985 - Bhat Bhaskar All India Sales Manager 35 69,497 51,946 B. Tech., PGDBM 11 Tata Press Ltd. Jan 1986 - Desai Xerxes Managing Director 52 1,28,475 61,500 M.A. (Oxon.) 29 Tata Press Ltd. Jan 1986 - Dwarkanath B.G. Superintendent (Assembly) 41 60,131 49,168 B.E. 18 HMT Ltd. Oct 1985 - Gaudot Claude Technical Advisor 63 91,181 67,500 Graduate Engineer (Mech.) 41 France Ebauches Aug 1987 - Hari Rao R.C. Vice President (Manufacturing) 57 1,04,922 75,449 B.E (Mech.), PG (Ind. Engg.) 32 HMT Ltd. Oct 1985 - Manchanda A.K. Executive Vice President 41 1,07,633 69,723 M.Stat., Dip. SQC & OR 21 Tata Press Ltd. Jan 1986 - Menon C.R.\* General Manager (Sales) 45 49,477 34,990 M.Com., M.B.A. 21 Voltas Ltd. Jul 1986 - Nangia V.I. Finance Manager 31 63,077 48,651 B.A. (Hons.), PGDBA 10 The Indian Hotels Co. Ltd. Jun 1986 - Oberoi K.S. Vice President (Administration) 43 88,675 59,911 M.A. 22 Tata Tea Ltd. Jul 1986 - Pillai V.V. General Manager (Special Assignments) 52 73,713 46,903 Matriculation 29 Tata Press Ltd. Jun 1988 - Ramdas M.N. Vice President (Finance) & Company Secretary 38 85,889 56,296 B.Com., LL.B., A.C.S. 14 Tata Press Ltd. Jan 1986 - Ravi Kant Vice President (Marketing) 45 88,675 62,526 M.Sc., B.Tech. 23 Kinetic Engineering Ltd. Dec 1986 - Singh Vijay \* Marketing Controller 33 63,423 38,644 B.A. (Hons.), MMS 12 Tata Chemicals Ltd. Aug 1988.

## Notes:

1. The gross remuneration shown above is subject to tax and comprises salary, allowances, monetary value of perquisites as per income tax rules and Company's contributions to provident and superannuation funds.
2. Net remuneration is arrived at by deducting from the gross remuneration, income tax, Company's contributions to provident and superannuation funds, and the monetary value of non-cash perquisites wherever applicable.
3. The particulars in respect of the employees employed throughout the year relates to those who are in receipt of remuneration in excess of Rs. 54,000, being the pro rated amount for the 9 months ended 31 March 1989.
4. All employees have adequate experience to discharge their responsibilities.
5. The nature of employment in all cases is contractual.
6. \* Indicates employed for part of the year.
7. None of the above employees is related to any Director of the Company.

On behalf of the Board of Directors,

A. L. Mudaliar  
Chairman

Hosur, 17 July 1989

