

35th

ANNUAL REPORT

1998 - 99

Bharat Earth Movers Limitd

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Bihar Earth Movers Limited

Board of Directors

Dr. K. Aprameyan
Chairman & Managing Director

Shri J.B. Diwale
Director (Finance)

Shri K.R. Anantharaman
Director (Marketing)

Shri P.S. Gopinath
Director (R&D)

Shri V.L. Varma
Director (Production)

Shri Swashpawan Singh
Jt. Secretary (Export)
Department of Defence Production
& Supplies
Ministry of Defence

Shri Abhijit Basu
Additional Financial Adviser &
Joint Secretary
Ministry of Defence

Dr. A. Ravindra
Metropolitan Commissioner
Bangalore Metropolitan
Region Development Authority
Bangalore

Shri Romesh Kumar
Addl. Member (PU)
Railway Board
Ministry of Railways

Shri J. Harinarayan
Joint Secretary
Ministry of Coal

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Financial Statistics

(Rs. in Lakhs)

	1965-66	81 - 82	86 - 87	91 - 92	92 - 93	93 - 94	95 - 96	96 - 97	97 - 98	98 - 99
CAPITAL										
Equity Capital	681	1,200	3,000	3,000	3,000	3,000	3,686	3,687	3,687	3,687
Reserves and Surplus	40	5,126	16,056	35,075	38,260	41,755	53,615	54,620	54,877	54,937
Net Worth	653	6,326	18,901	37,911	41,260	44,151	55,622	56,802	56,922	57,752
Loans from Government of India	-	1,992	6,616	8,665	8,710	8,330	4,825	3,660	2,525	1,440
Loans from Banks	-	4,577	14,047	17,534	29,571	28,977	35,842	42,419	41,466	47,305
Other Loans	-	-	6,489	25,997	28,740	36,303	26,562	25,780	27,247	22,951
Gross Block	236	5,010	16,492	37,020	41,696	43,100	44,792	45,815	49,708	50,618
Depreciation	27	2,404	4,917	13,336	16,261	18,835	23,761	26,267	28,613	31,058
Inventories	339	9,529	20,930	43,667	48,794	54,179	62,267	60,605	65,732	67,961
Sundry Debtors	119	3,733	19,719	33,718	48,622	48,544	60,199	71,443	61,882	60,665
Working Capital	447	10,212	33,804	63,367	81,407	92,923	101,287	107,298	106,510	108,655
Capital Employed	656	12,817	45,379	87,052	106,842	117,188	122,317	126,846	127,605	128,215
REVENUE										
Sales	517	22,193	50,615	79,900	90,066	90,239	101,110	116,979	125,971	121,262
Value of Production	523	22,520	51,487	82,950	94,894	96,124	103,207	118,207	128,596	124,415
Value Added	243	7,800	22,636	37,430	42,234	39,229	42,691	47,779	53,809	50,677
Surplus before depreciation, Interest & Tax	61	4,158	8,799	15,678	17,720	17,386	15,030	16,661	14,137	11,722
Depreciation	21	284	837	2,588	2,952	2,689	2,540	2,541	2,458	2,572
Surplus before Interest & Tax	40	3,874	7,962	13,090	14,768	14,697	12,490	14,120	11,679	9,150
Interest	-	886	3,361	8,208	9,874	10,094	10,244	11,004	10,074	8,878
Profit before Tax	40	2,988	4,601	4,882	4,894	4,603	2,246	3,116	1,605	272
Provision for Taxation	8	1,775	1,000	1,400	1,250	650	800	1,300	540	210
Profit after Tax	32	1,213	3,601	3,482	3,644	3,953	1,446	1,816	1,065	62
Debenture Redemption Reserve	-	-	500	-	-	-	475	475	147	-
Dividend & Tax Thereon	-	72	300	405	450	450	553	811	811	-
RATIOS										
Turnover to Capital Employed	78.82	173.05	111.54	91.78	84.30	77.00	82.66	92.22	98.72	94.58
PBIT to Capital Employed	6.06	30.22	17.55	15.04	13.82	12.54	10.21	11.13	9.15	7.14
Profit before Tax to Sales	7.69	13.46	9.09	6.11	5.43	5.10	2.22	2.66	1.27	0.22
Profit after Tax Net Worth	4.86	19.17	19.05	9.19	8.83	8.95	2.60	3.20	1.87	0.11
Value of Production to Inventories (Mean)	156.30	240.12	249.41	189.49	205.27	186.70	185.10	192.41	203.58	186.12

Funds Flow

(Rs. in Lakhs)

	91 - 92	92 - 93	93 - 94	95 - 96	96 - 97	97 - 98	98 - 99
SOURCES OF FUNDS							
Profit after Tax	3,482	3,644	3,953	1,446	1,816	1,065	62
Depreciation	2,501	2,925	2,574	2,437	2,506	2,346	2,445
Increase in Share Capital	-	-	-	4	-	-	-
Share Premium	-	-	-	83	4	6	1
Increase in Borrowings	4,349	10,420	6,589	769	4,629	-	459
Decrease in Working Capital	-	-	-	-	-	788	-
Others	-	-	-	-	171	-	774
	10,332	16,989	13,116	4,739	9,126	4,205	3,741
UTILISATION OF FUNDS							
Fixed Assets	4,005	3,059	529	905	2,059	2,634	1,596
Increase in Working Capital	5,785	13,446	11,515	2,725	6,012	-	2,145
Decrease in Borrowings	-	-	-	-	-	621	-
Dividend & Tax Thereon	405	450	450	553	811	811	-
Investments	-	-	10	-	244	-	-
Others	137	34	612	556	-	139	-
	10,332	16,989	13,116	4,739	9,126	4,205	3,741



Notice

Notice is hereby given that the 35th Annual General Meeting of Bharat Earth Movers Limited will be held on Thursday, the 30th September, 1999 at 1030 hrs. at the Khincha Auditorium of Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001, to transact the following business:

I. Ordinary Business

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and Auditors' Report thereon.
2. To elect a Director in place of Shri P.S. Gopinath, who retires by rotation and being eligible, offers himself for re-appointment.
3. To elect a Director in place of Dr. A. Ravindra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Shri V.L. Varma, who retires by rotation and being eligible, offers himself for re-appointment.

II. Special Business

1. Appointment of Directors:

- (a) To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Shri Swashpawan Singh, be and is hereby appointed as Director of the Company with effect from 16.10.1998".

- (b) To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Shri Romesh Kumar, be and is hereby appointed as Director of the Company with effect from 15.01.1999".

- (c) To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Shri Abhijit Basu, be and is hereby appointed as Director of the Company with effect from 02.02.1999".

2. Dematerialisation of Shares - Amendment to Articles of Association of the Company:

To consider and, if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be altered as under to incorporate a fresh Article after the existing Article 19:

Article 19(a)

Notwithstanding anything contained in these Articles, pursuant to the provisions of the Depositories Act, 1996 and rules framed thereunder:

- (a) the Company shall be entitled to dematerialise its securities (Shares, Debentures, etc.) and to offer securities in a dematerialised form;
- (b) the registered holders of the securities of the Company shall be entitled to convert such securities in a dematerialised form and to hold the same with a depository and vice-versa; and
- (c) anyone holding shares of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company and be entitled to all rights and benefits and subject to all the liabilities in respect of his/their shares held by a depository".

By order of the Board
for **Bharat Earth Movers Limited**

Bangalore - 560 027
24th August, 1999

K.C. Medapa
Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote instead of himself and a proxy need not be a member of the Company.
2. Proxy form is attached. The Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

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Notes

3. The Register of Members and Share Transfer Book will remain closed from 16th to 30th September, 1999 (both days inclusive).
4. The Explanatory statement as required under the Companies Act, 1956 is enclosed.
5. Members/Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.
6. Members are requested to quote their Registered Folio number on all correspondence with the Company and notify the Company immediately of change, if any, in their Registered address and/or of their mandates.
7. Members who are holding shares in more than one folio are requested to intimate to the Company the details of all their folio numbers for consolidation into a single folio.
8. Members are requested to bring their copies of the Annual Reports to the meeting.
9. The Company offers nomination facility to the members. Members are requested to submit the nomination form, duly filled in, to the Company. The nomination form is appended.

Explanatory statement pursuant to section 173 of the Companies Act, 1956 relating to special business

1. Appointment of Directors:

The existing Articles of Association of the Company provides for appointment of all the Directors by the President of India. Consequent upon disinvestment of shares of BEML by the Government of India, the Company's status has changed from 'Wholly owned Government Company' to a 'Partly owned Government Company' and the exemptions granted to Wholly owned Government Company are no longer available. The Government of India holds over 60% of Equity Shares in the Company and is a majority shareholder. The President has appointed Sarvashri Swashpawan Singh as Part-time Official Director, w.e.f. 16th October, 1998 vide Ministry of Defence L. PC No. 24(9)/84/D(BEML) dated 16.10.98; Romesh Kumar, as Part-time Director, w.e.f. 15th January 1999, vide Ministry of Defence L. PC. No. 24(9)/84/D(BEML) dated 15.01.99 and Abhijit Basu, as part-time Director, w.e.f. 2nd February, 1999, Vide Ministry of Defence L. PC No. 24(9)/84/D(BEML) dated 02.02.99 under the powers vested in the Articles of Association of the Company and secure the consent of the members for the appointment of the aforementioned Directors with effect from the date of their respective appointments as aforesaid. In view of the provisions of the Companies Act relating to appointment of Directors, it has become necessary to place these items before the members of the Company.

None of the Directors of the Company except Sarvashri Swashpawan Singh, Romesh Kumar and Abhijit Basu are interested in the resolution concerned.

The Directors commend that the resolutions set out in the meeting notice to the members for their approval.

2. Dematerialisation of Shares - Amendment to the Articles of Association of the Company.

With the enactment of the Depositories Act, 1996 and introduction of depository system, shareholders of the

Company have been given an option to convert their shares into dematerialised form and hold the same with a depository, i.e., the shares in physical form would be defaced by the Company and credit given to the account of the shareholder maintained with the participant to the depository. In case of transfer, the sellers account would be debited and the buyers account be credited.

Eventhough the demat is an optional facility, in order to give boost to the process of dematerialisation, SEBI had issued mandatory directives to the Financial Institutions, Mutual Funds, etc., to hold and deal with specified shares of certain Companies in a dematerialised form. The list included BEML shares also.

BEML entered into a tri-partite agreement with the depository (NSDL) and the share transfer agent, M/s. Karvy Consultants Limited for providing facilities to shareholders to deal with the shares in dematerialised form. The shares are available for dematerialisation with effect from 21st December, 1998. Currently, about 50% of the equity shares issued to Public/Financial Institutions/MFs have already been dematerialised.

Since BEML shares are listed compulsorily for demat form of trading by Institutions, it is necessary to make a suitable amendment to the Articles of Association of the Company to issue and deal with the shares in dematerialised form. The dematerialisation facilities are now available for shares only which may, in future, be extended to other securities like Debentures, etc. Keeping the above in mind, it is proposed to insert the new Article 19(a) in the Articles of Association of the Company with the approval of the shareholders in the Annual General Meeting. This proposal has been approved by the Board of Directors in their meeting held on 16.7.1999.

None of the Directors of the Company is interested in this Resolution.

Directors' Report

The Directors have pleasure in presenting the 35th Annual Report and Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

Rs. in lakhs

	1998-99	1997-98
Sales	1,21,262	1,25,971
Value of Production	1,24,415	1,28,596
Profit before Depreciation, Interest and Tax	11,722	14,137
Interest	8,878	10,074
Depreciation	2,572	2,458
Profit before tax	272	1,605
Provision for taxation	210	540
Profit after tax	62	1,065
Net Worth	57,752	56,922

DIVIDEND

In view of the inadequacy of profits and considering the need to conserve resources to consolidate operations, the Board regretted inability to recommend declaration of dividend for the year 1998-99.

TURNOVER AND PROFITABILITY

The year 1998-99 was one of mixed fortunes. Subdued market conditions, worldwide recession, liquidity crunch, increased competition, US sanctions and a host of other negative factors brought in considerable strain on our business. Likewise, liberalised imports of capital goods, anomalies in customs duty and increase in excise duty adversely affected the industry. Despite all these odds, BEML was able to secure a major share of business from the World Bank Aided Coal India tender, in addition to orders from Railways and Defence. The recession has had a major impact on the core sector of industry - Mining, Steel, Cement, etc., forcing them to curtail their production necessitating them to postpone their off-take of equipments which has reflected in stagnancy of our operation. The Financial Year ended with a turnover of Rs. 1,21,262 lakhs and a Value of Production of Rs. 1,24,415 lakhs.

The profitability of the Company has been subdued mainly due to increased labour cost on account of wage revision and impact of increased Gratuity ceiling, unremunerative provisional prices of Railcoaches and competitive prices in global market situation. The Profit before tax stood at Rs. 272 lakhs. The amount appropriated towards Debenture

Redemption Reserve over the years adequately complies with the guidelines. Consequently, no further appropriation was considered necessary during the year.

EXPORTS

The situation in the international market was not different from the domestic market. Recessionary trend also continued in the international market coupled with South East Asian crisis and continued Russian crisis. In spite of this, the company's exports to Syria, Tunisia and UAE continued. The Company's export turnover stood at Rs.1052 lakhs.

Over and above, Company bagged Deemed export orders to the tune of Rs.68674 lakhs against IBRD tender from M/s. Coal India against stiff competition from various global players.

In recognition of the Company's export efforts during 1997-98, it was awarded 'Export House' status for a further period of three years. The Company is confident of consolidating its operations in the global market.

PROSPECTS

The growth of the Company is linked to development of core sector and infrastructure. Major emphasis is placed by the Government on rapid development of core sector industry and infrastructure. However, implementation process has been slow in these sectors and several projects are still in the process of implementation. Unless the slow-down in the economy is pushed up with a stability in political situation, it appears that the stagnancy in operation would continue for some time.

Keeping in view the current situation, the Company has focussed on increasing its share of supplies to Defence gradually and aim at minimum 28% to 30% of its Turnover towards Defence requirements. Positive results have been attained in this direction. More orders are expected from Defence sector during the year. The Company's order book position as at the close of the year stood at Rs. 1076 crores with delivery spread over the next two years.

QUALITY

All Divisions of BEML continue to hold accreditation to ISO 9001/ISO 9002 certification. Further, BEML is consolidating its Quality improvement activities. The emphasis has been on process and system improvements and better utilisation of its human resources. The major areas addressed are as under:-

- Business process re-engineering is being actively pursued in all divisions for overall improvement of business operation.

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Directors' Report

- (b) As a part of TQM implementation, the concept of viewing the next operation as a customer was introduced in all divisions.
- (c) Quality of vendor supplied products have been largely controlled and regulated through a scientific procedure of screening and evaluating suppliers. Vendors performance is continuously analysed with regard to Quality, dependability and cost effectiveness.
- (d) The installation of FMS for manufacture of engine components, welding Robot at Truck Division and Earth Movers Division for fabrication, becoming fully operational, the reliability of major components has considerably improved.

With these steps, BEML is confident of meeting the stiff performance conditions stipulated by the customers.

COST REDUCTION

In view of competitive prices, the Management of the Company has formulated and put into effect several stringent measures to contain costs. In the area of operations and procurement of important raw materials, several important and significant reduction in cost have been achieved. The Company has achieved significant reduction in interest cost by implementation of Financial re-engineering process and improving collections. For the second year in succession the collection exceeded the Sales Turnover. This year the collection exceeded the Sales Turnover by Rs.215 crores.

RESEARCH & DEVELOPMENT

R&D's relentless efforts over the years have led to the design and development of a number of new products and aggregates in the field of construction, earthmoving equipments and railway products.

The R&D Division of the Company has been working on need-based and market driven products. Its recent innovations like BE220-1, BE300-1, BE650-1 Excavators, BH35-1 Dumpers, BD155X and BD355X Dozers have given a new thrust to the Company.

The information on R&D, Technology Absorption, Adaptation and Innovation is at Annexure I.

FINANCE

At the end of the year, the Government of India loan stood at Rs. 1440 lakhs. The short-term working capital requirement was met from internal sources and bank/intercorporate borrowings. There were no overdue instalments of principal/interest. The borrowings in foreign exchange stood at Rs.2017 lakhs as on 31.3.99.

FIXED DEPOSITS

At the end of the financial year, Fixed Deposits accepted/renewed from the public stood at Rs. 4631 lakhs. Fixed Deposits aggregating to Rs. 10.64 lakhs remained unclaimed.

PARTICULARS OF EMPLOYEES

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies(Particulars of Employees) Rules, 1975.

DEPOSITORY SYSTEM

BEML entered into an arrangement with M/s. National Securities Depository Limited(NSDL) for custody and dematerialisation of Securities in accordance with the provisions of the Depository Act, 1996.

YEAR 2000(Y2K) COMPLIANCE

The Company has initiated steps to make its business systems, equipment, process control and embedded systems Year 2000(Y2K) compliant. In relation to products of the Company where the obligation under warranties exist, the Company is assessing and taking suitable action to make such products Y2K compliant. The entire exercise, which is expected to entail an expenditure of approximately Rs. 9.00 crores, is scheduled to be completed by October, 1999. Suitable contingency plans are being developed by the Company to meet all likely eventualities to ensure uninterrupted operations.

SUBSIDIARY COMPANY

M/s. Vignyan Industries Limited, Tarikere, the Subsidiary Company, have registered a growth over the preceding year with a sales turnover of Rs. 1512.53 lakhs and Value of Production reaching Rs. 1526.31 lakhs.

During the year under review, M/s. Vignyan Industries Limited, Tarikere, redeemed the preference shares held by BEML.

The statement and particulars relating to M/s. Vignyan Industries Limited, Tarikere, pursuant to Section 212 of the Companies Act, 1956 are attached.

SMALL SCALE AND ANCILLARY INDUSTRIES

The Company continued to extend various facilities to Small Scale and Ancillary industries. To quote a few, Technical



Directors' Report

guidance during the course of manufacture, inspection of materials at vendor site, material despatch and collection by BEML vehicles, early payment compared to other industries, etc.

During 1998-99, the Company procured items worth Rs.6604.49 lakhs from Ancillary/Small Scale Units.

RAJBHASHA

Significant progress has been made for implementation of various provisions of the Official Language Policy during the year. Hindi Diwas was celebrated on 26.9.1998. Further, Hindi Anthakshri, Ashubhasan Poetry recitation and Hindi Essay writing was held during September, 1998 in all the Divisions of the Company.

A nine-member Parliamentary Committee on Official language headed by Dr. Laxminarayan Pandey, visited the company. The Committee reviewed the steps taken for propagating Hindi in day-to-day use.

AWARDS

The Company bagged the following awards during the year under review -

- All-India trophy for export performance for the fiscal year 1997-98 from EEPC in non-SSI category.
- Safety Awards -

Bangalore Complex	-	14th time
Mysore Complex	-	6th time
Engine Division	-	1st time

The awards were received from the Union Labour Minister.

Dr. K. Aprameyan, Chairman & Managing Director was conferred the "Executive of the year 1998" Award instituted by Indian Institute of Materials Management for outstanding contribution towards bringing professionalism in the field of Materials Management. He is also a recipient of Mechanical Engineering Design Award instituted by the Institute of Engineers (India).

Prime Minister's 'Shram Shri Award' for the year 1998, was received by Shri V. Natarajan, Highly skilled Turner of Earth Mover Division, KGF complex.

MANPOWER

The manpower strength, at the end of the year stood at 15471 (including Engineer trainees and MREs) as against 15349 of previous year.

The number of employees on the rolls of the Company as on 1st January, 1999 in SC/ST and Ex-servicemen categories were as follows :-

Scheduled Castes	-	3062
Scheduled Tribes	-	473
Ex-servicemen	-	982

INDUSTRIAL RELATIONS

The Industrial Relations continued to be peaceful at all the Divisions of the Company barring minor issues which have been resolved amicably.

HUMAN RESOURCES DEVELOPMENT

Human assets are invaluable resource; Developing their competencies, is one of the Corporate values of the Company. In this direction, the Company had organised several in-house training programmes to upgrade the technical skills of the employees. The Company has also deputed employees for various training programmes conducted by the renowned Institutions.

SOCIAL OBLIGATIONS

Family Welfare Programmes, viz., Laproscopic/sterilisation/Vasectomy operations were conducted in the adopted villages in and around the factory units at KGF/Bangalore/Mysore. About 260 personnel were benefitted from this.

In line with National Programme, as Phase-I, our Bangalore Complex arranged a Pulse Polio Immunisation camp at the Medical Centre. Two dozens of Oral polio vaccine were administered to each child and 269 children have been benefitted.

ENVIRONMENT & POLLUTION CONTROL

Tree planting was taken up on a massive scale in and around the factory premises/township area and in the vacant land belonging to BEML.

Treatment plants have been constructed inside our plant at Equipment Division and Engine Division to treat the domestic/industrial effluents. Also treatment plants have been provided in the township to treat waste water. Treated effluent is being utilised for gardening inside the factory premises at Mysore Complex.

ENERGY CONSERVATION

The Company continues to give emphasis on conservation of energy. The efficiency of energy utilisation is closely monitored to attain a high level of effective conservation. Some of the ongoing measures adopted for energy conservation are -

- Replacement of 250 Watts HPSV lamp fittings in place of 400 watts HPMV lamp fittings in Machine shop & Sheet Metal Hangar.

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Directors' Report

- Introduction of two Nos. 5000 ltrs. capacity Solar Water Heating system in Workers' Canteen for pre-heating of water to 60 degree C.
- Automatic switching off Roof lights partially in II and III shifts by using timing switch.
- Providing BEBLEC energy saving device in manufacturing Hydraulic, HT Shop, CNC Complex & Admin. Buildings

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company's export earning stood at Rs.1004 lakhs. The total foreign exchange utilised during the year was Rs. 25276 lakhs.

A sum of Rs.82.97 lakhs was incurred towards deputation of personnel abroad for business/export promotion, after-sales-services and training.

CONTRIBUTION TO EXCHEQUER

The Company's contribution to the Exchequer was of the order of Rs. 16415 lakhs during 1998-99 by way of Excise Duty, Customs Duty, Sales Tax and Income-tax.

AUDITORS

M/s. John, Joseph and Mathew, Chartered Accountants, Bangalore, were re-appointed as Statutory Auditors for the year 1998-99.

AUDITORS' REPORT

Reply of the Board of Directors to the observations made in the reports of the Statutory Auditors and the Comptroller & Auditor General of India on the Accounts are given in addendum to this report.

REVIEW OF ACCOUNTS

The review of accounts by the Comptroller and Auditor General of India for the year 1998-99 is attached to this report at Annexure-II.

DIRECTORS

During the year, Shri Swashpawan Singh, Joint Secretary(Export), Deptt. of Defence Production & Supplies, Ministry of Defence, Shri Abhijit Basu, Additional Financial Adviser, Ministry of Defence and Shri Romesh Kumar, Additional Member/PU, Railway Board, New Delhi, were appointed as Part-time Directors of the Company by

the President of India in the vacancies caused by Shri R. Rajagopalan, Ms. Anjali Ahluwalia and Shri R. Subramanyan, respectively. Shri Moid Siddiqui, Director(HRD), ceased to be Director of the Company consequent upon his resignation with effect from 9th May, 1999. The Board placed on record its deep appreciation of the valuable services rendered by them.

ACKNOWLEDGMENTS

Your Directors express their grateful thanks to the Company's valued customers, in particular M/s. Coal India Limited, M/s. Singareni Collieries Company Limited, Railway Board and Defence Services for their continued patronage and confidence in the Company. The Directors also express their grateful thanks to M/s. Komatsu Limited, Japan, M/s. Komatsu Mining Systems & Support Inc. USA, M/s. Bucyrus International, USA, M/s. Tamrock Voest-Alpine Bergtechnik Ges.m.b.H. Austria, M/s. IGM Roboter System AG, Austria, M/s. Tatra Sipox(UK) Ltd., UK, M/s. Pearson Engineering Ltd., UK and M/s. Zaklady Mechaniczne "Bumar Labedy", Poland, and others for their valuable assistance to the Company.

The Directors express their appreciation to the State Bank of India and other members of Consortium Banks, Financial Institutions and M/s. Exim Bank for their continued support to the Company's operation. Directors also thank all the shareholders/investors and Depositors for reposing continued confidence in the Company.

The Directors wish to thank the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors and Suppliers for their valued co-operation.

The Directors also gratefully acknowledge the valuable assistance and guidance received from various Ministries of Government, in particular Ministry of Defence and the Railway Board. The Directors are also grateful to the Government of Karnataka for the co-operation extended.

Your Directors take this opportunity to place on record their appreciation for the valuable contribution made and co-operation shown by the employees and officers at all levels for the progress of the Company.

For and on behalf of the Board of Directors

Dr. K. Aprameyan
Chairman & Managing Director