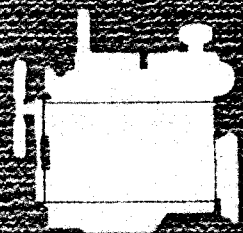
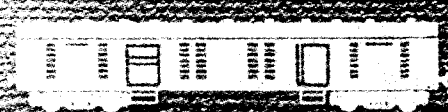
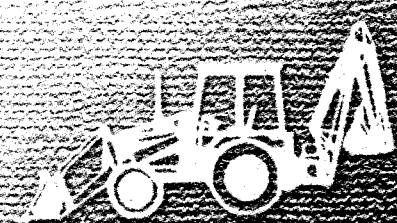
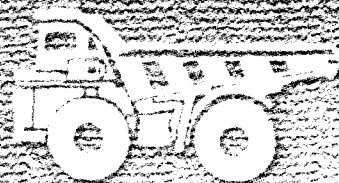
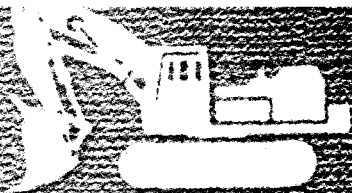


# 39

## ANNUAL REPORT 2002-03

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BHARAT EARTH MOVERS LIMITED



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# Board of Directors

As on 28-08-2003



**V RS Natarajan**  
*Chairman & Managing Director*



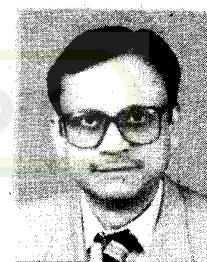
**V S Venkatanathan**  
*Director (R&D)*



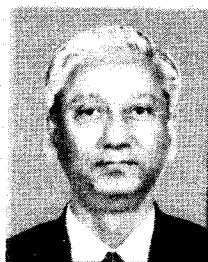
**APVN Sarma**  
*Jt. Secretary (Coal)  
Ministry of Coal & Mines*



**Ramesh C Suthar**  
*Director (Production)*



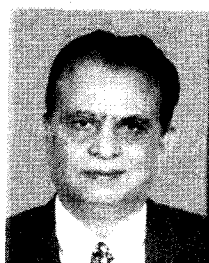
**Abhijit Basu**  
*Additional Financial Advisor (B) &  
Jt. Secretary, Ministry of Defence*



**P Mazumdar**  
*Director (Finance)*



**Tapan Ray**  
*Jt. Secretary (Export), Dept. of Defence  
Prodn. & Supplies, Ministry of Defence*



**K A Nagaraja**  
*Director (Marketing)*



**P Sathyanarayan**  
*Director (HRD)*





*CMD Shri V RS Natarajan receiving Export Trophy instituted by Federation of Indian Export Organisations from Vice-President of India, Shri Bhairon Singh Shekawat*



*Defence Minister Shri George Fernandes at the handing over of Metro Coach to Shri E. Sreedharan, MD, DMRC*

## Financial Statistics

(Rs. in Lakhs)

	1965-66	81 - 82	86-87	95 - 96	96 - 97	97-98	98-99	99-2000	2000-01	2001-02	2002-03
<b>CAPITAL</b>											
Equity Capital	681	1,200	3,000	3,686	3,687	3,687	3,687	3,687	3,687	3,687	3,687
Reserves and Surplus	40	5,126	16,056	53,615	54,620	54,877	54,937	55,497	55,689	55,978	54,827
Net Worth	653	6,326	18,901	55,622	56,802	56,922	57,752	57,774	55,700	55,559	53,219
Loans from Government of India	-	1,992	6,616	4,825	3,660	2,525	1,440	NIL	NIL	NIL	NIL
Loans from Banks	-	4,577	14,047	35,842	39,919	41,466	47,305	37,537	23,471	27,255	3,130
Other Loans	-	-	6,489	26,562	28,280	27,247	22,951	10,855	6,288	2,778	220
Gross Block	236	5,010	16,492	44,792	45,815	49,708	50,618	52,199	52,695	52,851	53,425
Depreciation	27	2,404	4,917	23,761	26,267	28,613	31,058	33,509	35,805	37,648	39,213
Inventories	339	9,529	20,930	62,267	60,605	65,732	67,961	61,079	63,868	63,886	74,850
Sundry Debtors	119	3,733	19,719	60,199	71,443	61,882	60,665	52,016	52,067	56,730	49,418
Working Capital	447	10,212	33,804	101,287	107,298	106,510	108,655	86,838	67,512	69,190	43,454
Capital Employed	656	12,817	45,379	122,317	126,846	127,605	128,215	105,528	84,402	84,392	57,666
<b>REVENUE</b>											
Sales	517	22,193	50,615	101,110	116,979	125,971	121,262	131,709	134,740	142,415	168,117
Value of Production	523	22,520	51,487	103,207	118,207	128,596	124,415	129,385	134,317	143,610	174,016
Value Added	243	7,800	22,636	42,691	47,779	53,809	50,677	51,700	54,777	53,292	62,566
Profit before Depreciation & Interest	61	4,158	8,799	15,030	16,661	14,137	11,722	11,438	6,525	5,741	6,017
Depreciation	21	284	837	2,540	2,541	2,458	2,572	2,679	2,340	2,214	1,931
Surplus before Interest & Tax	40	3,874	7,962	12,490	14,120	11,679	9,150	8,759	4,185	3,527	4,086
Interest	-	886	3,361	10,244	11,004	10,074	8,878	6,399	3,120	2,226	300
Profit before Tax	40	2,988	4,601	2,246	3,116	1,605	272	2,360	1,065	1,301	3,787
Provision for Tax	8	1,775	1,000	800	1,300	540	210	900	465	766	1,177
Profit after Tax	32	1,213	3,601	1,446	1,816	1,065	62	1,460	600	535	2,610
Debenture Redemption Reserve	-	-	500	475	475	147	-	-	-	-	-
Dividend	-	72	300	553	737	811	-	897	405	441	735
<b>RATIOS</b>											
Turnover to Capital Employed	78.82	173.05	111.54	82.66	92.22	98.72	94.58	125.15	159.64	168.75	291.54
PBIT to Capital Employed	6.06	30.22	17.55	10.21	11.13	9.15	7.14	8.32	4.96	4.18	7.09
Profit before Tax to Sales	7.69	13.46	9.09	2.22	2.66	1.27	0.22	1.79	0.79	0.91	2.25
Profit after Tax to Net Worth	4.86	19.17	19.05	2.60	3.20	1.87	0.11	2.53	1.08	0.96	4.90
Value of Production to Inventories (Mean)	156.30	240.12	249.41	185.10	192.41	203.58	186.12	200.54	215.00	224.82	250.89

## Funds Flow

(Rs. in Lakhs)

	95 - 96	96 - 97	97-98	98-99	99-2000	2000-01	2001-02	2002-03
<b>SOURCES OF FUNDS</b>								
Profit after Tax	1,446	1,816	1,065	62	1,460	600	535	2,610
Depreciation	2,437	2,506	2,346	2,445	2,451	2,296	1,843	1,564
Increase in Share Capital	4	-	-	-	-	-	-	-
Share Premium	83	4	6	1	-	-	-	-
Increase in Borrowings	769	4,629	-	459	-	-	274	-
Decrease in Working Capital	-	-	788	-	22,103	19,039	-	25,856
Others	-	171	-	774	-	-	-	2
	4,739	9,126	4,205	3,741	26,014	21,935	2,652	30,032
<b>UTILISATION OF FUNDS</b>								
Fixed Assets	905	2,059	2,634	1,596	986	419	(58)	837
Increase in Working Capital	2,725	6,012	-	2,145	-	-	1,677	-
Decrease in Borrowings	-	-	621	-	23,305	18,634	-	26,684
Dividend & tax thereon	553	811	811	-	897	405	441	829
Investments	-	244	-	-	287	210	26	-
Others	556	-	139	-	539	2,267	566	1,682
	4,739	9,126	4,205	3,741	26,014	21,935	2,652	30,032

## 39th Annual Report

### Notice

NOTICE is hereby given that the 39<sup>th</sup> Annual General Meeting of Bharat Earth Movers Limited will be held on Monday, the 29<sup>th</sup> September, 2003 at 15.30hrs. at HAL Convention Centre, Airport - ITPL Road, Near Marathahalli Police Station, Bangalore - 560 037, 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 31<sup>st</sup> March, 2003 and the Balance Sheet as at that date and Auditors' Report thereon.
2. To declare Dividend.
3. To elect a Director in place of Shri Abhijit Basu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Shri. A.P.V.N. Sarma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in place of Shri P. Mazumdar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors.

#### II. SPECIAL BUSINESS

##### 7. 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 V.R.S. Natarajan, be and is hereby appointed as Chairman & Managing Director of the Company with effect from 1<sup>st</sup> December, 2002."

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

"RESOLVED that Shri Tapan Ray, be and is hereby appointed as Director of the Company with effect from 27<sup>th</sup> November, 2002."

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

"RESOLVED that Shri P. Sathyanarayan, be and is hereby appointed as Director (HRD) of the Company with effect from 1<sup>st</sup> July, 2003."

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and other applicable provisions in this regard, the consent of the company be and is hereby accorded to the Board to de-list the Equity Shares of the Company from The Delhi Stock Exchange Association Limited, New Delhi, The Calcutta Stock Exchange Association Limited, Kolkata and Madras Stock Exchange Limited, Chennai."

By order of the Board  
for Bharat Earth Movers Limited

K.C. Medapa  
Company Secretary

Bangalore - 560 027

Date : 3<sup>rd</sup> September, 2003

#### 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/herself and 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 commencement of the meeting.
3. The Register of Members and Share Transfer Book will remain closed from 16.09.2003 to 29.09.2003 (both days inclusive).
4. Shareholders are requested to address all correspondence in relation to share matters to the Company's Registrars and Share Transfer Agents, M/s Karvy Consultants Limited at the following address :  
M/s. Karvy Consultants Limited  
No.51/2, T.K.N. Complex, Vanivilas Road  
Opp: National College, Basavanagudi  
Bangalore-560 004.
5. The dividend declared at the meeting will be made available on or after 29<sup>th</sup> September, 2003 in respect of shares held in

Physical form to those members who are entitled to the same and whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company at the end of business hours on 15.09.2003 and in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

6. The explanatory statement as required under the Companies Act, 1956 is enclosed.
7. Member / Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.
8. Members who are holding shares in more than one folio are requested to intimate to the Registrar and Transfer Agents the details of all their folio numbers for consolidation into a single folio.
9. Members are requested to bring their copies of the Annual Report to the meeting.



## Notes

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

#### 7) Appointment of Directors:

The existing Articles of Association of the Company provides for appointment of all 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 61.23% of Equity Shares in the Company and is a majority shareholder. The President has appointed Shri V.R.S. Natarajan, as Chairman & Managing Director of the Company with effect from 1<sup>st</sup> December, 2002 vide Ministry of Defence Letter No.10(3)2001-D(BEML) dated 29.08.2002. The President of India has also appointed Shri Tapan Ray, Joint Secretary (Export) as Part-time Official Director on the Board with effect from 27.11.2002 vide Ministry of Defence Letter No. PC I to F.No.24(9)/84-D(BEML), dated 27<sup>th</sup> November, 2002. Shri P. Sathyanarayan was appointed as Director (HRD) on the Board with effect from 01.07.2003 vide Ministry of Defence Letter No. 10(1)/2002-D(BEML), dated 10<sup>th</sup> June, 2003, 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 appointment 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.

#### a) Shri V.R.S. Natarajan, Chairman & Managing Director

Shri V.R.S. Natarajan had taken over as the Chairman & Managing Director of the Company on 1<sup>st</sup> of December, 2002. He is widely experienced with a mix of both private and public sectors having handled critical areas in the erstwhile companies. Prior to the current assignment, he was Director (Personnel), ECIL where he was instrumental in turning around the company, from turnover of Rs.259 crores with Rs.59 crores loss in 1988-89 to a Rs.675 crores turnover with pre-tax profit of Rs.75 crores in 2001-02 and ECIL is set to attain a turnover of Rs.1000 crores. He pioneered IT education as a new Division of ECIL which grew from a mere Rs.75 lakhs to Rs.15 crores in the very second year in recognition of which the President's award was given.

#### b) Shri Tapan Ray, Part-time Director

Shri Tapan Ray is presently Joint Secretary in the Department of Defence Production and Supplies, Ministry of Defence where he looks after defence exports and international co-operation in defence production in addition to being on the Board of Bharat Earth Movers Limited. Shri Ray, who belongs to the Indian Administrative Service joined the Gujarat Cadre of the service in 1982.

A graduate of the Indian Institute of Technology, Delhi where he completed his Bachelor of Technology in Mechanical Engineering. Shri Ray also has LL.B. Degrees from Gujarat University and M.S. University, Baroda. He is also an alumnus of the Woodrow Wilson School of Public and International Affairs, Princeton University, USA from where he completed his Master of Public Policy. He has diplomas in International Law and Diplomacy from the Indian Academy of International Law and Diplomacy; in Environmental Law from the Centre for Environmental Law; in International Business and Trade Law from the Indian Academy of International Law and Diplomacy. He has an Executive Masters in International Trade from the Indian Institute of Foreign Trade and a Post Graduate Diploma in International Business Organisation from the School of Management Studies, Indira Gandhi National Open University.

His professional experience includes assignments in the Government of India in the Ministries of Power, Planning & Programme Implementation, Science & Technology and Textiles. In the State Government he has worked in the Home and Education Departments in the Government of Gujarat. At the District Level, he has held important charges including that of Collector and District Magistrate at Godhra (2 years) and at Baroda (4 years) in Gujarat.

#### c) Shri P. Sathyanarayan, Director (HRD) :

Shri P. Sathyanarayan holds Masters Degree in Social Work from Bangalore University and Sociology from Mysore University. He has also done Degree in Law. Starting his career in private sector in 1978, he moved over to Public Sector International Airports Authority of India at Kolkata as Assistant Personnel Officer. Later in 1980, he joined HMT Ltd. and held varied positions in personnel management, industrial relations, administration, HRD for nearly two decades. He joined BEML as General Manager (Personnel) and rose to the position of Director (HRD). He has been instrumental in rationalising workforce, preparation, retraining and redeployment plans and multi-skill development amongst workmen.

Shri P. Sathyanarayan is on the visiting faculty of Mangalore University and a member of National HRD Network and National Institute of Personnel Management. He is presently pursuing Ph.D. in Organisational Development.

None of the Directors of the Company except Shri V.R.S. Natarajan, Shri Tapan Ray and Shri P. Sathyanarayan are interested in these Resolutions.

The Directors recommend the resolution set out in the meeting notice to the members for their approval.

#### 8. De-listing of equity shares of the Company:

Presently, the Equity Shares of the company are listed with the following stock exchanges in India.

- 1) Bangalore Stock Exchange Limited, Bangalore
- 2) The Stock Exchange, Mumbai (BSE)
- 3) The Delhi Stock Exchange Association Limited, New Delhi
- 4) The Calcutta Stock Exchange Association Limited, Kolkata
- 5) Madras stock Exchange Limited, Chennai.

Keeping in mind better accessibility and liquidity to the Investors, an application which has been made for listing the equity shares with the National Stock Exchange of India, Mumbai is under process.

The Securities and Exchange Board of India (SEBI) has issued SEBI (Delisting of Securities) Guidelines, 2003. As per the provisions of the said guidelines, in case the Company's Securities continues to be listed on a Stock Exchange having nation wide trading terminals (such as The Stock Exchange, Mumbai or National Stock Exchange), the Company with the approval of the Shareholders by way of Special Resolution may de-list its Securities from the remaining Stock Exchanges. In view of the aforesaid SEBI Guidelines, it is proposed that the Company's shares continue to be listed at the Bangalore Stock Exchange, The Stock Exchange, Mumbai and de-list from the remaining Stock Exchanges as mentioned in the resolution. The Shares of the Company were not traded at Delhi, Calcutta and Chennai Stock Exchanges during 2002-03.

None of the Directors of the company is in anyway concerned or interested in the proposed resolution.

Your Directors recommend this Special Resolution for approval of the members.

## 39th Annual Report

### Directors' Report

Your Directors have pleasure in presenting to you the 39<sup>th</sup> Annual Report on the working of the company for the year ended 31.03.2003 together with the Audited Accounts.

The highlights of the **financial performance** for the year are as under :

(Rs. In lakhs)

	2002-2003	2001-2002
Sales	1,68,117	1,42,415
Value of Production	1,74,016	1,43,610
Profit (before Depreciation Interest and Tax)	6,017	5,741
Interest	300	2,226
Depreciation	1,931	2,214
Profit before Tax	3,787	1,301
Provision for Taxation	1,177	766
Profit after Tax	2,610	535
Profit available for appropriations	2,767	748
APPROPRIATIONS		
Proposed Dividend	735	441
Tax on Dividend	94	-
General Reserve	1,600	150
Profit & Loss Account	338	157
<b>Net Worth</b>	<b>55,325</b>	<b>55,559</b>

During the year, your company crossed another milestone by crossing Rs.1,500 crore turnover mark while attaining a record turnover of Rs. 1,681 crores registering 18% increase over the previous year and the Value of Production of Rs.1,740 crores recording an increase of Rs. 304 crores compared to previous year. Your company earned a profit before tax of Rs. 38 crores and the profit after tax stood at Rs. 26 crores recording an increase of 388% over the previous year which has been attained through drastic cost reduction / economy measures introduced and after taking additional burden of Rs.28 crores towards voluntary retirement scheme.

The company has three segments in its range of products. The Earthmoving products segment accounted for a turnover of Rs.1088 crores while Defence products segment accounted for Rs. 593 crores. The Earthmoving products segment contributed 65% to the total turnover while defence contributed 35% to the total turnover. There were no orders received from Railway Board during 2002-03 for supply of Rail Coaches

### DIVIDEND

The company's endeavour to increase the shareholder value has begun to show results. This we assure you, will continue. Keeping in view the available Profit after Tax, a dividend of 20% is recommended for declaration which with the dividend tax payable will absorb Rs.8.29crores.

### EXPORTS

Export turnover stood at Rs. 21.45 crores of which Rs.12.45 crores related to physical exports to Abudhabi, Bhutan, South Africa, Tanzania, Syria and Tunisia. The physical exports were affected by the Middle East crisis.

### STRUCTURE SEGMENT REPORT & PROSPECTS

The company manufactures wide range of Heavy Earthmoving Equipment and Parts catering to the core sector of the Industry – Mining, Irrigation, Projects, Steel / Cement Plants; Infrastructure segment, Defence Equipment and Aggregates for the Defence Forces and Railway Rolling Stocks primarily for Indian Railways. The Company has three plants one each located at Bangalore, Mysore and KGF each of which is interdependent.

The prospects in all segments of business is showing improvement, consequently target of Rs.1760 crores towards turnover has been fixed for 2003-04. The company carries order book position of Rs.1321 crores bulk of which relates to supply of Defence Equipment. Several measures have been taken to broad base the customer profile for Earthmoving Equipment to make in-roads into the infrastructure sector which offers potential for growth in this segment. The Company will continue to aspire to maintain its leadership in manufacture and supply of Heavy Earthmoving Equipment. In the Defence Segment company has established capability for manufacture of wide range of ground support equipment required by Defence and is confident of meeting its obligations to the Defence. In the Railway Products segment, efforts made over the years appears to be yielding results with the Railway Board indicating its desire to release an order for supply of coaches. Facility has been established as per schedule for manufacture of EMUs. The first EMU assembled by the company has passed the tests conducted by M/s Rotem, Korea. The first batch of EMUs will be supplied for use by DMRC as per schedule fixed. With States of Karnataka, Andhra Pradesh indicating the need to introduce mass rail transport system to ease the congestion in Metros the potential available for growth in this segment appears to be good and with facilities established company has gained a head way in securing business in this segment.



## Directors' Report

The prospects in terms of business is showing improvement. As already indicated, earlier competition in Earthmoving Segment was very stiff with the opening-up of the economy and liberalisation of imports coupled with lowering in rates of import tariff. Similarly, the Defence Sector is being opened-up to the private sector for establishing facilities and offering defence equipment. With this, competition in this segment also will be building up in the years to come. In the Railways segment a breakthrough seems to have been attained with the Railway Board indicating its willingness to place an order for Railcoaches during this year which would help the company breakeven in this line of business thereby helping show better results. In the area of supply of EMUs the company is well positioned to cater to the requirements of anticipated Metro Rail Projects in the anvil. In the export arena the company has set for itself a target of Rs.100 crores during this year showing a multiple growth coupled with making our presence in the global market.

### QUALITY

The company is continuing the various programmes to enhance quality of products as also the quality of manufacturing operations. Major actions initiated in this regard are:

- a. Encouragement is provided to all performing vendors. Vendors holding ISO9000/QS9000 certification are being preferred.
- b. Actions have been initiated to accord self certification status to performing vendors.
- c. The various manufacturing Divisions have initiated actions to upgrade the QMS certification to ISO9001-2000. Engine Division at Mysore has already been upgraded and the other Divisions will complete the task by August, 2003. In this regard, a company wide training programme had been organised to train nearly 500 personnel at various levels.
- d. Visit of cross functional teams to all the major customers have been organised to obtain customer perception on various facts of the product and accordingly a number of features/adaptations have been introduced on the products.

### RESEARCH & DEVELOPMENT

The well established Research & Development Centre of the company continues to play a vital role in the design and development of products, indigenisation etc. During

the year, the development of 100T Dump Truck was successfully completed and is undergoing in-house evaluation and trials. The disaster management equipment along with Radio Control Dozer developed under financial assistance from M/s Technology Information Forecasting and Assessment Council (TIFAC) was formally launched. These equipment will help in application in difficult situations for disaster management and rehabilitation of displaced populace on a war footing. Presently work is on hand in design and development of 100T Pipelayer besides several other R&D projects.

In keeping with the MoU signed with M/s Konkan Railway Corporation Limited, company designed and developed a unique innovative product, the first of its kind in the country – Sky Bus for use as an alternate mode of urban transport in the Goa Metro Project slated for being unveiled at Goa. The Sky Bus Metro System encompasses suspended light weight coaches running on over head rails and designed for lesser crush loads as compared to normal railway bogies.

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

### FINANCE

The working capital requirement was met from internal resources and cash credit facilities from Banks. There was no overdue installment of principle and interest. The final installment of redemption of privately placed redeemable debentures with Army Group Insurance was made during the year. No fresh debts were raised during the year. By closely monitoring funds position, improving realisations the interest burden in the year came to Rs.3.00 crores.

The company's contribution to exchequer was of the order of Rs.238.87 crores during the year by way of Excise Duty, Customs Duty and Sales Tax and Income Tax.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the export earnings stood at Rs.12.48 crores. The total foreign exchange utilised during the year was Rs. 691.06 crores.

### FIXED DEPOSITS

At the end of the Financial Year fixed deposits accepted / renewed from the Public stood at Rs 219.80 lakhs. Fixed Deposits aggregating to Rs.1.42 lakhs remained unclaimed.

## 39th Annual Report

### Directors' Report

#### VIGILANCE

An elaborate and well structured Vigilance system has been established covering all areas of operations. The Vigilance Department scrutinizes / checks selective records / documents to ensure that systems established are strictly followed. Surprise checks are being conducted to check whether materials, especially costly stores are being accounted for properly as stipulated in the Company's Rules and Procedures. Periodical meetings of Vigilance Officers are held and reports submitted to various agencies including Central Vigilance Commission.

#### CORPORATE GOVERNANCE

A report on Corporate Governance along with a compliance certificate from the Auditors prescribed under the Listing Agreement with the Stock Exchanges are annexed to this report.

#### SUBSIDIARY COMPANY

M/s. Vignyan Industries Limited, Tarikere recorded a turnover of Rs.13.80 crores and profit before tax reaching Rs.5.64 crores which was possible by write back of trade advances amounting to Rs.5.88 crores in line with BIFR approved rehabilitation scheme which was due to your company has been written-off. The company has now come out of the purview of BIFR. A long pending wage settlement was arrived at to maintain harmony and improve productivity entailing a burden of Rs.0.28 crores. The Company is looking forward to diversify its product range to have a broader customer base.

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

#### SMALL SCALE AND ANCILLIARY INDUSTRIES

The Small Scale and Ancillary Units continue to get support and preference from BEML wherever there is shortage of in-house capacity. The Company extends technical guidance and requisite support to these industries wherever required. Our Quality Control personnel visit the industries to assist and ensure that quality of the products meet the requisite standard. During 2002-03, the Company procured items worth Rs.5432.42 lakhs from these Units.

#### RAJBHASHA

Efforts are being continuously made to accelerate the use of Hindi in official work. The Company gives utmost

importance to Hindi training. Around 1550 employees have been trained in Prabodh, Praveen and Pragma courses. General orders, notices, circulars and stationery are printed and issued bilingually. The company has displayed all sign boards outside the premises and name plates within the premises trilingually. A session on 'Official Language Policy' is included in our in-house training programmes.

During the year, the first Sub-Committee on official language inspected our Delhi Office and Corporate Office and appreciated the progress made in the implementation of Official Language Policy in the offices and also suggested a few improvements in its implementation which is being addressed.

#### AWARDS

During the year, the Mysore Complex, Equipment Division won the National Safety Award 2000 for achieving lowest average frequency rate of accidents. This is the 8<sup>th</sup> time that the Division has bagged this award.

#### MANPOWER & INDUSTRIAL RELATIONS

The manpower strength as on 31<sup>st</sup> March, 2003 stood at 13116 as against 13838 of the previous year. With focus on reducing the manpower, the VRS Scheme introduced was availed by 550 employees at a cost of Rs.27.97 crores.

Representation of SC/ST and Ex-Servicemen category wise as on 01.01.2003 and recruitments made during 2002 are as under :

Representation of SC/ST/Ex-Servicemen as on 01.01.2003

Category/ Group	Total Strength As on		No. of SC/ST and Ex-servicemen					
			Scheduled Caste		Scheduled Tribe		Ex-service men	
	1.1.02	1.1.03	1.1.02	1.1.03	1.1.02	1.1.03	1.1.02	1.1.03
Group 'A'	1410	1440	174	181	38	43	8	11
Group 'B'	1041	909	140	128	22	18	21	16
Group 'C'	11099	10566	2441	2325	379	381	778	591
Group 'D' (ESH)	283	230	93	70	16	13	20	2
Group 'D' (SH)	7	5	4	4	0	0	0	0
MREs	36	5	4	1	0	0	0	0
<b>Total</b>	<b>13876</b>	<b>13155</b>	<b>2856</b>	<b>2709</b>	<b>455</b>	<b>455</b>	<b>827</b>	<b>620</b>