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Annual Report 2001-2002

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Corporate Mission and Objectives

Mission

*To be the market leader
in Defence Electronics
and in other
chosen fields and products*

Objectives

- To become a customer-driven company supplying quality products at competitive prices at the expected time and providing excellent customer support.
- To achieve growth in the operations commensurate with the growth of professional electronics industry in the country.
- To generate internal resources for financing the investments required for modernisation, expansion and growth for ensuring a fair return to the investor.
- To strive for self-reliance by indigenisation of critical materials and components in order to meet the nation's strategic needs.
- To retain the technological leadership of the Company in Defence and other chosen fields of professional electronics through in-house Research and Development as well as through Collaboration/Co-operation with Defence/National Research Laboratories, International Companies, Universities and Academic Institutions.
- To progressively increase overseas sales of its products and services.
- To create an organisational culture which encourages members of the organisation to realise their full potential through continuous learning on the job and through other HRD initiatives.

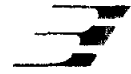
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Board of Directors

(As on 31.8.2002)

Dr. V.K. Koshy	- Chairman & Managing Director
Shri V. Ammineedu	- Director (Personnel)
Prof. N. Balakrishnan Chairman, Division of Information Sciences & Services, Indian Institute of Science, Bangalore	- Director
Shri Abhijit Basu Joint Secretary & Addl. Financial Adviser, Ministry of Defence	- Director
Vice Admiral P.C.Bhasin, PVSM, AVSM, VSM Chief of Material, Naval Headquarters	- Director
Shri N. Divakar Director, Defence Electronics Research Laboratory	- Director
Shri K.N. Gupta Controller of Certifying Authorities, Ministry of Information Technology	- Director
Shri P.R.K. Hara Gopal	- Director (Finance)
Shri S.C. Khanna	- Director (Commercial & Management Services)
Air Marshal V.A. Patkar, AVSM, VSM Air Officer-in-charge, Maintenance Air Headquarters	- Director
Shri R. Ranganathan	- Director (Bangalore Complex)
Shri Y. Gopala Rao	- Director (Other Units)
Dr. M. Rammohan Rao Professor, QM & IS Area, Indian Institute of Management, Bangalore	- Director
Lt.Gen. D.P. Sehgal, AVSM, VSM, ADC Signal Officer-in-Chief Army Headquarters	- Director
Col. H.S. Shankar, VSM (Retd.)	- Director (Research & Development)
Shri K.P. Singh Joint Secretary (SY), Ministry of Defence	- Director



Principal Executives

CORPORATE OFFICE

General Managers

Surinder Dewan Col. (Retd.)
Prakash K.
Prasad T.R.
Eswara Rao M.
Ravishankar R.
Subramanian R.S.
Vishnumurthy U.

Chennai
Mohana Rao A.
Executive Director

Ghaziabad
Anandam Ch.
Executive Director

Khurana N.K.
Mehta S.K.

Company Secretary

Nagesh K.S.

Hyderabad
Rama Subba Reddy A.

UNITS

Executive Directors/ General Managers

Bangalore
Krishna Rao M.
Executive Director

Kotdwara
Padmanabhan R.

Machilipatnam
Babu Rao K.

Asirvatham V.G.V.
Bhadoria H.S.
Jagannathan R.
Muralidhar A.
Raghuveer M.G.
Ramachandra Murthy R.
Sastry P.R.K.L.N.
Simha N.N.
Srinivasan V.B.

Panchkula
Basavarajaiah

Pune
Janardhan T.R.K.

Taloja
Sathyanarayana Chetty S.

CRL
Ramakrishna H.
Executive Director

Lakshmanaprasad S.

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BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Patiala
State Bank of Travancore
State Bank of Mysore
State Bank of Bikaner & Jaipur

HDFC Bank
Canara Bank
Syndicate Bank
Vijaya Bank
Bank of Baroda
Andhra Bank

AUDITORS

Statutory Auditors

M/s. K.P. Rao & Company

Branch Auditors

M/s. Chandiok & Guliani
M/s. P.G. Joshi & Company
M/s. M.V. Sarma & Company



The Past Decade

(Rs. in millions)

Particulars	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
Sales & Services	7737.7	8506.5	9346.1	10689.8	12262.4	12613.0	11988.7	14941.5	17153.3	19419.9
Value of Production	8177.4	8458.8	9111.3	10495.0	12304.5	12555.8	12167.0	15432.9	17875.7	20299.8
Other Income	573.3	588.4	301.2	391.6	427.6	325.3	464.5	314.3	438.2	297.7
Materials	4123.8	4111.8	4673.9	5545.9	6268.3	6144.1	6161.6	7904.0	9192.8	10866.3
Salaries, Wages & Benefits	1447.4	1449.6	2035.5	2509.0	2354.2	2633.8	2859.4	3397.7	3942.3	3720.8
Depreciation	413.7	391.8	397.4	403.4	424.6	491.7	480.6	479.7	519.2	490.9
Interest	772.9	936.0	561.4	435.8	657.9	510.1	711.2	327.9	246.4	202.6
Manufacturing & Other Expenses	1578.6	1759.4	1586.2	1752.8	2070.4	2078.0	1716.7	1973.6	2214.1	2469.6
Profit Before Tax	414.3	398.6	158.1	239.7	956.7	1023.4	702.1	1664.3	2199.1	2847.3
Provision For Tax	105.0	60.0	0.2	32.7	444.8	489.4	165.8	585.0	647.0	850.5
Profit After Tax	309.3	338.6	157.9	207.0	511.9	534.0	536.3	1079.3	1552.1	1996.8
Dividend	128.0	128.0	128.0	128.0	160.0	160.0	160.0	200.0	320.0	400.0
Equity Capital	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0
Reserves & Surplus	2188.1	2401.7	2438.5	2528.0	2894.9	3252.3	3613.0	4448.3	5647.8	7385.4
Loan Funds	5805.5	4302.6	2483.5	2175.2	3529.4	2233.7	1458.9	1097.4	822.6	836.8
Gross Block	4871.1	5312.2	5780.1	6318.1	6919.5	7196.7	7628.2	7722.2	8093.3	8626.5
Cumulative Depreciation	3283.2	3651.3	4015.2	4368.9	4755.3	5203.7	5618.7	5718.7	6197.0	6617.4
Inventory	5085.6	4802.0	4512.3	4726.4	4839.2	5037.3	5148.2	6715.5	8447.7	9413.0
Debtors	2782.0	3183.6	3888.1	4266.2	4761.7	5541.2	5846.3	6034.8	5999.3	6297.1
Working Capital	4179.9	4544.3	2372.0	1955.1	3046.2	2373.3	2558.9	3274.5	4551.9	5943.3
Capital Employed	5767.8	6205.2	4136.9	3904.3	5210.4	4366.3	4568.4	5278.0	6448.2	7952.4
Net Worth	2988.1	3199.9	3116.7	3174.3	3088.9	3508.8	4019.9	4912.5	6268.8	7771.2
No. of Employees	18840	18422	17805	17044	16255	15739	15618	14807	14177	13572



Directors' Report

To the Shareholders,

Your Directors are pleased to present their report on the performance and achievements of your Company for the year ended 31st March 2002.

The Year 2001-02 was a year of achievement and recognition for your Company. During the year your Company registered record production, sales and profits. It earned the distinction of becoming the first Defence Public Sector Enterprise to acquire operational Mini Ratna Category-I status after restructuring its Board of Directors by induction of three independent professional Directors. The Mini Ratna Category-I status conferred on the Company by the Government gives it operational autonomy in the areas of capital investment, establishing joint venture companies, subsidiaries, etc.

Operating results

Once again your Company achieved good growth in production, sales and profitability. The Company's record turnover of Rs. 19419.9 millions during the year 2001-02, represents 13 % increase over the previous year's turnover of Rs. 17153.3 millions. The value of production during the year increased by 14 % to Rs. 20299.8 millions from Rs. 17875.7 millions in 2000-01. The Profit After Tax rose to Rs. 1996.8 millions from Rs. 1552.1 millions in the previous year. During the past five years the networth of the Company has grown from Rs.3089 millions to Rs. 7771.2 millions.

The summarised operating results for the years 2001-02 and 2000-01 are given below:

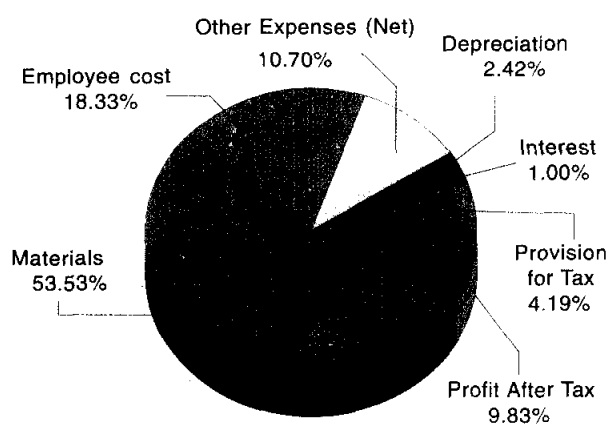
	(Rs. in millions)	
	2001-02	2000-01
Value of Production	20299.8	17875.7
Turnover	19419.9	17153.3
Profit Before Depreciation, Interest and Tax	3540.8	2964.7
Interest	202.6	246.4
Depreciation	490.9	519.2
Provision for Tax	850.5	647.0
Profit After Tax	1996.8	1552.1
Transfer from Investment Allowance Reserve	0	68.9

Appropriations:

Capital Reserve	7.6	0.9
Proposed Dividend	400.0	320.0
Corporate Dividend Tax	0	32.6
General Reserve	1000.0	1000.0
Balance in P & L Account	1056.7	467.5

Distribution of value of production for 2001-02 is given below:

	Amount (Rs. in millions)	Percentage
Materials	10866.3	53.53
Employee cost	3720.8	18.33
Other Expenses (Net)	2171.9	10.70
Depreciation	490.9	2.42
Interest	202.6	1.00
Provision for Tax	850.5	4.19
Profit After Tax	1996.8	9.83
Total	20299.8	100.00



Appropriations & Dividend

Your Directors recommend the following appropriations of the disposable surplus:-

	(Rs. in millions)
(i) Dividend on paid up capital of Rs.800 millions at 50%	400.0
(ii) Transfer to General Reserve	1000.0
(iii) Balance retained in Profit & Loss Account	1056.7

The Dividend, if approved by the Shareholders at the ensuing Annual General Meeting, will be paid within the statutory timeframe.

Finance

There has been a reduction of 17.8% in the interest cost from Rs.246.4 millions in 2000-01 to Rs.202.6 millions during 2001-02. This reduction has been achieved despite the increase in the level of production and sales during the year. This has been possible partially due to better working capital management and partially due to softening of interest rates. Mobilisation of resources has been stepped up through improved collection of receivables and increased progressive payments from customers. Further, close monitoring of borrowing and resorting to sourcing cheaper funds, wherever



possible, have led to the reduction in interest cost. Public Deposits with the company of Rs.823.1 millions as on 31.3.2002 included Rs.5.4 millions which had matured, but had not been claimed. Out of this, an amount of Rs.0.9 million was subsequently paid/renewed.

Performance of Manufacturing Units

All the Units performed well and earned profits during the year.

Performance against MoU

The Company has been signing a Memorandum of Understanding (MoU) every year with the Government of India and the performance of the company is evaluated based on audited results against the targets set in the MoU. As in the previous years the Government has adjudged the performance of the Company for the year 2000-01 as "Excellent". In view of the better performance during the year the Company is confident of achieving "Excellent" grading by the Government for the year 2001-02 also. MoU for the year 2002-03 has been signed with the Government with a target turnover of Rs.20,500 millions. With the healthy and growing order position the Company is confident of achieving these targets.

The practice of the Corporate Office signing MoUs with all the manufacturing Units on similar lines as the MoU that the Company enters into with the Government, was continued during the year.

Order book position

The Company had a healthy order book position of Rs.41,313 millions as on 1.4.2002 and this is expected to grow during the year.

New business Initiatives

Supplies to Defence constitute about 72% of BEL's current turnover. In order to maximise utilisation of the facilities and to derive benefit of cross flow of Defence-Civilian technologies, a number of initiatives were taken to diversify the business of the Company and secure orders. Some of the important projects secured by the Company are:

APNET - During the year the Company received a contract, against stiff competition, from the Andhra Pradesh Government for establishing a network (APNET) for state-wide broadcast and communication upto district/block level. Your Company has also been awarded a Satellite Network contract by the Andhra Pradesh Beverages Corporation Limited (APBCL). The main application is for consolidating the sales transactions on-line by 31 remote centres with APBCL Headquarters at Hyderabad. These projects are being executed on Build-Own-Operate-Transfer model.

POLNET - The Company has been selected through competitive tendering by the Ministry of

Home Affairs to establish a countrywide network called POLNET on turnkey basis.

Smart Cards - BEL has brought out a Smart Card Based Security Control System developed by its Central Research Laboratory. Initial orders were received from some of the Ordnance Factories, which are under execution. Ordnance Factories Board is contemplating to extend the system to its other factories in the near future.

Solar Photovoltaic System - BEL secured a large number of orders for the Light Emitting Device based Solar Traffic Signals in Bangalore, Hyderabad and New Delhi. The system with various intelligent features has become very popular with the Traffic Police and the road users. BEL anticipates other States also to adopt these Traffic Signals in the days to come.

BEL has also commenced manufacture and supply of solar-based mini power plants, the first of which has been installed in a technology foundation in New Delhi. This is also expected to have good market potential.

ISRO Projects - BEL & ISRO, have entered into an understanding for cooperative efforts to meet the growing demand for satellites in India. Satellite Electronic Payload (Transponders), a major part of any satellite will be manufactured by BEL for integration with the satellites to be launched by ISRO. The project is progressing as per schedule.

Computer Mother Board with INTEL Chips - BEL has been manufacturing computer motherboards based on INTEL chips and kits of components obtained from Taiwan. Recently, with the concurrence of INTEL, BEL took up the engineering and development of new motherboards against new chip set introduced by INTEL. The first BEL engineered model has been successfully approved by INTEL. BEL will be releasing this product to computer manufacturers in India almost at the same time when it is available from American/Taiwan market. With this early introduction made possible through such re-engineering-cum-manufacturing approach, it is expected that the motherboard business can grow to substantial levels.

Exports

Export performance of the Company during the financial year 2001-02 is as below:

	(Rs. in millions)
Direct Export	252.14
Deemed Export	55.01
Total	307.15



Major exports executed during the year include :

- Sub systems of certain Defence Systems to Singapore.
- Digital TV Transmission equipment, Single Channel VHF sets/spares of RAX to Nepal.
- Equipment & Sub-systems for upgradation of FM Transmission Network in Mauritius
- PCB Test Software to Switzerland
- X-Ray parts to France and USA.
- Night Vision products/assemblies to Belgium, Israel, and Saudi Arabia.
- Power Devices to UK.
- Solar products to Sudan and Singapore.

With export orders of total value of Rs.505.1 millions on hand at the end of the year (executable in 2002-03 and 2003-04) the Company expects to perform better on export front during 2002-03.

Joint Ventures

The Company has three joint venture companies. BE-Delft Electronics Limited at Pune manufactures Image Intensifier tubes for supply to the Defence Services and export markets. This company which had not been performing well in the past has been turned around and has made a profit of Rs. 119.45 millions during 2001-02. It has received good orders and is expected to do well in the coming years. The Company's joint venture with M/s. General Electric Company, GE BE Limited is doing well and has declared an interim dividend of Rs. 19.5 millions (75%) during 2001-02. The joint venture with M/s. Multitone Electronics PLC, UK, BEL Multitone Limited, which markets pagers and other systems was affected by the fall in the pager market. Steps are being taken to turn the company around.

Research and Development

Your Company continues to focus on R&D activities. Each of the nine manufacturing Units of the Company has its own in-house R&D Division with ample infrastructure, resources and talented engineers to carry out R&D activities related to their business line. The Company's two Central Research Laboratories – one at Bangalore and another at Ghaziabad – continued to carry out R&D on state-of-the art and futuristic technologies of interest to the Company. The following projects were successfully developed in-house and approved by the customers for first time/large scale induction:-

- ◆ Updated Radar for Defence
- ◆ 25W VHF Transceiver
- ◆ Unit Level Switch Board Mk II
- ◆ Intelligence Message Terminal
- ◆ Solar Photovoltaic Traffic Signalling System
- ◆ Integrated Fish Finder with Navigation Guidance System Mk II (150m/500m versions)

These in-house developed products not only offer BEL considerable business potential but also much scope for value addition. A new area of focus in R&D in recent years is the upgradation of old systems existing with Defence Services with a view to provide better performance and extended life through newer technology at affordable cost. Apart from in-house R&D activities, your Company receives technology for certain new products from the Defence R&D

Organisations.

Awards

During the year your Company was awarded the Government of India, Department of Scientific and Industrial Research (DSIR) National Award for R&D efforts in Industry (2001) in the Electronics Industry Sector for Radar Video Generator and Scenario Simulation Generator for Reporter Radar Project at the Ghaziabad Unit of the Company. Dr. V.K. Koshy, Chairman & Managing Director of the Company received the Outstanding Chief Executive Award for the year 2000-01 from the Indian Institute of Industrial Engineers, Mumbai. The Company also received the Enterprise Excellence Award for the year 2000-01 from the Indian Institute of Industrial Engineers, Mumbai.

Quality initiatives

Enhanced quality focus continues to be an area of specific interest to the Company. Quality improvement projects under the "Six Sigma" programme to improve efficiency in business operations continued during the year.

As a part of its commitment to the protection of the environment, BEL has embarked upon a programme to achieve ISO 14000 certification for Environmental Management System in some of the Units of BEL during 2002-03. Ghaziabad Unit has become the first Unit to get the certification.

Since its inception, your Company has been very keen on environment protection and has been promoting eco-friendly activities. In line with this, BEL has taken up rain water harvesting and has increased its efforts in energy conservation.

As a continuing thrust to the TORQUE (Total Organisational Quality Enhancement) activities of the Company, a system of setting the annual Quality related targets by the Divisions and Units at the beginning of the year and periodic review thereof, has been put in place.

Two of the Service Divisions, Viz., Engineering Services and Quality Assurance Divisions in Bangalore Complex were awarded ISO 9001 Certificate under the new ISO 9000/2000 version of standards. All the other 30 Divisions have successfully completed the bi-annual Surveillance Audits for the continuation of the ISO Certification. A detailed programme for migrating from the 1994 standard to the latest 2000 standard has been drawn up and necessary action is under progress.

Software 'Product Performance Tracking' has been developed and integrated with the existing Database at the Bangalore Complex. Action for porting the same in Other Units is under progress. This is expected to help in identifying and taking up improvements in the Company's products, leading to better Customer Satisfaction.

Implementation of official language

Use of Hindi in Computers is being given emphasis towards the implementation of Official Language Policy. The Salahkar Samiti of Bharat Electronics is operative under the chairmanship of the Chairman and Managing Director of the Company. Official Language Implementation Committees



have been constituted at all Units/Offices of the Company. Option of Hindi in all oral interviews and option for answering the question papers in Hindi in departmental promotion tests is provided. Standards have been issued to write the product names in Hindi. Awareness workshops on Official Language Policy and Hindi training programs are given special emphasis. Resolutions and agreements are being made bilingually. Participation of employees in the Incentive Schemes for use of Hindi in correspondence is encouraged. The Company is progressing towards total bilingualisation of its website.

Personnel

The total strength of employees of the Company was 13,572 as on 31.3.2002 as against 14,177 as on 31.3.2001. The particulars of SC/ST and other categories of employees as on 31.3.2002 are as under:

Category of Employees	Group-A	Group-B	Group-C	Group-D	Remarks
Scheduled Caste	485	40	1669	*329	* Excluding sweepers
Scheduled Tribe	141	2	83	*39	
Ex-Servicemen	49	24	364	*143	
Physically Handicapped	10	1	126	*61	Reservation quota 3% in Groups 'C' & 'D'

Vigilance

The performance of Vigilance during 2001-02 has been very good. 99.3% of the Executives of the Company have filed their Annual Property Returns, which fall due in January every year. The Property Returns are regularly reviewed/scrutinised by the Unit Vigilance Committee Chairman and Vigilance Officers. As a part of vigilance activity, regular and surprise inspections are carried out and cases detected/received are speedily processed. Purchase orders, including high value purchase orders, are scrutinised by special committees set up for this purpose. A checklist has also been designed for reviewing contracts/purchase orders effectively. People working in sensitive areas are rotated in line with guidelines issued by the Chief Vigilance Commissioner and the Ministry of Defence. The revised BEL Conduct Discipline and Appeal Rules have been printed and issued.

Industrial relation & employee welfare

Industrial relations in the Company remained harmonious during the year. A Memorandum of Understanding between the Management and the Negotiating Trade Unions on revised Plant Performance Incentive Scheme operative for a period of 3 years effective from 1st April, 2000 was signed in the month of August, 2001. The Company continued with the welfare schemes like de-addiction programmes for alcoholics and their rehabilitation, employment of physically Handicapped persons etc. Company has a medical assistance scheme which covers all the employees and their family members. Basic medical facilities are provided to employees and their dependent family members at the Company's hospital at Bangalore. The performance of BEL

Schools, including the special school at Bangalore functioning for the welfare of mentally challenged children of employees and others and the BEL College was good during the year.

Directorate

During 2001-02 four part-time official Directors retired. They were Dr. K.G. Narayanan, Lt. Gen. Prakash Gokarn, PVSM, AVSM, Air Marshal T.R. Janakiraman, PVSM, AVSM and Vice Admiral A.S. Krishnan, PVSM, AVSM, VSM. In place of these retired Directors four new Directors were appointed as Additional Directors. The new Directors are Mr. N. Divakar, Lt. Gen. D.P. Sehgal, AVSM, VSM, ADC, Air Marshal V.A. Patkar, AVSM, VSM and Vice Admiral P.C. Bhasin, PVSM, AVSM, VSM. During the year 2001-02 the Board was restructured with the induction of three part-time non-official Directors as per Government guidelines which enables exercise of enhanced powers granted to Mini Ratna Category-I PSUs. The new part-time non-official Directors appointed on the Board are Dr. M. Rammohan Rao, Prof. N. Balakrishnan and Mr. K.N. Gupta. With the appointment of these additional Directors on the Board the effective strength of the Board has also increased to 16. Shri P. Bhaskara Naidu, Director (Finance) retired on superannuation on 31.5.2002. Shri P.R.K. Hara Gopal has been appointed Director (Finance). He has assumed charge w.e.f. 5.7.2002. Brief resume of the new Directors is being circulated to the Members separately.

Composition of Audit Committee

Pursuant to Section 292A of the Companies Act, 1956 and the relevant provisions of the Listing Agreement with the Stock Exchanges, your Directors have reconstituted the Audit Committee during the year 2001-02 and the reconstituted Audit Committee consists of three independent Directors, viz. Dr. M. Rammohan Rao, Shri Abhijit Basu and Shri K.P. Singh

Corporate Governance

A Management Discussion and Analysis Report and a report on Corporate Governance along with a Compliance Certificate from the Auditors as prescribed under the Listing Agreements with the Stock Exchanges on which the Company's shares are listed, are annexed to this Report.

Directors' Responsibility Statement

Pursuant to the provisions under Section 217 (2AA) of the Companies Act, 1956 your Directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;



- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors have prepared the annual accounts on a going concern basis.

(Disclosure of particulars in the Report of the Board of Directors) Rules 1988, are annexed to this report.

Particulars of employees

The particulars of employees to be furnished as per Section 217(2A) of the Companies Act, read with the Companies (Particulars of Employees) Rules 1975, as amended, are 'NIL'.

Auditors

Pursuant to Section 619 (2) of the Companies Act, 1956 the Comptroller and Auditor General of India has reappointed M/s. K.P. Rao & Company, Chartered Accountants, Bangalore as Statutory Auditors for audit of consolidated accounts of the Company, audit of accounts of Bangalore Complex, Hyderabad, Chennai Units and Corporate Office, for the year 2001-02. M/s. Chandio & Guliani, Chartered Accountants, New Delhi, were reappointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for 2001-02. M/s. P.G. Joshi & Company, Chartered Accountants, Pune were reappointed as Branch Auditors for Pune and Talaja Units for 2001-02. M/s. M.V. Sarma & Company, Chartered Accountants, Vijayawada were appointed as Branch Auditors for Machilipatnam Unit for 2001-02.

Management's replies to the comments/observations by the Statutory Auditors and the comments of the Comptroller & Auditor General of India are appended to this report. The review of accounts by the Comptroller and Auditor General of India, for the year 2001-02 is also appended to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, read with the Companies

Acknowledgement

Your Directors thank all customers of the Company, particularly the Defence Services, for their wholehearted support and look forward to their continued support for the growth of the Company in future. Your Directors express their gratitude for support received from various Ministries of the Government of India, especially the Ministry of Defence, Department of Defence Production and Supplies. Your Directors are thankful to the Defence R&D Organisation for partnership in some of the technology development projects. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, Chairman, Members and employees of the Audit Board, Statutory Auditors and Branch Auditors, Company's Bankers, investors, collaborators and vendors. Your Directors appreciate the dedicated efforts put in by the employees at all levels, which enabled the Company to achieve the impressive performance during the year. Your Directors thank you, Shareholders, for your support and look forward to your sustained support and participation in the growth of the Company in the coming years.

For and on behalf of the Board

Bangalore
5th September, 2002

Dr. V K KOSHY
Chairman & Managing Director

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