

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		

Cimmco Birla Limited

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Cimmco Birla Limited

THE MANAGEMENT TEAM

CORPORATE OFFICE

Sri R.R. Bhansali
Managing Director

Sri B.M. Vijay
President (Corporate Affairs)

CAPITAL GOODS GROUP

Sri Vijay Sehgal
Executive Director & President,
Bharatpur Works

Sri J.P. Gupta
President,
Cimmco Construction

Sri J.K. Nambiar
Joint President,
Engineering & Projects Division

Sri H.S. Basur
Joint President,
Engineering & Projects Division

POLYMERS PROCESSING GROUP

Sri C. Bhaskar
Joint President,
Xpro India & Xpro India (Bombay)

Sri H. Bakshi
Executive Vice President (Operations),
Biax

INTERNATIONAL BUSINESS GROUP

Sri W. Suryaprakasam
Executive Vice President,
Cimmco Spinners

THE BOARD OF DIRECTORS

Sri Sidharth Birla
Chairman

Sri Lalit Bhasin
Sri Arvind C. Dalal
Sri M.D. Dixit
Sri N.L. Hamirwasia
Sri Suman J. Khaitan
Sri P. Murari
Sri Utsav Parekh
Sri Jahar Sengupta
Sri J.M. Seth
Sri Vasant C. Vaidya

Sri R.R. Bhansali
Managing Director

Sri Vijay Sehgal
Executive Director

REGISTERED OFFICE

Birlanagar, Gwalior - 474 004

CORPORATE OFFICE

ECE House
28-A, Kasturba Gandhi Marg
New Delhi - 110 001

COMPANY SECRETARY

Sri R.S. Kuchhal

SECRETARIAL OFFICE

C-159, Okhla Industrial Area, Phase-I
New Delhi - 110 020

MAJOR BANKERS

Central Bank of India, Bank of Baroda,
UCO Bank, Punjab & Sind Bank,
State Bank of India, Allahabad Bank

AUDITORS

M/s Lodha & Co.
Calcutta - 700 001

REGISTRARS & SHARE TRANSFER AGENTS

MCS Limited
Sri Venkatesh Bhavan
212A, Shahpurjat, New Delhi - 110 049

Cimmco Birla Limited

NOTICE

TO THE SHAREHOLDERS

Notice is hereby given that the Fifty Third Annual General Meeting of Cimmco Birla Limited will be held at the Registered Office of the Company at Birlanagar, Gwalior-474 004, on Monday, the 14th day of September, 1998 at 12.30 p.m. to transact the following business:

1. To consider and adopt the Directors' Report and Audited Statements of Account for the Financial year ended March 31, 1998.
2. To declare Dividend on Equity Shares.
3. To appoint Director in place of Sri Lalit Bhasin, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Sri N.L. Hamirwasia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Director in place of Sri Jahar Sengupta, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Director in place of Sri J.M. Seth, who retires by rotation and being eligible, offers himself for re-appointment.
7. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 224A of the Companies Act, 1956, M/s Lodha & Co., Chartered Accountants, Calcutta be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification the following resolutions:

8. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to Article 160 of the Articles of Association of the Company and provisions of sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be necessary, Shri Vijay Sehgal, President, Bharatpur Works be and is hereby appointed as Executive Director of the Company, whose office shall not be liable to retire by rotation under the Companies Act for a period of 5 years w.e.f. July 25, 1998, on the following terms' as to remuneration as set out hereafter with liberty to either party to terminate the appointment on three months' notice in writing to the other, and be designated as Executive Director & President.

- I. Salary : Rs. 50,000/- per month.

Perquisites :

1. Housing : The expenditure by the Company on hiring unfurnished accommodation will be restricted to 60% of the salary. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance @ 60% of the Salary.

2. Medical reimbursement, Leave Travel Concession & Other Perquisites – As per Rules of the Company.

Note : Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962.

- II. He shall also be eligible to the following perquisites which shall however, not be included in the computation of the ceiling on remuneration specified in part II of Schedule XIII : –

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of Leave at the end of the tenure."

"FURTHER RESOLVED that the Chairman of the Company be and is hereby authorised to increase such remuneration from time to time effective April of every year for such year starting from April, 1999, within the limits as may be permissible under Schedule XIII of the Companies Act, 1956 and any amendment thereof and as agreed to between the Chairman and Shri Sehgal in the best interests of the Company from time to time - viz - remuneration payable to Shri Vijay Sehgal by way of salary, perquisites and other allowances shall not exceed 5% of the net profits of the Company in any financial year, subject to the provisions of Section 298 and 309 of the Companies Act, 1956; provided that the total remuneration to be paid, whether by way of salary, perquisites and other allowances shall be determined and/or varied from time to time by the Chairman within the overall limits laid down under the Companies Act, 1956."

"Notwithstanding anything contained hereinabove, where in any financial year during the currency of tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, it may still pay as minimum remuneration to Shri Vijay Sehgal by way of salary, perquisites and any other allowances not exceeding the ceiling, as specified in Schedule XIII, in addition to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified hereinbefore :

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c. Encashment of leave at the end of the tenure."

9. AS AN ORDINARY RESOLUTION

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the mortgaging and/or charging by the Board/Committee of Directors of the Company of all the immovable and movable properties of the

Cimmco Birla Limited

Company wheresover situate, present and future, save and except book debts in such form as may be required by the Industrial Investment Bank of India Ltd. subject to prior charges created/to be created in favour of Company's Bankers on Current Assets for securing Working Capital Borrowings and/or conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of the Industrial Credit & Investment Corporation of India Ltd., Trustees for the holders of 9,00,000 - 16% Non-Convertible Debentures of Rs. 100 each privately placed with the Industrial Investment Bank of India Ltd. to secure the said Debentures of the aggregate nominal value of not exceeding Rs. 900 lacs (Rupees Nine Hundred Lacs only) privately placed with the Industrial Investment Bank of India Ltd. together with all interest, liquidated damages, remuneration payable to the Trustees, costs, expenses and all other moneys payable by the Company to Industrial Investment Bank of India Ltd. in respect of the said Debentures."

"RESOLVED FURTHER that the mortgage and charge to be created as above shall rank pari passu with the mortgages and charges created/to be created in favour of Financial Institutions & Banks for the existing Term Loans & Debentures etc."

"RESOLVED FURTHER that the Board/Committee of Directors be and is hereby authorised to modify and finalise with the Industrial Credit and Investment Corporation of India Ltd., if deemed necessary, documents creating the aforesaid mortgage and/or charge and to do all such acts, deeds and things as may be necessary, for giving effect to the above resolution."

10. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to Section 17 & other applicable provisions, if any of the Companies Act, 1956 and subject to confirmation of the Company Law Board, Clause 2 of the Memorandum of Association be substituted by the following Clause:

"The Registered Office of the Company will be situated in the State of West Bengal".

"FURTHER RESOLVED that on the aforesaid resolution becoming effective, the Registered Office of the Company be shifted from Birla Nagar, Gwalior-474004 to Barjora, Mejia Road, P.O. Ghutgoria, Tehsil Barjora, Distt. Bankura, West Bengal - 722 202".

By Order of the Board

Registered Office :
Birlanagar, Gwalior- 474004
Dated : August 10, 1998

R.S. KUCHHAL
Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The Proxy Form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names stand on Register of Members of the Company on September 14, 1998 and to whom Dividend Warrants will be posted by October 24, 1998.
4. Members are requested to notify any change in their registered addresses alongwith the Pin Code number immediately to the Company's Registrars & Share Transfer Agents, MCS Limited, 212-A, Shahpurjat, New Delhi-110 049, so that dividend warrants are despatched appropriately.
5. Members are requested to intimate the Company's Registrars and share transfer agents at New Delhi as stated in Note No. 4 above immediately their Bank Account particulars i.e. (i) Folio No. (ii) Name (iii) Bank A/C No. & (iv) Name of the Bank and Branch, if not informed earlier, so that the same could be incorporated in Dividend Warrants after their names to avoid fraudulent encashment.
6. Pursuant to Section 205A of the Companies Act, 1956, Unclaimed Dividend for 1993-94 has been transferred to the General Revenue Account of the Central Government. The concerned Shareholders have been duly informed by the Company individually about the particulars of the unclaimed Dividend transferred to the General Revenue Account. Shareholders who have not encashed the Dividend Warrants for the said year are requested to claim the amount from the Registrar of Companies, M.P., Gwalior, by submitting an application in the prescribed form.
7. Members holding more than one Share Certificate in the same name under different Ledger Folios, are requested to apply for consolidation of such folios and send relevant Share Certificates to the Company's Registrars and Share Transfer Agents at New Delhi as stated in Note No.4 above.
8. Shareholders of the erstwhile Xpro India Limited (XIL), Indian Plastics Limited (IPL) and Biax Limited (BL), which merged with the company w.e.f. 1.7.1985, 1.4.1993 & 1.4.1994 respectively, who have not yet surrendered the Share Certificates of the said erstwhile companies, viz. XIL, IPL & BL held by them are requested to surrender the same (or Letter of Allotment, if not exchanged with share certificate earlier in the case of BL) immediately to the Company's Registrars and Share Transfer Agents at New Delhi as stated in Note No. 4 above to enable them to send Share Certificates of the Company in lieu thereof.
9. MEMBERS ATTENDING THE MEETING ARE REQUESTED TO COMPLETE THE ENCLOSED SLIP AND DELIVER THE SAME AT THE ENTRANCE OF THE MEETING HALL.
10. Members seeking any information on the accounts are requested to write to the Company at least ten days in advance so as to enable the Management to keep the information ready.
11. Due to Postal disruption/strike during the month of July, 1998, there may be accidental delay in effective date of posting of some of the notices of Extra-ordinary General Meeting held on 5th August, 1998 at registered office of the Company at Birlanagar, Gwalior. Item Nos. 9 & 10 are therefore being proposed again for the approval of the shareholders.

Cimmco Birla Limited

12. EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)

Item No.7

This resolution is proposed as a Special Resolution in terms of Section 224A of the Companies Act, 1956, for your approval.

Item No.8

Pursuant to retirement of Sri S.K. Jain, Executive Director of the company, it was considered to be in the interest of the company to appoint Sri Vijay Sehgal, President, Bharatpur Works as Executive Director of the company. Accordingly, pursuant to the provisions of Article 160 of the Articles of Association of the Company and sections 198, 269 and 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the company in the General Meeting in due course, the Board of Directors at its 314th meeting held on July 25, 1998 appointed Sri Vijay Sehgal, President, Bharatpur Works as Executive Director for a period of 5 years w.e.f. July 25, 1998 on the salient terms and conditions of the appointment as set out in the resolution at Item No. 8 of the convening notice.

Board of Directors of the Company considers that the appointment of Sri Vijay Sehgal as Executive Director will prove beneficial to the company and accordingly recommends the resolution as set out at item No. 8 of the convening notice.

Except Sri Vijay Sehgal, no other Director is interested in the resolution.

Item No. 9

The Company has issued 9,00,000 - 16% Non-Convertible Debentures of Rs. 100 each during the year ended March 31, 1998 & privately placed with the Industrial Investment Bank of India Ltd.

The aforesaid Debentures issued by the Company are required to be secured by mortgage of the immovable properties and charge by way of hypothecation of the movable properties of the various divisions of the Company, both present and future and/or conferring power to enter upon and take possession of the assets of the Company in certain conditions.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a public limited company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of such undertaking.

Since the charging by the Company of its immovable and movable properties as aforesaid in favour of the Trustees may be regarded as disposal of the Company's properties/undertakings, hence, the Resolution under Section 293(1)(a) of the Companies Act, 1956 approving the creation of the mortgage/charge is proposed for your approval.

Item No. 10

The Registered office of the Company is presently located at Gwalior in the State of Madhya Pradesh, where the manufacturing operations of the Company were mainly focussed when the Company was established in 1943.

Accordingly, Clause 2 of the Memorandum of Association of the Company provides that the Registered Office of the Company will be situated in the (then) Gwalior State, presently State of Madhya Pradesh.

Over the years, the operations of the Company have spread geographically with major manufacturing units in various states (such as West Bengal, Haryana, Rajasthan & Maharashtra etc.) while pursuant to the permanent closure of the Company's Textile Machinery and Steel Foundry Divisions which were located at Gwalior, no manufacturing activities are continuing in the State of Madhya Pradesh.

Further, the shareholder strength in the Company has increased over the past few years from 22,000 shareholders to over 70,000 shareholders, mainly due to the merger with your Company of erstwhile Biax Limited (in West Bengal), which had a very large number of shareholders with a significant number in Eastern India. As a consequence, as on date more than 25% of your Company's share capital is held by shareholders in the State of West Bengal alone.

The Registered Office of the erstwhile Biax Limited, merged with the Company in 1994, was situated in the State of West Bengal and for which all necessary infrastructure facilities had earlier been created in Biax and are still available. In view of the above, it would be appropriate for the Company to change its Registered Office from the State of Madhya Pradesh to the State of West Bengal.

Accordingly, Clause 2 of the Memorandum of Association of the Company requires to be altered, hence the resolution is recommended for your approval.

After obtaining members' approval, the proposal will be submitted to the Company Law Board for approval u/s 17(2) of the Companies Act, 1956.

The Memorandum of Association of the Company is open for inspection by members at the Registered Office of the Company on any working day, during business hours.

DIRECTORS' INTEREST

Directors have no interest in the aforesaid resolutions, except as Shareholders generally.

By Order of the Board

Registered Office:
Birlanagar, Gwalior-474 004
Dated: August 10, 1998

R.S. KUCHHAL
Secretary

Cimmco Birla Limited

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present herewith our Annual Report along with the Audited Accounts of your Company for the year ended March 31, 1998.

AN OVERVIEW

The Company's turnover during the year was Rs. 429 Crores, being marginally higher than that of the previous year. This was due to efforts towards consolidation by which turnover derived from manufacturing rose from Rs. 350 Crores to Rs. 392 Crores.

The economic slowdown was obvious over the entire year. There was a slowdown in general and government controlled capital spending. Consumer markets where your Company is an intermediate supplier also faced recession.

To summarise, the Company's businesses were affected in varying degrees due to slow demand growth, falling value additions and strained cash flows. These, in turn, led to depressed operating results.

FINANCIAL RESULTS

	Rs. Lacs	
Operations yielded a		
Profit before Depreciation of		322.70
Less : Depreciation		802.84
		<u>-480.14</u>
Less: Extraordinary items	64.07	
Adjust : Transfer from		
Reserve for Contingencies	25.00	39.07
Provision for Tax		2.25
Net Loss		-521.46
Add :		
Surplus brought forward		476.43
Debenture Redemption Reserve no longer required, written back		244.00
Leaving a Balance of		198.97
which is appropriated as under :		
Proposed Dividend		106.94
Tax @ 10% on Dividend		10.70
Surplus carried forward		81.33
		<u>198.97</u>

Under overall circumstances, we recommend a Dividend @ 7.5% on Equity Shares.

The net loss at Rs. 521.46 Lacs is less than the Unaudited results by just under 20%. This is principally due to write back of liabilities no longer required. All relevant figures thus vary in comparison to the unaudited results & this is clarified by way of abundant caution.

REVIEW OF KEY OPERATIONAL MATTERS

During the year under review, production & physical sales were higher than the previous year in most of the Company's businesses. The management took strong steps to contain overall fixed and establishment expenditure, which also resulted in reduction in overall manpower. In the scenario of low growth & high competition which is likely to stay, the management is pressed, harder than at any time in the past to achieve lasting significant productivity increases & cost efficiencies.

Wagon orders placed by Railways are, for the present insufficient in view of the Company's capacity. Current price levels afford greatly reduced unit value addition, and severely affect viability. It may be fair to expect that improvement in business volumes could take place when the economy picks up and results in a greater demand for freight movement. The contract for leasing Wagons, worth about Rs. 180 Crores, to the Railways is successfully being executed and will be completed soon.

The organisation at Engineering & Projects Division has been appropriately streamlined to improve service levels and to gear itself to execute larger sized contracts in the Material Handling Sector and Equipment for Chemical Plants & others. Due to difficult conditions in the Cement industry there is lack of demand at present, for Cement Plant Machinery. But we are happy to inform that the division's order book stands at about Rs. 150 Crores.

Overall output of Thermoplastic Sheets and Films was higher by about 9% at 10,375 MT. BOPP Film capacity was increased by about 15% through de-bottlenecking, this being a cost effective means to enhance productivity to compete with larger plants. However, the effect of intense competition during the year due to over-capacity for BOPP Films has had to be borne. Competitive conditions and lack of liquidity prevail in the White Goods market also - which is the major outlet for the Sheets business where your Company is the market leader. In the overall, for these segments average realisation was lower by about 12%, thus reducing turnover also, while material costs were lower only by about 5%.

The South East Asian crisis depressed prices for Cotton Yarn in export markets & delayed payments for the Company's exports to the region. Production & Sales were both higher but average realisations were lower by about 7%, while input and power costs increased.

Cimmco International is focussing energies on selected markets and capabilities. Trading operations at Singapore branch office were discontinued during the year. We are grateful for the ongoing assistance and co-operation extended to us by both Cuban and Indian authorities for attempts to evolve an early solution for liquidation of export overdues.

There are no significant matters in regard to remaining operations.

Looking to market and growth needs and the economic scenario in coming years, a diverse mix of businesses in one Company will not be conducive to enhancement of shareholders' value and, in a broader sense, may not serve interests of all stakeholders & consumers. We anticipate that we will soon be in a position to propose how your Company could be restructured to advance these objectives.

STATUTORY INFORMATION AND OTHER MATTERS

Information pertaining to Employees, Energy Conservation, Absorption of Technology and Foreign Exchange inflow/outflow, as per the requirements of the Companies Act, 1956 is given in Annexures hereto.

Cimmco Birla Limited

and forms part of this Report. In respect of fixed deposits there are no unpaid amounts, except unclaimed. Relations with employees remained cordial.

Your Company has no remaining operations in the State of Madhya Pradesh. It is proposed that the Registered Office be shifted to the State of West Bengal subject to shareholders' and statutory approvals. The matter has been placed at the Extra Ordinary General Meeting convened on August 5, 1998.

Sri K.N. Memani, resigned as Director during the year & Sri P. Murari was appointed in his place. Sri Sushil K. Jain, Executive Director, retired during the year. Since the close of the year Sri J.M. Seth was appointed as Director by the Life Insurance Corporation of India in place of Prof. Alak Ghosh, and Sri N. Balasundaram laid down his office as Director on the date hereunder. We place on record our appreciation of the valuable services rendered by Sri K.N. Memani, Sri Sushil K. Jain, Prof. Alak Ghosh & Sri N. Balasundaram during their respective tenures.

Sri Lalit Bhasin, Sri N.L. Hamirwasia, Sri Jahar Sengupta and Sri J.M. Seth, Directors, retire by rotation at the Annual General

Meeting and, being eligible, offer themselves for reappointment. Sri Vijay Sehgal, a senior officer of the Company, has joined the Board and been appointed a Whole-Time Director, subject to approval of shareholders.

Observations in the Auditors' Report read together with relevant notes to the Accounts are self-explanatory & do not require further comments in this Report.

M/s Lodha & Co., Chartered Accountants, retire as Auditors and being eligible offer themselves for reappointment.

We wish to place on record our gratitude for the continued valuable co-operation and support received by the Company from its Bankers, its lead Financial Institution IDBI, other Financial Institutions and the various Government authorities.

For and on behalf of the Board

Faridabad,
July 25, 1998

R.R. Bhansali
Managing Director

Sidharth Birla
Chairman

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ANNEXURE TO THE DIRECTORS' REPORT

(Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988).

A. CONSERVATION OF ENERGY:

(a) Energy Conservation measures taken :

- Better load Management.
- Installation of energy efficient D.G Set.
- Installation of Automatic P.F. Correction panel.
- Installation of submeters/portable power measuring meters.
- Installation of power saving equipments.

(b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy :

- High efficiency motors for saving in motive power.
- 100% captive power generation.
- Installation of electronic meters & power capacitors for recording and improving power factor.
- Replacement of old machines run on air pressure by hydraulic high frequency machines.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Quantified savings - Cimmco Spinners : Rs. 85.00 lacs p.a.

(d) Total Energy Consumption and Energy Consumption per Unit of production as per prescribed Form A.

- As per Annexure enclosed.

B. TECHNOLOGY ABSORPTION

1. RESEARCH & DEVELOPMENT

(a) Specific areas in which R&D carried out by the Company:

- Technology upgradation/modification of products and process.
- Development of tailor-made products to meet specified end-use/customer requirements.
- Installation of electronic yarn clearers on winding machines for improving yarn quality.
- Quality control, waste reduction and optimisation of various process parameters for yield improvement.
- Development of prototype wagons for transporting cement in loose.

(b) Benefits derived as a result of above R & D:

- Development of new products to expand existing range.
- Competitive edge in the market.
- Improved product quality and customer satisfaction.
- Cost reduction & better realisation.

(c) Future Plan of action:

- Continuous improvement and R&D activities shall be extensively employed.
- Process improvement to increase yield and reduce wastages.
- Continuous product development for specialised applications particularly to face the challenges created through liberalisation.
- Assimilation of substantial engineering skills connected with process technology, process engineering & system engineering.

(d) R & D Expenditure:

- Capital expenditure : Not Quantified
- Recurring expenditure : Rs. 6,78,380
- Percentage of turnover : 0.02%

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

(a) Efforts, in brief, made towards technology absorption, adaptation & innovation:

- Focused on improvement of productivity, process efficiency and yield.
- Constant monitoring of process and technology upgradation taking in advanced countries and to offer similar products through in-house R&D as well as through progressive manufacturing activities. The company is in the process of further improving its quality control methods and testing facilities.
- Regular interaction with foreign equipment designers and manufacturers and major raw material suppliers abroad for improvements to processing and operating parameters.

(b) Benefits derived as a result of the above efforts:

- Ability to offer improved products to meet specialised market requirements.
- Competitive advantage in the market & market expansion.
- Increase in productive capacity at relatively low Cost.
- Cost reduction & enhanced quality.
- Import substitution.
- Improved levels of productivity.

(c) Information regarding technology imported during last five years:

- Entered into a collaboration agreement with Taylor Woodrow International Projects Limited, U.K. to provide Construction Management Services.
- Entered into a collaboration agreement with Metalair, U.K. for designing Covered Hopper Wagons having air fluidised unloading system.
- Technical collaboration with KHD Humboldt Wedag AG, Germany for transfer of technology for cement plant, technical collaboration with Gebr Pfeiffer AG, Germany for manufacture of Vertical Mills, technical collaboration with Zimmermann & Jansen, Germany for manufacture of Steel Plant Valves & Technical co-operation with MVT, Germany for acquiring equipment design & project engineering capabilities.

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

(a) Activities relating to exports, initiatives taken to increase exports; development of new export markets for products & services and export plans : -

- The company is a recognised trading house.
- Intensive efforts are continuing by entering new markets for products and services.

(b) Total foreign exchange used & earned:

	1997-98 Rs.	1996-97 Rs.
Total foreign exchange used	31,98,22,837	50,12,86,288
Total foreign exchange earned	72,55,14,629	93,56,57,642