# ESCORTS

59th Annual Report 2003-2004

# *Chairman's Message*

Dear Shareholders,

The Indian economy has been witnessing unprecedented growth over the last decade due to reforms, which have acted like a catalyst. The GDP growth in the previous ten years averaged above seven per cent and is expected to be same during the current year. Non-agricultural GDP growth has been even higher, peaking to 10.9 per cent in 1995-96. This indeed is good news for all of us.

India's long-term economic prospects, even today, depend to a large extent on the agricultural sector, which contributes a quarter to the gross domestic product and provides livelihood to two thirds of our population. A gradual and perceptible shift from subsistence farming to enterprise farming is harbinger of modernization of the agriculture economy and this will only increase the contribution of agriculture sector to the overall GDP in the times to come. This shift needs to be accelerated and the corporate sector, the government, banks and opinion makers have to act in partnership to make agriculture as a profitable commercial proposition, which will benefit all stakeholders in the agriculture economy.

The Central government as well as several state governments are giving due priority to agriculture and rural development. This should bring in socio-economic changes where they are needed most - in our villages where most of India lives. This will also open vast opportunities for the corporate sector.

I am very happy to share with you that this year has seen the tractor industry registering a growth of about 40%, led largely by the growth of our Company. With the focus of the government on the rural sector and a good monsoon in the year 2004, the momentum that the agri economy has gained should continue. We see enormous growth opportunities in agriculture sector. You may be aware that last year we made a foray in contract farming and we hope to consolidate this business in the years ahead. Escorts will continue to seek avenues to play a more active role in the food chain.

During the six months of 2004-05, we achieved a sales volume of 18,052 tractors as compared to 10,344 tractors during the corresponding period in the previous year. Simultaneously, the Company is doing well on export front and is expecting to close the financial year with export of 5,000 tractors as compared to 2,850 tractors exported during April 03 - June 04.

The emphasis we had laid on product development and quality during the lean period has now started paying us rich dividends. With the widest range of tractors in our stable, we can now serve diverse segments of customers and applications. Escorts today enjoys leadership position in terms of product, technology and markets and will emphatically leverage on its strength in the growing agri machinery market. We believe that the road to excellence has no end. We will continue to raise the bar and keep investing in research and development, new products and quality. Escorts is committed to emerge as a major in the global agri machinery business. During the current financial year we hope to produce and sell 40,000 tractors and take it up all the way to 60,000 tractors per annum in the next 3-4 years.

It was another good year for the Railway Equipment Division. Despite two new entrants in its line of business and sharp decline in brake block prices, the Division registered a record performance with substantial increase in profits.

The construction equipment business of the Company is also experiencing robust growth with the development in the road as well as real estate sectors. Despite retardation in the road construction equipment segment in the previous year, Escorts Construction Equipment Ltd. achieved a top line growth of 25% in 2003-04 over the previous year. The initiatives taken by the Company towards enlargement of its product portfolio will further accelerate its growth in the years ahead.

In health care, we will start operation of our new 300-bedded multi speciality Jaipur hospital in next 4 months. Together with this, we would have 1000 beds in health care delivery in our four subsidiary companies and 15 heart command centres catering to nearly 3.8 lakh OPD patients annually. The health care activity is having a very effective growth in reach and revenue to make a strong commercial proposition for Escorts.

Every organisation has to make conscious efforts to constantly renew itself to be relevant in the contemporary context. Accordingly, your Company has embarked upon several management initiatives to: (i) de-risk the top line by increasing sales in export markets; (ii) lower break-even levels by attacking material costs as well as operating expenses (iii) improve the operations by re-engineering the business processes; and (iv) reduction in interest cost by undertaking financial restructuring. We believe the future business opportunities are promising and the aforesaid management initiatives will help the company gain substantially in the future.

Finally, I would like to thank our employees, distinguished Board of Directors, our esteemed shareholders and other stakeholders for reposing their trust in the management.

**RAJAN NANDA**
*Chairman and Managing Director*

**BOARD OF DIRECTORS**

**Chairman & Managing Director**
Mr. Rajan Nanda

**Vice-Chairman**
Mr. Anil Nanda

**Executive Director**
Mr. Nikhil Nanda

**Directors**
Mr. Y.H. Malegam
Prof. Dr. M.G.K. Menon
Mr. Nimesh Kampani
Dr. S.A. Dave
Dr. Fredie A. Mehta
Dr. P.S. Pritam
Mr. Jai S. Pathak
Mr. D.K. Mehrotra

**Vice President - Law & Company Secretary**
Mr. G.B. Mathur



**Registered Office**
11, Scindia House
Connaught Circus
New Delhi - 110 001

**Corporate Centre**
15/5 Mathura Road,
Faridabad - 121 003

**Auditors**
M/s. S.N. Dhawan & Co.

**Bankers**
Standard Chartered Bank
ABN Amro Bank
Bank of Baroda
Citibank N.A.
Deutsche Bank
Hongkong & Shanghai Banking Corporation Limited
HDFC Bank Limited
Punjab National Bank
State Bank of India
State Bank of Travancore
The United Western Bank Limited

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## Ten Years' Summary of Operations

*(Rs. Crores)*

| RESULTS FOR THE YEAR | 2003-04@ | 2002-03 | 2001-02 | 2000-01 | 1999-2000 | 1998-99 | 1997-98 | 1996-97 | 1995-96 | 1994-95 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Income | 1292 | 1124 | 1327 | 1579 | 1570 | 1320 | 1418 | 1657 | 1444 | 1423 |
| *Index* | *91* | *79* | *93* | *111* | *110* | *93* | *100* | *116* | *101* | *100* |
| Total Expenditure | 1593 | 1017 | 1256 | 1397 | 1375 | 1152 | 1210 | 1437 | 1258 | 1312 |
| *Index* | *121* | *78* | *96* | *106* | *105* | *88* | *92* | *110* | *96* | *100* |
| Interest | 121 | 85 | 66 | 61 | 53 | 58 | 44 | 53 | 47 | 40 |
| *Index* | *303* | *213* | *165* | *153* | *133* | *145* | *110* | *133* | *118* | *100* |
| Profit before Tax | (422) | 22 | 5 | 121 | 142 | 110 | 164 | 167 | 139 | 71 |
| *Index* | *(694)* | *31* | *7* | *170* | *200* | *155* | *231* | *235* | *196* | *100* |
| Taxation | – | 2 | 5 | 14 | 30 | 26 | 34 | 40 | 39 | 20 |
| *Index* | – | *10* | *25* | *70* | *150* | *130* | *170* | *200* | *195* | *100* |
| Deferred Taxation | (108) | (4) | (8) | – | – | – | – | – | – | – |
| *Index* | *1350* | *50* | *100* | – | – | – | – | – | – | – |
| Profit after Tax | (314) | 24 | 8 | 107 | 112 | 84 | 130 | 127 | 100 | 51 |
| *Index* | *(716)* | *47* | *16* | *210* | *220* | *165* | *255* | *249* | *196* | *100* |
| Dividend | – | 7 | 7 | 33 | 32 | 32 | 30 | 28 | 23 | 12 |
| *Index* | – | *58* | *58* | *275* | *267* | *267* | *250* | *233* | *192* | *100* |
| Dividend Tax | – | 1 | – | 3 | 4 | 3 | 3 | 3 | – | – |
| *Index* | – | *33* | – | *100* | *133* | *100* | *100* | *100* | – | – |
| Profit/(Loss) | (314) | 16 | 1 | 71 | 76 | 49 | 97 | 96 | 77 | 39 |
| *Index* | *(905)* | *41* | *3* | *182* | *195* | *126* | *249* | *246* | *197* | *100* |
| **YEAR END POSITION** | | | | | | | | | | |
| Fixed Assets : | | | | | | | | | | |
| Gross Block | 1034 | 1012 | 963 | 952 | 845 | 740 | 665 | 678 | 715 | 371 |
| ***Less*** : Depreciation | 447 | 386 | 332 | 290 | 245 | 205 | 170 | 163 | 182 | 163 |
| : Provision for impairment | 6 | 5 | 5 | – | – | – | – | – | – | – |
| Net Block | 581 | 621 | 626 | 662 | 600 | 535 | 495 | 516 | 533 | 208 |
| *Index* | *279* | *299* | *301* | *318* | *288* | *257* | *238* | *248* | *256* | *100* |
| Investments | 613 | 619 | 517 | 548 | 475 | 487 | 381 | 261 | 190 | 117 |
| *Index* | *524* | *529* | *442* | *468* | *406* | *416* | *326* | *223* | *162* | *100* |
| Net Current Assets | 248 | 545 | 529 | 392 | 610 | 531 | 564 | 504 | 425 | 203 |
| *Index* | *122* | *268* | *261* | *193* | *300* | *262* | *278* | *248* | *209* | *100* |
| Net Deferred Tax Assets/(Liability) | 32 | (77) | (80) | – | – | – | – | – | – | – |
| *Index* | *(40)* | *96* | *100* | – | – | – | – | – | – | – |
| Share Capital | 72 | 72 | 72 | 72 | 72 | 72 | 68 | 65 | 59 | 34 |
| *Index* | *212* | *212* | *212* | *212* | *212* | *212* | *200* | *191* | *174* | *100* |
| Reserves | 521 | 844 | 835 | 950 | 911 | 857 | 811 | 732 | 646 | 183 |
| *Index* | *285* | *461* | *456* | *519* | *498* | *468* | *443* | *400* | *353* | *100* |
| Loans | 895 | 813 | 719 | 618 | 743 | 651 | 582 | 495 | 445 | 325 |
| *Index* | *275* | *250* | *221* | *190* | *229* | *200* | *179* | *152* | *137* | *100* |

@ The Current accounting period is for 15 months i.e from April 1, 2003 to June 30, 2004 whereas the previous corresponding periods are for 12 months. Therefore the figures of the previous periods are not comparable with that of the current period.

## DIRECTORS' REPORT

Your Directors present the Fifty-ninth Annual Report of your Company together with the Audited Statements of Accounts for the period ended on June 30, 2004.

### FINANCIAL RESULTS

(Rs. Crores)

| | **Period ended 30th June, 2004** | Year ended 31st March, 2003 |
|---|---|---|
| **INCOME & PROFITS/(LOSS)** | | |
| Sales & Business Income | **1,120.81** | 788.44 |
| Income from Investments | **0.21** | 273.75 |
| Profit/(Loss) before Interest, Depreciation & Amortisation | **(66.72)** | 211.35 |
| Interest | **101.66** | 66.53 |
| Depreciation & Amortisation | **68.34** | 58.05 |
| Loss on Sale/Provision for Diminution on Investments, Loans to telecom & other businesses | **185.02** | 64.51 |
| Profit/(Loss) before Tax | **(421.74)** | 22.26 |
| Profit/(Loss) after Tax | **(313.54)** | 24.04 |
| **DIVIDENDS** | | |
| Provision for Dividend | – | 7.22 |
| Dividend Tax | – | 0.93 |
| **SHAREHOLDERS' FUNDS** | | |
| Share Capital | **72.23** | 72.23 |
| Reserves & Surplus | **521.05** | 843.68 |
| **TOTAL** | **593.28** | 915.91 |

### DIVIDEND

Due to extraordinary losses incurred by the Company during the period, the Board of Directors have decided not to declare any dividend for the period ended 30th June, 2004.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. AGRI MACHINERY BUSINESS

#### a) Industry Structure and Developments

After three years of decline, Tractor Industry grew by 11.5% in 2003-04 to a level of 1.92 lac tractors. The Indian Tractor industry had been growing at an average compounded annual growth rate of 8% over the last three decades (1970-71 to 1999-2000) and attained a peak of 2.70 lac tractors in 1999-2000. Since then, however, the industry declined to a level of 1.72 lac tractors in the year 2002-03, a decline of 33.3% over three years. The key factor that adversely influenced tractor demand was "below normal" monsoons for three years in a row, the 2002 south-west monsoon failure being particularly severe resulting in one of the four worst droughts of the country.

The growth of the industry over the last three decades resulted in entry of several new entrants including all the major multinational Companies. The industry now consists of 14 manufacturers with an aggregate installed capacity of approximately 4.50 lac tractors. The additional capacity created and the decline in Industry volumes over the last three years due to poor monsoon resulted in a below 50% capacity utilization and severe cut-throat competition.

The industry is segmented by Horse Power (HP) of which 30-40 HP segment is the most popular, due to small and fragmented land holdings. Geographically, Northern India (Punjab, Haryana, Uttar Pradesh and Rajasthan) accounts for about 50% of total tractor sales. Our Company enjoy's a greater market share in this geographical segment.

#### b) Performance

Despite the steep decline in the industry, Escorts consciously decided to aggressively reduce channel inventory further by approximately 3,500 units in 2003-04 on top of approximately 8,500 units reduced in the previous year. This no doubt impacted our revenue and profits adversely but has enabled the Company to optimize its working capital and put us on a strong foundation for the future.

During the period April 03 – June 04, Escorts wholesaled 33,663 tractors including export of 2,850 tractors.

#### c) Initiatives

**Re-engineering:** With a view to improving efficiencies and reducing costs, after re-engineering the manufacturing plants and bringing them to international standards of quality, the Company followed it up by implementing the new ERP "Oracle 11-i" software, under the aegis of Project PRAGATI, which extended "Re-engineering" into the indirect areas. The implementation of the Oracle e-Business Suite is expected to bring about further improvements in productivity, manpower rationalization, improvement in the processes and further reduction in costs.

**Product Development:** In a state-of-the-art R&D Centre, the Company has maintained its focus on improvement of processes as well as product development. The Company is one of the leading tractor manufacturers of the country and produces tractors in the 27-75 HP range. Its tractors are marketed under three brand names, viz. ***Escort, Powertrac and Farmtrac***. *Escort brand* of tractors are symbolic of reliability and trust and enjoy the confidence of the farming community for the last 40 years. These are economy range tractors available in different models ranging from 27-35 HP. *Powertrac brand* of tractors are one of the most fuel-efficient tractors in their respective categories that offer excellent value for money and have helped the farmers improve their quality of life. Different models in this category are available from 20 - 55 HP. *Farmtrac brand* are one of the most powerful premium range of tractors that give maximum productivity to the farmers. Models in this category are available in range of 35 - 75 HP. Spanning these three brands, the Company has a full range of tractors to cater to the domestic as well as overseas markets. Several new models like Farmtrac 35 Champion, Farmtrac 30 Hero and Escort 335 Josh are establishing themselves in the marketplace. Escort Jawan MPT, the first multipurpose tractor positioned by the Company in the haulage and agricultural segment in the smaller HP range has evoked tremendous response in the marketplace.

Our continued focus on product development has resulted in the widest range of tractors in the market catering to the needs of diverse segments of customers and applications. Today our world-class manufacturing plants roll out quality products and our recent TS 16949 certification of Quality Management Systems is a vindication of our customer-oriented processes for development of quality.

**Marketing:** Several new initiatives have been adopted by the Company to increase market share. One of the biggest Marketing strengths is our widest Dealer Network in the country with more than 450 dealers, 2000 sales outlets, 30 area offices and field force of 150 strong. A unique marketing initiative was taken to promote "Brands". For the first time in the Industry, Film celebrities were selected as Brand Ambassadors, after thorough market research findings indicated that they stood for the same values as our respective brands represented by them. Massive multi-media campaigns were launched which has resulted in tremendous increase in Brand recall as established by market research.

#### d) Industry Outlook

Compound growth rate of Tractor Industry has been 8% over the last three decades. Increasing recognisation in last few years to the agricultural sector will spur growth of agri sector, which will give impetus for the continued growth of tractors volumes.

McKINSEY has forecasted tractor population requirement of 75 lacs over the next 18 years vs. current tractor population of 26 lacs. Accordingly apart from replacement demand on current tractor population, which has a life of 12-15 years, an additional annual demand of 2.5 lacs tractors is expected in the domestic industry. Also export demand has been rising in the recent years.

We therefore believe that the current situation is purely transitory and the Company is fully geared to meet these challenges through continuous investment in product development as well as focused and aggressive marketing initiatives.

**2. AUTO SUSPENSION PRODUCTS BUSINESS**

Prices continued to fall for the fourth year, both in the OEM and After Market segments. Moreover, the industry was forced to absorb a steep increase in price of steel & fuel, which constitute over 70% of input cost. To compound the problem, sales dropped by about 20% mostly due to fall in motorcycle sales of two major OEM Customers.

Consequently, the Division posted a loss, as against good profit in the previous year.

The business environment continues to be very difficult, but aggressive market development programmes have started giving good results in the form of higher market share, new customers and exports orders.

Leveraging on the strength of its sales team and distribution network in the After Market, the Division has entered the business of sourcing and marketing a range of auto components. This initiative should further improve the profitability of the Division.

**3. RAILWAY EQUIPMENT BUSINESS**

The Division posted yet another record performance with Profit before tax increasing by over 15%.

Notwithstanding further entry of two more players and major drop in brake block prices, the Division has taken strong countermeasures for market share enhancement, cost reduction and new product development in order to maintain its current profitability.

**4. FINANCIAL PERFORMANCE**

The Company has suffered operational losses mainly on account of the poor monsoons, which has resulted in a downturn for the entire tractor industry. However, the net sales of the Company for the period ended 30th June, 2004 have increased to Rs.1098.07 crores against Rs.767.92 crores in the previous year. The Company had a net operational loss of Rs. 236.72 crores, which coupled with telecom losses of Rs. 185.02 crores resulted in the Company having to pass through trying times. During the previous year the Company had an operational loss of Rs.186.98 crores but the loss was compensated by net income from investments of Rs.209.24 crores.

Consequentially, the Company has suffered a Loss before tax of Rs. 421.74 crores for the period ended 30th June, 2004 as compared to Profit before tax of Rs. 22.26 crores during the previous year. However, the Company has taken the benefit of Deferred Tax Asset of Rs. 108.20 crores resulting into a Loss after tax of Rs.313.54 crores (previous year Rs.24.04 crores of profit after tax).

**5. HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Industrial relations with the workers and staff of the Company have remained cordial and peaceful during the period under review. The Workers Union and workmen have exhibited maturity and understanding of the current financial position of the Company and have agreed not to press for their charter of demands, till the financial situation of the Company improves.

**6. RISKS & CONCERNS**

The major risks associated with this industry are inadequacy of monsoons since more than 70% of the sowing land is dependent on rainfall, non-availability of credit (almost 90% of the tractors sales are funded by credit) and the policies of the Government with regard to agriculture sector. However, given the increasing recognition and the contribution of the agriculture sector to the growth of Indian economy and the mere fact that the agriculture sector employs over 60% of the country's population and accounts for almost a quarter of the GDP, a high growth in the agriculture sector is imperative to sustain growth of the Indian economy. Given all this, we do not foresee any problems both with regard to credit availability and procurement policies of the Government in the near future.

**7. OPPORTUNITIES AND THREATS**

The growing domestic demand for food grains and agri products promises a very good future for Company's core business. With exemption of excise duty on tractors and growing importance of agriculture sector in the growth of Indian economy we believe that India can be a major exporter of Agri products and increased demand both domestic and exports will call for increased yields. Tractor population today is concentrated in 10% of villages and even today 70% of our villages do not have a tractor. CRISIL INFA has estimated an annual demand of 2.7 lacs – 2.85 lacs of tractors by 2006-07 vs. 1.92 lacs in 2003-04. All this shows great potential for the growth in this industry.

**8. DIVESTMENTS**

In order to utilize its economic and managerial resources towards its core business, the Company took the initiative to liquidate the following investment during the period ended 30th June, 2004.

| Venture | Type of Investment | Shareholding (%) | Value Realized |
|---|---|---|---|
| Escotel Mobile Communications Limited | Equity Shares | 51 | Rs.205.00 crores and Bond of Rs. 175.74 crores payable in year 2014 or earlier |

**ESCOTEL MOBILE COMMUNICATIONS LIMITED**

Escotel Mobile Communications Limited (Escotel), which provides cellular telephony services in the circles of UP (West), Haryana and Kerala, maintained a steady growth in its subscriber base and grew from 586,700 to 989,084 customers during the year under review, thereby recording an increase of 69% over the last year. This growth was achieved inspite of intense competition, which has resulted in massive drop in airtime charges across the board.

Your Company had entered into an agreement in January 2004 with Idea Cellular Limited to divest its share in Escotel.

The sale consideration to the existing promoters has been completely received after obtaining the requisite approvals of lenders and statutory authorities.

**SUBSIDIARIES :**

**ESCORTS TELECOMMUNICATIONS LIMITED**

Escorts Telecommunications Limited (ETL) was awarded licenses to operate in the telecom circles of Punjab, UP(East), Rajasthan and Himachal Pradesh. ETL did not undertake any commercial activity during the year.

Further, your Company had entered into an agreement with Idea Cellular Limited to divest its share in ETL in January 2004. Requisite DOT approvals for the sale are yet to be received, after obtaining which the transfer of shares will happen. Actual transfer of shares is expected to be completed shortly.

**ESCORTS CONSTRUCTION EQUIPMENT LIMITED**

Escorts Construction Equipment Limited (ECEL) has reported a turn-around in 2003-04. ECEL achieved a top line growth of over 25% in Financial Year (FY) 2003-04 over last FY 2002-03. ECEL has reported profit at net level as well as a cash surplus of approx. Rs. 300 lacs in the FY 2003-04.

Material handling equipment market continues to grow at a healthy pace. However, road construction equipment segment has shown negative growth largely due to delay in award of tenders/contracts for road building by National Highway Authority of India (NHAI) and other agencies impacting the off-take of road construction equipment. Industry is, however, very hopeful that demand for road construction equipment will pick up in medium to long term due to continued thrust by the Government of India in this regard. ECEL had to shoulder substantial part of price increases made by steel producing companies in 2003-04 since the entire burden could not be passed on to the customers. But for these factors the performance of ECEL would have been much better in FY 2003-04.

ECEL launched a 12T Vibratory Soil Compactor in technical collaboration with Hamm AG, Germany to further strengthen its road compaction range. The range of cranes was further strengthened with improved Recovery Cranes through technical upgradation to suit customer needs. Front End Loader was technically upgraded. ECEL is in the process of widening its scope with products for upstream preparation of Road Construction and Laying Equipment. The initiatives taken by ECEL towards enlargement of its product portfolio will further improve its performance in the coming years.

**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**

**a) OPERATIONS**

Escorts Heart Institute And Research Centre Limited (EHIRC) continues to maintain its position as one of the leading Cardiac Care Super Speciality Centres in the Country, with experienced team of consultant Doctors. During the year, there was an increase in the number of new patients registered, as compared to the previous year, as well as in the procedures performed namely, Cardiac Surgeries, Angioplasties and Angiographies.

**b) RESEARCH & NEW TECHNIQUES**

Research continues to be hallmark of EHIRC. Our research publications last year, had major focus in the field of minimally invasive cardiac surgery i.e. port access approach for repair of holes in the heart and valve repair and replacement, beating heart surgery with special emphasis on reducing risk and pain. The beating heart coronary bypass is now a well entrenched treatment modality offering several advantages over conventional bypass surgery. Last year has seen further studies to establish its advantages in specific conditions like treatment of mitral valve insufficiency using Myocor, coronary endarterectomy and Robotics assisted bypass surgery. The Department of Anesthesiology and Critical Care has conducted studies to evaluate hypercoagulability in Off Pump Coronary Artery Bypass, feasibility of awake CABG (bypass surgery) under regional blocks when general anesthesia carries a very high risk, use of nitric oxide in cardiac surgery patients and prevention of atrial fibrillation with amiodarone. Department of cardiology conducted international studies to evaluate patency of stent with MRI, genetics of Cardiovascular disease in India, “PROGRESS” for severe sepsis in ICU patients, Lycopene levels and its effect on Type 2 Diabetes Mellitus. Other studies included non-invasive diagnostic stratification of coronary arteries, MRI for visualizing coronary artery disease, calcium scoring, pulmonary angiography in thromboembolic disease and other fields of cardiology.

The year 2003-04 has witnessed achievements and growth for EHIRC especially in the field of Cardiac Care, since the following new techniques were implemented:-

a) CT Angiography – is a much less invasive and more patient-friendly procedure, which uses X-Rays to visualize blood flow in arterial vessels throughout the body.

b) Robotic Mitral Valve Repair– first surgery has been carried out on 22nd February, 2004.

c) Carotid Intima Media Thickness (IMT) – is a non-invasive marker of atherosclerosis that has been shown to correlate well with extent of Coronary Artery Diseases (CAD) and future risk of Cardiovascular events.

d) Pulse Wave Velocities (PWV) and Ankle Branchial Index (ABI) is a marker for atherosclerosis and for early detection of Coronary Artery Disease.

EHIRC is also installing latest state-of-the-art medical equipment for providing less-invasive and patient friendly treatment in various procedures.

**c) HOSPITAL EXPANSION AND OTHER FACILITIES**

EHIRC is setting up a Multi-Speciality hospital in Jaipur, for providing healthcare facilities in the fields of : Cardiology, Nephrology, Urology, Gastro-enterology, Orthopedics including Joint Replacement, Laparoscopic Surgery, etc. to the people of Rajasthan & nearby States. This hospital is expected to commence operations by March '05 and shall have its in-house diagnostic services like Imaging with CT & MR, Nuclear Medicine, etc. and support services like Blood Bank, Bio-Chemistry, Hematology, etc. Cardiac Surgery and interventional cardiology units are already functional in Raipur (Chattisgarh). EHIRC also operates satellite centers as tie-ups with various hospitals at different locations including at Gurgaon, Noida, Jodhpur, Vadodara and Nagpur providing cardiac care services to the people of respective areas at their doorstep.

Within a year of commencement of its operations, Escorts Heart and Super Speciality Institute Ltd., a subsidiary Company running hospital at Amritsar, has established its reputation as a premier hospital in Punjab.

Escorts Heart Centre Ltd., another subsidiary of EHIRC running Cardiac Care Centre at Kanpur also improved upon its previous year's performance by treating more than 6000 patients during the year, and performing various procedures namely, Angiographies, Angioplasties/ Stenting, Surgeries and Permanent Pacemaker implantations.

During the year under review, EHIRC acquired 100% paid-up Equity Capital of Escorts Hospital and Research Centre Limited (EHRCL) running a multi-speciality hospital in Faridabad (Haryana) and consequently, EHRCL became a subsidiary Company of EHIRC. This hospital at Faridabad is providing medical care of international standard with state-of-the-art equipment and has diversified in the areas of cardiology and cardiac surgery, video assisted thoracoscopy and mediastinoscopy, gastroenterology, advanced laparoscopic procedures of abdomen, gynecology, advanced endoscopic work including diagnostic and therapeutic ERCP, stenting, PEG etc.

**d) SOCIAL INITIATIVES**

EHIRC, as part of its social initiatives, continues to carry out its Community Outreach Program for providing Healthcare/Cardiac care to people living in remote villages and towns of the Country. This program aims to provide the Community with the knowledge about the prevention and control of the risk factors of heart disease. Various facilities like Clinical examination, ECG, X-ray, etc. are provided free of cost to the patients, giving awareness talks to the public and Continuing Medical Education (CME) programs for local physicians. Children are being screened in villages for rheumatic and congenital heart diseases, so that preventive strategies can commence early during the course of disease.

**ESCOSOFT TECHNOLOGIES LIMITED**

Escosoft Technologies Limited (Escosoft) has completed its fourth full year of operations. Escosoft has consolidated its businesses in the areas of Infrastructure Management Services covering Facilities Management, BPO and Enterprise Management Solutions.

**IFS SOLUTIONS INDIA PVT. LIMITED**

IFS Solutions India Pvt. Limited (IFS India) started its operations in the beginning of the year 2003. The prime impetus of IFS India was in providing Enterprise Resource Planning (ERP) software solutions, across various industrial verticals. IFS India successfully executed large orders that it received from the domestic market. IFS India has been able to make good progress by procuring repeat orders from existing customers within India and abroad. However, at the same time there was a slow down in the overseas consultancy projects in Nigeria and Africa. This affected the achievement of overall targeted revenue numbers. IFS India is expecting to close large orders in the PSU and Defence Sector. IFS India has developed expertise in the ERP domain through more than 10 Corporate Customer reference sites. IFS India has a dedicated and motivated marketing and implementation staff. The existing domestic customers are satisfied with the ERP implemented and they continue to give further repeat orders in the form of additional user licenses and AMCs. Very recently, IFS India has procured a very large order from Hindustan Aeronautics Limited for providing the ERP software and its implementation across all its locations in India. IFS India expects to enhance its overseas implementation base through projects outsourced by worldwide IFS offices. IFS India continues to strengthen its alliance and relationship with IFS, Global.

**CELLNEXT SOLUTIONS LIMITED**

Cellnext Solutions Limited (Cellnext), an ISO 9001:2000 certified company is a Wireless Telecom Software Company. Cellnext, a product-focused company has an existing product portfolio of multi-component Messaging Engines, Telco Content Aggregation Platforms and Enterprise Application Integrators. The company also provides the value added services in the wireless domain to Telecom Companies in India.

Cellnext's core competence revolves around GSM data technologies like SMS, WAP, SS7, GPRS, 3G, MMS and also IVR. Cellnext also provides application design, development and integration services to both Enterprises and Wireless Telecom Operators. It also has a strong foothold in the Wireless ASP domain for both Enterprises and Operators.