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Annual Report 2006 - 2007

BPL Limited

ANNUAL REPORT 2006 - 2007

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Corporate Information

BOARD OF DIRECTORS

Ajit G Nambiar, *Chairman & Managing Director*
 Anju Chandrasekhar
 S Padmakumar
 KS Prasad
 Capt. S Prabhala
 K Jayabharath Reddy
 Suraj L Mehta
 M Sudhendranath, *Nominee - ICICI*
 K Muthukumaran, *Nominee - EXIM Bank*
 Subhash Bathe, *(w.e.f. 24.01.07)*

COMPANY SECRETARY & COMPLIANCE OFFICER

K Raghuveeran

AUDITORS

M/s. T Velu Pillai & Co.,
 Chartered Accountants, Bangalore

BANKERS

Canara Bank
 Bank of India
 HDFC Bank Limited
 Bank of Bahrain & Kuwait B.S.C
 Central Bank of India
 Citibank NA
 ABN AMRO Bank
 Jammu & Kashmir Bank
 Bank of Rajasthan
 Indusind Bank Limited
 UCO Bank Limited

REGISTERED OFFICE

BPL Works, Palakkad 678007, Kerala

CORPORATE OFFICE

Dynamic House, No. 64, Church Street,
 Bangalore 560 001

MANUFACTURING FACILITIES

BPL Works, Palakkad 678 007, Kerala
 Doddaballapur 561 203, Bangalore District
 Dobaspet, Tumkur Road, Bangalore 562 111
 238, III Phase, Bommasandra Industrial Area,
 Bangalore 562 158

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Notice of Annual General Meeting

NOTICE is hereby given that the 43rd Annual General Meeting of BPL Limited, will be held on Friday, the **28th day of September 2007** at 10.00 A.M. at Sri Chackra International, Krishna Gardens, Chandranagar P.O., Palakkad - 678 007, Kerala, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Report of Directors, the audited Profit and Loss Account for the period ended 31st March 2007 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. K Jayabharath Reddy, who retires by rotation, and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. Suraj L Mehta, who retires by rotation, and being eligible, offers himself for re-election.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION

RESOLVED THAT Mr. Subhash Bathe, be and is hereby appointed as a Director of the Company, whose office shall be liable to retirement by rotation.

By order of the Board

Bangalore
8th June, 2007

Registered Office
BPL Works, Palakkad-678 007, Kerala.

K Raghuveeran
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES, ONCE ISSUED WILL HOLD GOOD FOR ANY ADJOURNMENT OF THIS ANNUAL GENERAL MEETING.
2. Members / Proxies should bring the Attendance Slip sent herewith duly filled in, for attending the Meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 17th September 2007 to 28th September 2007 (both days inclusive).
4. In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed dividends are now required to be transferred to the Investors' Education and Protection Fund (IEPF) established by the Central Government, after a period of seven years from the date it is transferred to the Unpaid Dividend Account.

Financial year	Date of declaration	Nature of dividend	Due date of transfer to IEPF
1999 - 2000	20/09/2000	Final	08/11/2007
2000 - 2001	28/09/2001	Final	04/11/2008

Shareholders who have not encashed the above dividends, are requested to claim it from the Company immediately.

5. Shareholders intending to require information about accounts, to be explained at the Meeting, are requested to inform the Company at least a week in advance of their intention, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
6. Pursuant to the clauses of the listing agreements, additional information on Directors seeking re-election at the Annual General Meeting is appended to this Notice.
7. Shareholders are requested to address all their correspondence including on matters related to Share Transfers, Non-receipt of Dividend /Annual Report etc., to the Investors' Service Cell at Dynamic House, No. 64, Church Street, Bangalore - 560 001.

By order of the Board

Bangalore
8th June, 2007

Registered Office
BPL Works, Palakkad-678 007, Kerala.

K Raghuveeran
Company Secretary

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO. 5

Mr. Subhash Bathe was co-opted as an Additional Director by the Board at its meeting held on 24th January 2007.

Mr. Subhash Bathe aged 46, a Commerce Graduate, and possesses Bachelors Degree in Law and Master Diploma in Business Administration. Mr. Bathe is also a Chartered Accountant and Business Management Consultant providing Strategy, Management, Legal & Financial Advisory to businesses of diverse fields. He is well experienced in providing roadmap for business growth, turnarounds, acquisitions, and entry into new verticals. Mr. Bathe as a nominee of BIFR, Ministry of Finance, Government of India, was member of the Board of Directors on several companies in diverse fields such as cement, electronics, engineering, textiles, consumer products, in the public and private sectors.

Pursuant to Article 47 of the Articles of Association of the Company, Mr. Subhash Bathe holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a Member under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500/-, signifying his intention to propose the appointment of Mr. Subhash Bathe as a Director. The Board of Directors recommends the ordinary resolution as set out at Item No.5, for adoption by the Members.

Except Mr. Subhash Bathe, no other Director of the Company is in any way concerned or interested in the Resolution.

Annexure to Notice

INFORMATION ON DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

MR. K JAYABHARATH REDDY

Mr. K Jayabharath Reddy, 70, who holds a Masters in Economics and Statistics, is a retired IAS Officer, and has held important positions in the State and Central Governments. He was the Chief Secretary to the Government of Andhra Pradesh, Secretary to Government of India in the Ministry of Urban Development and Secretary in the Finance Ministry. He has headed the Departments of Banking, Insurance and Administration of the Revenue Department in the Finance Ministry.

Mr. Reddy has also headed the Secretariat for Industrial Approvals (SIA) in the Industry Ministry. He has been associated with State Industrial and Financial Developmental Organisations as well as financial institutions like the NABARD, IDBI, ICICI, SBI, EXIM Bank, National Housing Bank in executive as well as non-executive capacities.

Mr. Reddy is currently on the Board of several other companies in addition to BPL Limited:

Names of companies in which Mr. K Jayabharath Reddy is a Director :

Lanco Kondapally Power Private Limited, SQL Star International Limited, BPL Power Projects (AP) Private Limited, Exensys Software Solutions Limited, NCL Industries Limited, Viceroy Hotels Limited, NCL Alltek & Seccolor Limited, Facor Alloys Limited, BPL Display Devices Limited, Indus Medicare Limited and JCT Electronics Limited

Names of the Committees of the Board in which Mr. K. Jayabharath Reddy is a Chairman / Member :

Sl. No.	Name of the Company	Nature of position
A	Audit Committee	
	NCL Industries Limited	Chairman
	SQL Star International Limited	- do -
	Facor Alloys Limited	- do -
	Exensys Software Solutions Limited	- do -
	BPL Display Devices Limited	Member
	Lanco Kondapally Power Private Limited	- do -
B	Remuneration Committee	
	SQL Star International Limited	Member

Mr. K. Jayabharath Reddy is a Chairman of the Audit Committee and a Member of Nomination Committee and Remuneration Committee of BPL Limited.

Mr. Suraj L Mehta

Mr. Suraj L Mehta, 63, is a Graduate in Economics (Honours) and has held key management positions in India and abroad with ANZ Grindlays Bank till the year 1994. He has to his credit major achievements including management of the bank's credit quality through the creation or modification of credit policy and procedures, establishing credit assessment processes, formulating strategies etc. He was the General Manager (Division Head), Corporate Banking - India before joining Dresdner Bank AG.

He was the Chief Executive Officer of NABIL Bank Limited, Nepal and Chief Executive Officer of Dresdner Bank AG and was successful in establishing the commercial banking business in a considerable short span of time.

He has over three and a half decades of rich and varied experience in the field of Banking.

Mr. Mehta is currently on the Board of Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz General Insurance Company Limited in addition to BPL Limited.

Mr. Suraj L Mehta is a member of the Audit Committee and Remuneration Committee of BPL Limited. He is not a member of any Committee of other Companies in which he is a director.

Mr. Subhash Bathe

Mr. Subhash Bathe aged 46, a Commerce Graduate, and possesses Bachelors Degree in Law and Master Diploma in Business Administration. Mr. Bathe is also a Chartered Accountant and Business Management Consultant providing Strategy, Management, Legal & Financial Advisory to businesses of diverse fields. He is well experienced in providing roadmap for business growth, turnarounds, acquisitions, and entry into new verticals. Mr. Bathe as a nominee of BIFR, Ministry of Finance, Government of India, was member of the Board of Directors on several companies in diverse fields such as cement, electronics, engineering, textiles, consumer products, in public and private sectors.

Mr. Bathe is currently on the Board of BPL Display Devices Limited and Penta Consulting Private Limited in addition to BPL Limited and a member of the Audit, Remuneration and Management Committees of BPL Display Devices Limited.

ATTENDANCE RECORD OF DIRECTORS WHO SEEK APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name of the Director	No. of Board Meetings held during 2006-2007	No. of Board Meetings attended	Last AGM Attendance (Yes/No)	No. of Shares held
Mr. Suraj L Mehta	5	3	No	Nil
Mr. Jayabharath Reddy K	5	5	No	Nil
Mr. Subhash Bathe*	1	1	NA	Nil

*Co-opted as director on 24.01.2007

By Order of the Board

Bangalore
8th June, 2007

K Raghuvveeran
Company Secretary

Registered Office: BPL Works, Palakkad 678 007, Kerala.

Directors' Report and Management Discussion & Analysis

To the Members,

Your Directors present the Forty Third Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2007. The financial highlights of the Company are as follows:

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	Year ended	
	31.03.2007	31.03.2006
Net Sales and other income	122.85	496.79
Profit before Interest, Depreciation and Tax	3.28	(271.22)
Less: Interest	11.61	8.94
Depreciation	21.08	32.20
Provision for Diminution in value of investments	0.18	(5.17)
Extra-ordinary items - Income (net)	-	(306.58)
Profit / (Loss) before Tax	(29.59)	(258.68)
Profit / (Loss) after Tax	(30.14)	(273.20)

● BUSINESS OVERVIEW

The comprehensive financial and business restructuring undertaken by your Company with a view to revive its business could not be fully implemented due to difficulties in mobilising funds for meeting working capital requirements as also for minimum capital expenditure required for improved and increased turnover of the various business units.

As a result, your Company could not operate at optimum level. The turnover has reduced to Rs.122.85 Crores and resulted in a loss of Rs.30.14 Crores during the year ended 31st March 2007. Your Company is continuing with its efforts to address the working capital requirements. We are fairly confident of succeeding in these efforts during the current financial year. In view of the absence of profits during the year under review, your Directors are unable to recommend any dividend.

Your Directors are confident that with the infusion of the required additional funds and completion of restructuring exercise coupled with certain new initiatives which are explained in the following paragraphs, your Company will be in a position to revive its operations, making optimum utilization of all available resources at its disposal.

● HEALTH CARE BUSINESS GROUP

Industry structure & developments

As a result of increase in corporate hospitals and increased spending on public health care etc., Health Care Business Group presents a huge growth opportunity. Introduction of new and improved products as well as addressing certain new business verticals were attempted in this year under review. As a result, the turnover has increased from Rs. 52.62 Crores to Rs.58.22 Crores.

Despite limitations in providing the required Working Capital, this business Group has maintained growth in both value as well as market share in major segments like Cardiology, Gynaecology and Home Care. Your Company is engaged in supply and service of products in Cardiology, Patient Monitoring, Gynaecology and Home Care segments and is

planning to address Anesthesiology, Dentistry and Imaging sectors.

Opportunities and Threats

BPL is a leader in Cardiology segment and is poised to achieve the same position in new segments as well. The growth potential of this Industry is high and your Company will be able to increase its business and market share, once the working capital constraints are addressed. Entry of well known MNCs into certain product areas where your Company enjoys large market share can pose difficulties in its efforts to achieve the above.

Outlook

BPL Healthcare Group is now addressing the growing needs of the primary and the secondary sectors of the healthcare market. A range of diagnostic products in the area of cardiology, diagnostic imaging, patient monitoring and personal care that are telemedicine enabled will be introduced over the next few years. BPL Healthcare has signed agreements with a number of global technology providers for OEM and technology transfer. Also a number of other strategic partnerships with Government agencies for healthcare projects are under way and will fructify this financial year.

● AUTOMATION BUSINESS GROUP

Industry structure & developments

Despite shortage of funds required for working capital as well as capital expenditure, turnover increased from Rs. 18.88 crores in last year to Rs. 29.68 crores during the year. The quality standard and timely delivery implemented by the business group were responsible for many of the prestigious customers extending their support to help the business group to tide over its temporary difficulties. However, the increased demand from the automobile and non-automobile sectors could not be fully met due to working capital constraints.

Opportunities and Threats

The Company is continuing to face constraints of working capital and high attrition of skilled engineers and employees. Efforts are continuing to address these concerns and to handle them effectively. Pressure on prices is expected to continue and is likely

Directors' Report and Management Discussion & Analysis

to affect profitability while efforts are continuing to contain its effect.

● Outlook

Continued increase in demand for all the segments of automobiles and consumer electronics products augurs well for the industry. Your Company is hopeful of addressing the working capital requirements of this group in order to achieve its business potential.

● PCB BUSINESS

○ Industry structure & developments

Excess capacity in the industry has continued to exert pressure on the profitability margins as well as business expansion. Working capital shortage has continued to affect the optimal operations of this Group.

○ Outlook

To meet the demands of the customers, this Business Group is actively pursuing options to increase the capacity utilization of the plant and to increase profitability. You will recall that proposal of your Company for formation of a joint venture company for this business group has been approved by you and is now awaiting the approval of lenders.

● ALKALINE BATTERY BUSINESS

○ Industry structure & developments

In this industry also, there is an excess capacity on worldwide basis. Alkaline batteries do not have a large market in India and this business is essentially targeted at export market. Price competition from cheaper products and substantial increase and fluctuations in the raw material prices have put pressure on the profitability of this Group and resulted in the plant being not fully utilized for a large part of the financial year.

○ Opportunities and Threats

Our products continue to be approved by several large super market chains abroad as well as well known brands from Europe for production under their own brands.

○ Outlook

Proposal of your Company for formation of a joint venture company for this business group also has been approved by you and is awaiting the approval of lenders. Efforts are on to negotiate with the existing and the new customers for better realization to offset the raw material price increase. These are expected to improve the plant capacity utilization and resultant profitability.

● FINANCIAL PERFORMANCE AND ANALYSIS

○ Share Capital

The paid up Equity Share capital of the Company as on 31st March 2007 is Rs. 44.69 Crores comprising 4,46,89,900 equity shares of Rs 10/- each fully paid up. The Company has a paid up Preference Share Capital of Rs. 169.59 Crores as on 31st March 2007 consisting of 1,69,58,682 shares of Rs.100/- each.

○ Reserves & Surplus

The Reserves of the Company have increased from Rs. 165 Crores in 2005-06 to Rs.221.29 Crores in 2006-07.

○ Borrowings

Total borrowings of the Company as on 31st March 2007 have continued at Rs. 266 Crores.

○ Capital Expenditure

The capital expenditure of the company for the financial period ended 31st March 2007 was Rs.1.87 Crores. The Company had invested Rs.0.19 Crores in Plant & Machinery and Rs. 1.68 Crores in other Fixed Assets.

○ Depreciation and Amortization

The details of depreciation and amortization have been provided in the notes to accounts. No significant changes were made in the depreciation policies.

○ Corporate Tax

Since the company has not generated any taxable income for the period, no provision for taxes has been made in the books.

● HR PRACTICES AND MAJOR INITIATIVES

There was no room for any Human Resource initiatives in the Company during the year due to financial constraints.

● SAFETY, HEALTH AND ENVIRONMENT

Your Company continues to lay stress on safety and healthy working environment at all its units. With a view to ensuring cordial labour relations, long term agreements are entered into with the employees.

BPL Limited had 706 employees as on March 31, 2007.

● CHANGE IN CAPITAL

The Equity Share Capital has increased by Rs. 17 Crores as a result of preferential allotment of new equity shares to Electro Investment Private Limited, as a part of the approved Scheme of Arrangement.

● DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the accounts for the period ended 31st March 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and 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 the year under review;
- iii) the Directors had 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) the Directors had prepared the accounts for the period ended 31st March 2007, on a 'going concern' basis.

Directors' Report and Management Discussion & Analysis

● PUBLIC DEPOSITS

Your Company had stopped accepting / renewing deposits from the public.

● SUBSIDIARY COMPANIES

BPL Display Devices Limited, Bharat Energy Ventures Limited and BPL Securities Private Limited are the subsidiaries of the Company.

The audited accounts and other particulars pursuant to Section 212(1) of the Companies Act, 1956 relating to BPL Display Devices Limited, Bharat Energy Ventures Limited and BPL Securities Private Limited are appended to this Report.

● PARTICULARS OF EMPLOYEES

Information required to be furnished in terms of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is given as an Annexure to this Report and the same would be provided to the members on request being made to the Company Secretary.

● CONSERVATION OF ENERGY

Though not a large scale user of energy, BPL has taken several measures to conserve scarce resources and protecting the environment. These efforts collectively have resulted in securing the ISO 14000 EMS (Energy Management Systems) Certification. They include Water Recycling, Waste Recycling, Solder Fumes Control and Power Factor Improvement.

● RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

BPL has always recognized the importance of innovations and is in the process of strengthening its in-house R&D. R&D efforts are focussed on Technology Absorption, User Friendliness, Performance Enhancements, Value Engineering and Cost Reduction.

Specific Areas in which Research & Development is carried out by the Company

A range of diagnostic products in the area of cardiology, diagnostic imaging, patient monitoring and personal care that are telemedicine enabled will be introduced over the next few years.

Benefits derived from R & D

As a result of the Company's R & D activities, your Company is able to retain its technological leadership, achieve cost reduction and retain customer acceptance in spite of working capital constraints.

Future plan of action

BPL Healthcare has signed agreements with a number of global technology providers for OEM suppliers and progressive indigenisation. Your Company has not imported any technology during the period under review.

● R&D EXPENDITURE

R & D Expenditure during the period amounted to Rs.0.89 Crores which is 0.80% of the turnover.

● FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period under review, your Company earned Rs.2.94

Crores in foreign exchange and utilised foreign exchange worth Rs.13.72 Crores.

● DIRECTORS

Mr. Subhash Bathe, Director, Penta Consulting (P) Limited, Pune has joined the Board of Directors as an independent Director effective from 24th January 2007.

Mr. K Jayabharath Reddy and Mr. Suraj L Mehta, Directors, retire by rotation, at the ensuing Annual General Meeting and are eligible for re-appointment.

● AUDITORS

M/s T Velu Pillai & Co., Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

● MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have covered the Management Discussion & Analysis as required under the Corporate Governance requirements, as a part of the Directors' Report in appropriate places, to avoid duplication and overlapping of the contents of the said two reports.

● ACKNOWLEDGEMENT

The Board wishes to record its appreciation of the continued support and efforts put in by each and every employee of the Company during this difficult phase your company is passing through. The Board also acknowledges the support received from SANYO (Japan) and the continued co-operation received from Dealers, Suppliers, Banks, Financial Institutions and Shareholders.

For and on behalf of the
Board of Directors

Bangalore
8th June, 2007

Ajit G Nambiar
Chairman & Managing Director

● ADDENDUM TO DIRECTORS' REPORT

1. Point No.7 to Annexure to the Auditors' Report

There have been instances of delays in remittance of undisputed statutory dues including income-tax deducted at source, provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, cess and other statutory dues. This has arisen due to continued cash flow constraints, as the Company is undergoing a financial restructuring scheme. The Company has since rectified this.

2. Point No. 9 to Annexure to the Auditors' Report

Owing to continued cash flow constraints, the Company could not have an Internal Audit system commensurate with its size and the nature of its business, during the year, as the Company is undergoing a financial restructuring scheme. The Company is confident of rectifying this, once the financial restructuring is completed and normalcy in operations are achieved. Necessary steps have been taken for undertaking internal audit commensurate with the size of the Company's operations.

For and on behalf of the
Board of Directors

Bangalore
8th June, 2007

Ajit G Nambiar
Chairman & Managing Director

Auditors' Report on Corporate Governance

To the Members of BPL Limited,

We have examined the compliance of conditions of corporate governance by BPL Limited, for the year ended on 31st March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For T Velupillai & Co.
Chartered Accountants

Bangalore
8th June, 2007

M S Ram(26687)
Partner

Report on Corporate Governance

1. Company's philosophy on Code of Governance

The Company has always been committed to the system of good corporate governance. The Company acknowledges that there are three key aspects of Corporate Governance viz., accountability, transparency and equality of treatment for all stakeholders and has identified the roles and responsibilities and also the rights of the three constituents of Corporate Governance viz., the Shareholders, the Board of Directors and the Management which would enhance shareholder value.

Adequate financial reporting and disclosures are the corner stones of good corporate governance. The Company has been disclosing detailed information on different issues concerning the Company's performance from time to time.

2. Board of Directors

a) Composition, Category of Directors, Attendance at Meetings and Other Directorships / Memberships

The Company has an Executive Chairman and the number of Independent Directors is more than half of the total strength of the Board. The Company has complied with the requirements of Clause 49 of the Listing Agreement on the composition of the Board.

Name	Category of Directors	Attendance			Other Directorships/ Mandatory Committee Memberships		
		No. of Board Meetings during Directorship	No. of Board Meetings attended	Last AGM attendance Yes/No	Directorship in other Companies	Committee Member	Committee Chairman
Ajit G Nambiar	Promoter Executive	5	5	Yes	19	-	-
Anju Chandrasekhar	Promoter Non-executive	5	3	No	15	-	-
Capt. S Prabhala	Independent Non-executive	5	5	No	5	1	1
K Jayabharath Reddy	Independent Non-executive	5	5	No	11	4	4
KS Prasad	Independent Non-executive	5	3	Yes	-	-	-
S Padmakumar	Independent Non-executive	5	4	Yes	8	7	7
Suraj L Mehta	Independent Non-executive	5	3	No	2	-	-
M Sudhendranath	Independent Nominee (ICICI)	5	2	No	2	2	1
Subhash Bathe*	Independent Non-executive	1	1	NA	2	3	-
K Muthukumar	Independent Nominee, Export - Import Bank of India	5	4	No	1	-	-

*Appointed as a Director on 24th January, 2007

Report on Corporate Governance

b) Number of Board meetings held, dates on which held :

Five Board Meetings were held during the period. The meetings were held on the following dates: 4th May 2006, 30th June 2006, 26th July 2006, 23rd November 2006 and 24th January 2007.

3. Audit Committee

In terms of the Listing Agreements executed by the Company with Stock Exchanges, and pursuant to Section 292A of the Companies Act, 1956, the Company has complied with the requirements of Clause 49 of the Listing Agreement on the composition of the Audit Committee.

a) Terms of reference

1. Oversight of the Company's financial reporting process.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment for other services.
3. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e, transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
6. Discussion with internal auditors on any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

8. Discussion with external auditors, before the audit commences, on the nature and scope of the audit as well as post-audit discussions to ascertain any area of concern.
9. Reviewing the Company's financial and risk management policies.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
11. Investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice, secure attendance of outsiders with relevant expertise, if it consider necessary, invite such executives of the Company, as it may consider appropriate and have full access to information contained in the records of the Company.

b) Composition, name of members, chairperson, and attendance at meetings

The Company constituted its Audit Committee of Directors during 1997-98.

Name	Meetings	
	During the tenure	Attended
K Jayabharath Reddy, Chairman	3	3
S Padmakumar	3	3
Suraj L Mehta	3	2
M Sudhendra Nath	3	1

4. Remuneration Committee

a) Terms of Reference

To assist the Board of Directors to determine the remuneration packages for Executive Directors including pension rights and payment of compensation.

b) Composition, name of members and chairperson

The Composition of the Committee as on 31st March 2007 is as follows:

Meetings and attendance during the year

Name	Meetings	
	During the tenure	Attended
S Padmakumar, Chairman	Nil	Nil
K Jayabharath Reddy	Nil	Nil
Suraj L Mehta	Nil	Nil

The Committee did not hold any Meeting during the financial year 2006 - 2007.

Corporate Governance

c) Remuneration Policy

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Directors.

d) Details of remuneration to all the directors for the financial year 2006 - 07

(Amount in Rs.)

Name	Designation	Salary	Perquisites	Total	Service Contracts	Notice period	Severance Fee	Stock Options	No. of Shares held
Ajit G Nambiar	Chairman & Managing Director	7,11,840	1,88,160	9,00,000	As per Company's Rule	As per Company's Rule	Not specified	Nil	80,000
Anju Chandrasekhar	-	-	-	-	-	-	-	-	74,600
Capt. S Prabhala	-	-	-	-	-	-	-	-	2,000
K Jayabharath Reddy	-	-	-	-	-	-	-	-	-
K S Prasad	-	-	-	-	-	-	-	-	3,29,400
S Padmakumar	-	-	-	-	-	-	-	-	1,000
Suraj L Mehta	-	-	-	-	-	-	-	-	-
M Sudhendranath	-	-	-	-	-	-	-	-	-
K Muthukumaran	-	-	-	-	-	-	-	-	-
Subhash M Bathe	-	-	-	-	-	-	-	-	-

The Company has not paid any remuneration to the non-executive directors other than sitting fees for attending Board and Committee meetings by them.

5. Investors' Relation Committee

The Committee has held its Meeting on 26th July 2006.

a) Terms of Reference

- Approval of requests received for Transfer / Transmission / Transposition of shares in the physical form
- Deletions of names
- Approval of requests received for issue of Duplicate Share Certificates
- Rejection of requests for share transfers, wherever applicable
- Review of share transfers and time taken, issues relating to Refund Account, Unpaid dividend etc.,
- Establishment of Bank Accounts for dividend distribution
- Grant of authority to Company Secretary / Others to approve valid transfer documents in physical form
- Redressal of complaints received from Shareholders / Investors on non-receipt of shares after transfer in the physical form, Complaints on non-receipt of Balance Sheets, dividends, etc.,

- Approval of requests received for rematerialisation of shares

b) The Members of the Investors Relation Committee are:

- Mr. K S Prasad, Chairman (Independent & Non Executive)
- Mr. S Padmakumar
- Ms. Anju Chandrasekhar

c) Name and designation of Compliance Officer

Mr. K Raghuveeran, Company Secretary & Compliance Officer

- Number of Shareholder complaints received, not solved to the satisfaction of shareholders and number of pending share transfers :

Shareholder complaints are given top priority by the Company and are replied promptly by the Investors' Service Cell and also by the Registrars and Share Transfer Agents of the Company. It is the policy of the Company that Investor Complaints are attended to within 48 hours of receipt. Barring certain cases pending in Courts/ Consumer Forums, relating to disputes over the title to shares, in which the Company has been made a party, the Company has attended to most of the investor grievances/correspondences..