

Best & Crompton Engg. Limited



91st Annual Report 2002 - 2003

Best & Crompton Engg. Limited

DIRECTORS

M. ARUNACHALAM

RANI

K. RAMAKRISHNAN

Dr. S. RAVICHANDRAN

GURDEEP SINGH MAMIK

A. MARIA JOSEPH

Whole Time Director

A. NAGESWARAN

(Alternate to M. Arunachalam)

AUDITORS

CNGSN & ASSOCIATES

Chartered Accountants,

Chennai

REGISTERED OFFICE :

39, Industrial Estate (North), Ambattur,
Chennai - 600 098.

Phone Nos. 26255391/26255173

Fax No. 26257693, 26257059.

CORPORATE OFFICE:

41, II Floor, Venkatnarayana Road,
T. Nagar, Chennai - 600 017.

Phone Nos. 24351143, 24357722, 24355377

Fax No. 24347167

REGIONAL OFFICE:

S-6, Green Park, I Floor,
Uphar Complex Market,
New Delhi - 110 016

104, Trade Corner,
Andheri Kurla Road, Sakinaka,
Andheri, Mumbai - 400 072.

P3, Suharwady Avenue
2nd Floor, Kolkata - 700 017

WORKS:

39, Industrial Estate (North),
Ambattur,
Chennai - 600 098.

28A, Industrial Estate (North),
Ambattur,
Chennai - 600 098.

MM Industrial Estate,
Yedyur, Bangalore - 560 082.

CONTENTS

	Page No.
Notice of Annual General Meeting	3
ANNUAL REPORT OF:	
Best & Crompton Engg. Limited	8
ANNUAL REPORT OF SUBSIDIARIES :	
Beacon Neyrpic Limited	33
Beacon Pumps (India) Limited	39
Beacon Software Systems Limited	44
Beacon Weir Limited	50
Best & Crompton Engineering Projects Limited	56
Crombes Holdings Limited	64
Crombes Properties Limited	68
Esquire Engineers & Consultants Limited	70
Esquire Engineering Solutions Limited	76
Consolidated	83

BEST & CROMPTON ENGG. LIMITED

Registered Office: 39, Industrial Estate (North),
Ambattur, Chennai-600 098.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninety First Annual General Meeting of the Members of the Company will be held on Monday, March 29, 2004 at 3.00 P.M. at Anna Auditorium of the Association of Surgeons of India, No.18, Swamy Sivananda Salai, Chepauk, Chennai – 600 005 to transact the following business:-

1. Consideration of Accounts

To receive, consider and adopt the Audited Accounts of the Company for the year ended September 30, 2003 and the Report of the Directors and the Auditors thereon.

2. Appointment of Directors

- (i) Mr. M.Arunachalam, who retires by rotation and being eligible, offers himself for re-appointment.
- (ii) Ms. Rani, who retires by rotation and being eligible, offers herself for re-appointment.

3. To appoint Auditors and fix their remuneration

The retiring Auditors, M/s. CNGSN & Associates, Chartered Accountants, Chennai, are eligible for re-appointment. In this connection, to consider and if thought fit to pass, with or without modification, the following Resolution as an Ordinary Resolution:-

ORDINARY RESOLUTION

"RESOLVED that M/s. CNGSN & Associates, Chartered Accountants, Chennai, be and are hereby re-appointed as 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 that the Board of Directors of the Company be and is hereby authorised to fix the remuneration of the Auditors."

SPECIAL BUSINESS**4. To appoint Mr.A.Maria Joseph as Director****ORDINARY RESOLUTION**

"RESOLVED that Mr.A.Maria Joseph be and is hereby appointed as a Director of the Company, subject to retirement by rotation."

5. To appoint Mr.A.Maria Joseph as Whole Time Director

To consider and if thought fit to pass, with or without modification, the following Resolutions as Ordinary Resolutions:-

"RESOLVED that subject to the provisions of the Schedule XIII and other applicable provisions of the Companies Act, 1956 or any statutory modification or re – enactment thereof, the appointment of Mr.A.Maria Joseph, as Whole Time Director of the Company, effective from January 31, 2004 for a period of four years, be and the same is hereby approved, on the following terms and conditions:-

- 1. Salary : Rs. 35,000/- per month in the scale of Rs.30,000 – 5,000 – 60,000.
This will include dearness allowance and all other allowances not otherwise specified herein.
- 2. Commission : NIL
- 3. Perquisites : Perquisites shall be restricted to an amount equal to the annual salary.
 - (i) Housing
 - a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or

- b) In case the accommodation is owned by the Company, ten percent of the salary shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, Mr.A.Maria Joseph shall be entitled to house rent allowance of 60% of the salary.

(ii) Medical Reimbursement

Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(iii) Leave Travel Concession.

Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.

Explanation : Family for (ii) and (iii) means the spouse, the dependent children and dependent parents.

(iv) Club Fees

Fee of one club

(v) Personal Accident Insurance

Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 4,000 per annum.

- (vi) a. Company's contribution towards Provident Fund as per the rules of the Company.
- b. Gratuity as per the rules of the Company.

The aforesaid perquisites stated in (vi) a and b shall not be included in computation of the aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(vii) Earned Leave

On full pay and allowances and perquisites as per the rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the aforesaid ceiling on perquisites and /or salary.

- (viii) Car with Driver/Driver allowances for use on Company's business and telephone at residence as per rules of the Company shall not be considered as perquisites.

Provided that the remuneration payable to Mr.A.Maria Joseph including salary, perquisites, benefits, amenities and facilities does not exceed the limits laid down in Sections 198 and 309 and Schedule XIII of the Companies Act, 1956 or any other statutory provision, modification or re-enactment thereof."

"RESOLVED further that in the event of loss or inadequacy of profits in any financial year, during the currency of the tenure of Mr.A.Maria Joseph, he shall be paid a remuneration not exceeding the limit specified by the Government of India in this regard from time to time."

"RESOLVED further that the remuneration specified above for Mr.A.Maria Joseph, may subject to overall ceiling specified above and subject to Schedule XIII of the Companies Act, 1956 be modified as may be agreed to by the Company and Mr.A.Maria Joseph.

"RESOLVED further that the perquisites mentioned above be interchangeable within the overall ceiling of the annual salary of Mr.A.Maria Joseph."

"RESOLVED further that the Board of Directors be and is hereby authorised to take such steps, as may be considered necessary, to implement the aforesaid Resolutions."

6. To appoint Dr.S. Ravichandran as Director

ORDINARY RESOLUTION

"RESOLVED that Dr. S.Ravichandran be and is hereby appointed as a Director of the Company, subject to retirement by rotation."

7. To appoint Mr.Gurdeep Singh Mamik as Director

ORDINARY RESOLUTION

"RESOLVED that Mr.Gurdeep Singh Mamik be and is hereby appointed as a Director of the Company, subject to retirement by rotation."

8. Proposed Investment in Best & Crompton Engineering (Nigeria) Limited, Nigeria, a Joint Venture Company.

SPECIAL RESOLUTION

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals, if any, as considered necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company for the investment of 93,00,000 Naira (Ninety Three Lakhs Naira only) – (approximate Rupee equivalent being Rs. 34,28,235 (Rupees Thirty Four Lakhs Twenty Eight Thousand Two Hundred and Thirty Five only), based on the current Exchange Rate) in the Equity Share Capital of Best & Crompton Engineering (Nigeria) Limited, Nigeria, a Joint Venture Company, by subscribing to the Rights Issue, of that Company, which includes subscription to the Rights Shares renounced in favour of the Company, resulting in the enhancement of the Company's Shareholding from the present 40% to 51% of the Share Capital of the Joint Venture Company, notwithstanding that the said investment is in excess of the limits prescribed under Section 372A of the Companies Act, 1956".

"RESOLVED further that the Board of Directors be and is hereby authorised to take such steps, as considered necessary, for obtaining approvals, if necessary, in relation to such investment to be given and to sign and execute all deeds, applications, documents and writings as required, on behalf of the Company, in connection with such investment to be made and generally to do all acts, deeds and things as considered necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

9. Issue of Corporate Guarantee in respect of the borrowings by Best & Crompton Engineering (Nigeria) Limited, Nigeria, a Joint Venture Company.

SPECIAL RESOLUTION

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to approvals from the Authorities concerned, if any, as considered necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company to give guarantee in connection with loans made by any other person to Best & Crompton Engineering (Nigeria) Limited, Nigeria, a Joint Venture Company, subject to a limit of USD 420,000 (USD Four Hundred and Twenty Thousand only), converting the Naira value to USD at the prevailing exchange rate, the approximate Rupee equivalent being Rs.1,97,40,000 (Rupees One Crore Ninety Seven

Lakhs and Forty Thousand only), notwithstanding that the proposed guarantee to be given is in excess of the limits prescribed under Section 372A of the Companies Act, 1956."

"RESOLVED further that the Board of Directors be and is hereby authorised to take such steps, as considered necessary, for obtaining approvals, if necessary, in relation to such guarantee to be given and to sign and execute all deeds, applications, documents and writings as required, on behalf of the Company, in connection with such guarantee to be given and generally to do all acts, deeds and things as considered necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

10. Investment in the Equity Share Capital of Best & Crompton Engineering Projects Limited by way of conversion of the loan given by the Company into Equity.

SPECIAL RESOLUTION

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals, if any, as considered necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company for the investment of Rs. 49,99,300 (Rupees Forty Nine Lakhs Ninety Nine Thousand and Three Hundred only) in the Equity Share Capital of Best & Crompton Engineering Projects Limited, a Wholly Owned Subsidiary Company, by converting the loan given by the Company into Equity Shares of Rs.10 each, notwithstanding that the said investment is in excess of the limits prescribed under Section 372A of the Companies Act, 1956".

"RESOLVED further that the Board of Directors be and is hereby authorised to take such steps, as considered necessary, for obtaining approvals, if necessary, in relation to such investment to be made and to sign and execute all deeds, applications, documents and writings as required, on behalf of the Company, in connection with such investment to be made and generally to do all acts, deeds and things as considered necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

Chennai
February 18, 2004

By order of the Board
V.P.Thirumoorthy
Company Secretary

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- The Members, who hold Shares in dematerialised form, are requested to bring their Client ID and DP ID numbers for easy identification at the Meeting.
- The Company's Shares are listed with the Madras Stock Exchange Limited and The Stock Exchange, Mumbai. The Company has paid the Listing fees for the year 2003 – 2004 to both the aforesaid Stock Exchanges.
- The Register of Members and the Share Transfer Books of the Company will remain closed from March 23, 2004 to March 29, 2004 (both days inclusive)
- The Members are requested to notify immediately any change in their addresses to the Registrar and Transfer Agent at the following Address:-
M/s. Integrated Enterprises (India) Limited
II Floor, Kences Towers,
No.1, Ramakrishna Street,
T.Nagar, Chennai – 600 017

6. The Members are requested to quote Register Folio Numbers or DP ID/ Client ID Numbers in all their correspondence.
7. The Members holding shares of the Company in identical order of the names in more than one folio are requested to send the details of all such folios together with the Share Certificates for consolidating the folios into one. The Share Certificates will be returned to the Members, after making necessary endorsements thereon.
8. The Companies (Amendment) Act, 1999 has introduced the facility of nomination to Shareholders. The prescribed format, in this regard, can be obtained from the Company.
9. The Resolution at Sl. No.9 is required to be passed through Postal Ballot under Section 192A of the Companies Act, 1956 and accordingly the Notice and Postal Ballot Form together with the Postage pre-paid envelope will be sent to the Shareholders.
10. The Members attending the Annual General Meeting are requested to bring with them the following:-
 - (i) Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
 - (ii) The attendance slip of a person actually attending the Meeting either as a Member or as a duly registered proxy.
11. The Members desiring any information are requested to write to the Company at an early date to enable the Management to keep the information ready.
12. Reappointment/Appointment of Directors

At the ensuing Annual General Meeting Mr.M.Arunachalam and Ms.Rani retire by rotation and being eligible offer themselves for reappointment.

As per Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a brief resume of the Directors proposed for Reappointment/Appointment is furnished below along with details of other Companies in which they hold Directorship and Membership in Committees.

Mr.M.Arunachalam

Mr.M.Arunachalam was born on May 05, 1949 and was appointed as a Director on November 17, 1997. He has very sound background and experience in Banking and Corporate Financial Planning. He has the international exposure in the industrial scenario throughout the World. His keen insight into the Corporate affairs both in India and abroad will help in the revival of your Company.

Directorship	Membership in Committee
Asian Industrial & Commercial Corporation Limited, Hong Kong	NIL
A.R. International Limited, Hong Kong	NIL
Best India Investments Limited, British Virgin Islands	NIL
Fulltech Investments Limited, British Virgin Islands	NIL
B & C Holdings Limited, British Virgin Islands	NIL
TTI Mauritius Limited, Mauritius	NIL
Best Electric Company Private Limited, Chennai- Chairman	NIL
Best & Crompton Engineering Projects Limited, Chennai	Audit Committee

Ms.Rani

Ms. Rani was born on May 22, 1959 and was appointed as a Director on April 29, 2000. She has rich managerial expertise and her appointment would benefit the Company.

Directorship

NIL

Membership in Committee

NIL

Mr.A.Maria Joseph

Mr.A.Maria Joseph was born on September 06, 1948 and was appointed as Whole Time Director on January 31, 2004. Mr.A.Maria Joseph is an Electrical Engineer.

He has rich and varied experience in the Engineering field. He has put in 33 years of service in your Company. He has handled many prestigious jobs of your Company, which involved Design and Engineering, Testing and Commissioning of Projects in India and abroad.

Prior to his appointment as Whole Time Director, Mr.A.Maria Joseph was the Vice President of your Company and was in charge of the Manufacturing Divisions.

Directorship

NIL

Membership in Committee

NIL

Dr.S.Ravichandran

Dr.S.Ravichandran was born on March 31, 1955 and was appointed as Director on January 31, 2004. Dr.S.Ravichandran is a Post Graduate in Commerce and Ph.D in Finance. He is also an MBA, FCS, AICWA, BGL and M.Phil.

He has rich experience in functions relating to Finance, Accounts, Human Resources and Administration and matters relating to Corporate Laws and Civil Laws. In the last decade, he has interacted with leading Financial Institutions/Banks both domestic and international.

He had been associated with Ashok Leyland Limited, Ashok Leyland Finance Limited, India Pistons Limited, Sterling Holiday Resorts Limited and Pentasoft Technologies Limited, to name a few. He is also the visiting faculty in Business Schools and Professional Bodies.

Directorship

Beacon Software Systems Limited

Membership in Committee

NIL

Mr.Gurdeep Singh Mamik

Mr.Gurdeep Singh Mamik was born on September 21, 1952 and was appointed as a Director on January 31, 2004. Mr.Gurdeep Singh Mamik is an MBA from XLRI, Jamshedpur.

He has extensive experience in Finance, Management and Marketing. He had successfully turned around sick Companies and had set up new projects and handled Company acquisitions.

He has over 28 Years of experience in leading Companies such as WIMCO Limited, Shalimar Tar Products Limited, Norfil Limited, United Kingdom. He has been at the CEO level since the last 12 years in Norfil Limited, United Kingdom and New World Synthetic Limited.

Directorship

New World Synthetic Limited

Membership in Committee

NIL

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956**Item Nos. 4 & 5**

Mr.A.Maria Joseph, who was appointed as Additional Director effective from January 31, 2004 pursuant to Section 260 of the Companies Act, 1956, holds Office upto the date of the ensuing Annual General Meeting of the Company and is eligible for election. Notice under Section 257 of the Companies Act, 1956 proposing his name as a Director of the Company, alongwith a deposit of Rs.500/- has been received from a Shareholder.

Mr.A.Maria Joseph is an Electrical Engineer with rich and varied experience in the Engineering field. He has put in 33 years of service in your Company. He has handled many prestigious jobs of your Company which involved Design and Engineering, Testing and Commissioning of Projects in India and abroad.

Prior to his appointment as Whole Time Director, Mr.A.Maria Joseph was the Vice President of your Company and was in charge of the Manufacturing Divisions.

Mr.A.Maria Joseph has been appointed as Whole Time Director by the Board of Directors effective from January 31, 2004.

In accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956, an Application is being made to the Central Government seeking its approval for the appointment of Mr.A.Maria Joseph as Whole Time Director.

Resolutions under these items together with the relative explanatory statement may be treated as an abstract of the terms and conditions of service of Mr.A.Maria Joseph under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr.A.Maria Joseph, is in any way concerned or interested in these Resolutions.

The Directors commend the Resolutions for adoption.

Item No.6

Dr.S.Ravichandran, who was appointed as Additional Director effective from January 31, 2004 pursuant to Section 260 of the Companies Act, 1956, holds Office upto the date of the ensuing Annual General Meeting of the Company and is eligible for election. Notice under Section 257 of the Companies Act, 1956 proposing his name as a Director of the Company, alongwith a deposit of Rs.500/- has been received from a Shareholder.

Dr.S.Ravichandran is a Post Graduate in Commerce and Ph.D in Finance. He is also an MBA, FCS, AICWA, BGL and M.Phil.

He has rich experience in functions relating to Finance, Accounts, Human Resources and Administration and matters relating to Corporate Laws and Civil Laws. In the last decade, he has interacted with leading Financial Institutions/Banks both domestic and international.

He had been associated with Ashok Leyland Limited, Ashok Leyland Finance Limited, India Pistons Limited, Sterling Holiday Resorts Limited and Pentasoft Technologies Limited, to name a few. He is also the visiting faculty in Business Schools and Professional Bodies.

None of the Directors, except Dr.S.Ravichandran, is in any way concerned or interested in the Resolution.

The Directors commend the Resolution for adoption.

Item No.7

Mr.Gurdeep Singh Mamik, who was appointed as Additional Director effective from January 31, 2004 pursuant to Section 260 of the Companies Act, 1956, holds Office upto the date of the ensuing Annual General Meeting of the Company and is eligible for election. Notice under Section 257 of the Companies Act, 1956 proposing his name as a Director of the Company, alongwith a deposit of Rs.500/- has been received from a Shareholder.

Mr.Gurdeep Singh Mamik is an MBA from XLRI, Jamshedpur.

He has extensive experience in Finance, Management and Marketing. He had successfully turned around sick Companies and had set up new projects and handled Company acquisitions.

He has over 28 Years of experience in leading Companies such as WIMCO Limited, Shalimar Tar Products Limited, Norfil Limited, United Kingdom. He has been at the CEO level since the last 12 years in Norfil Limited, United Kingdom and New World Synthetic Limited.

None of the Directors, except Mr.Gurdeep Singh Mamik, is in any way concerned or interested in the Resolution.

The Directors commend the Resolution for adoption.

Item No.8

Members may recall that at the Annual General Meeting held on December 27, 2001, consent of the Members was obtained for the investment of the Company's funds in the Share Capital of Best & Crompton Engineering (Nigeria) Limited, Nigeria, (BCN), a Joint Venture Company (JV), with Nigerian Partners, through Rights Issue, increasing the Equity Share Capital from Naira 5 Million to Naira 15 Million; accordingly, your Company subscribed to its entitlement. Now, the Board of Directors of BCN has decided to further increase the Equity Share Capital from the present Naira 15 Million to Naira 30 Million through a Rights Issue for Naira 15 Million on a ratio of one Share for every Share held.

Energy Sector is a priority area for the Nigerian Government and it is expected that many Electrification projects will be undertaken in the near future. In view of the increased business opportunities in the Power and Energy Sector, and in order to make best use of the said opportunities, it is advisable that your Company's Shareholding in the JV is increased from the present 40% to 51% to ensure effective control and management of the JV. Since the Nigerian Government is mainly concentrating on the Infrastructure area of power and is likely to invite major tenders in the near future, it is advisable that BCN is equipped with good capitalisation and is basically able to bid for the jobs.

As mentioned earlier, BCN is coming out with a Rights Issue aggregating to Naira 15 Million (Naira Fifteen Million only), in the ratio of one Share for every Share held. Your Company proposes to subscribe to the Rights Issue amounting to Naira 93,00,000 (Naira Ninety Three lakhs only), which includes subscription to the Rights Shares renounced in favour of the Company, resulting in the enhancement of the Company's Shareholding from the present 40% to 51% of the Share Capital of the JV. This will entail a cash outflow of approximately Rs.34,28,235 Lakhs (Rupees Thirty Four Lakhs Twenty Eight Thousand and Two Hundred and Thirty Five only) (Rupee equivalent is based on the current Exchange rate). The actual Rupee equivalent amount is ascertainable only at the time of remittance by the Company, based on the prevailing rate of Exchange. As the proposed investment is in excess of the limits prescribed under Section 372A of the Companies Act, 1956, the

approval of the Shareholders of the Company by a Special Resolution is required.

Except Mr.K.Ramakrishnan, who is also a Director of BCN, none of the other Directors of the Company is concerned or interested in these Resolutions.

The Directors commend these Resolutions for adoption.

RESOLUTION No. 9

Members may recall that at the Annual General Meeting held on December 27, 2001, consent of the Members was obtained for the investment of the Company's funds in the Share Capital of Best & Crompton Engineering (Nigeria) Limited, Nigeria, (BCN), a Joint Venture Company, with Nigerian Partners, through Rights Issue. Consequent to the increase in the Share Capital, BCN was able to bid for high value tenders. BCN has approached its Bankers INMB Bank Limited for enhancement of the facilities being enjoyed by it with a view to taking up new orders and for execution of the expected orders during the year. The Bank while granting the said enhanced facilities requires additional security by way of a US Dollar denominated Corporate Guarantee from Best & Crompton Engg. Limited. This is besides the personal guarantees given already by two Directors of BCN including its Managing Director. Based on this, BCN has requested your Company to give a Corporate Guarantee amounting to USD 420,000.

If the said Corporate Guarantee is given by the Company, BCN will be in a position to meet its potential business opportunities and as a consequence, your Company will be able to reap rich benefits by way of Dividends. As the proposed Corporate Guarantee to be given is in excess of the limits prescribed under Section 372A of the Companies Act, 1956, the approval of the Shareholders by a Special Resolution is required. Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, the Resolution for giving such Corporate Guarantee is to be passed by means of Postal Ballot. The results of the Postal Ballot will be announced by the Chairman of the Meeting at the ensuing Annual General Meeting of the Company.

Except Mr.K.Ramakrishnan, who is also a Director of BCN, none of the other Directors of the Company is concerned or interested in these Resolutions.

The Directors commend these Resolutions for adoption.

RESOLUTION No.10

The Company has given a loan to Best & Crompton Engineering Projects Limited, a Wholly Owned Subsidiary (BCEPL) of the Company. It has become necessary to convert part of the loan into Equity Shares, thereby liquidating the debt burden of BCEPL. This would enable BCEPL to provide a better Balance Sheet which would eventually be helpful in securing high value orders.

Being an investment in a Wholly Owned Subsidiary, the proposed investment in Best & Crompton Engineering Projects Limited is outside the purview of Section 372A of the Companies Act, 1956. As the proposed investment is in excess of the limits prescribed under the Companies Act, 1956, as a measure of abundant caution, the Resolution is placed for the approval of the Shareholders.

Except Mr.M.Arunachalam who is also a Director of BCEPL and Mr.K.Ramakrishnan, who is the President of BCEPL none of the other Directors of the Company is concerned or interested in these Resolutions.

The Directors commend these Resolutions for adoption.

Inspection of Documents / Resolutions.

The Memorandum and Articles of Association of the Company and copies of Documents / Resolutions referred to in the items hereinabove will be available for inspection by the Members at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days of the Company till the day before the date of the Annual General Meeting.

Chennai
February 18, 2004

By Order of the Board
V.P.Thirumoorthy
Company Secretary

Directors' Report

Dear Members,

Your Directors present the 91st Annual Report and the Audited Statement of Accounts of the Company for the period ended September 30, 2003.

The highlights of the financial performance for the period under review are as below:-

1. Financial Highlights :

(Rs. in Lakhs)

Particulars	2002 - 2003 (12 months)	2001 - 2002 (15 months)
Total Income	2,995	1,643
Operating Expenses	2,437	2,724
Operating Profit / (Loss)	558	(1,081)
Interest	192	281
Depreciation	29	39
Prior period adjustment and Extraordinary items / Diminution in value of Investments (Exp./Income)	4	73
Profit/(Loss) before Tax	333	(1,474)
Provision for Tax	126	—
Profit/(Loss) after Tax	207	(1,474)
Transfer from Capital Reserve	—	554
Profit transferred / (Loss carried) to Reserve	207	(920)

2. Revival Scheme

- 2.1 The Revival Scheme contemplated by the company is still continuing and is in various stages of implementation.
- 2.2 The Company is taking effective steps to induct a Strategic Partner to bring in the much needed Working Capital for Best & Crompton Engineering Projects Limited, the Wholly Owned Subsidiary.
- 2.3 During the period under review, the Company availed the benefits of the Samadhan Scheme promulgated by the Government of West Bengal in respect of Sales Tax demands for the earlier years.
- 2.4 As part of the Revival scheme, the company had in the current year, effected the sale of the land of the Company at Bangalore and the proceeds realised from the sale has been utilised to repay 66% of the Debentures outstanding to the Financial Institutions and pay the Interest to them upto January 31, 2003 and the resultant savings is Rs.180 Lakhs per annum.

3. Finance

- 3.1 During the year under review, the Total Income and Profit after Tax of the Company was Rs.2995 Lakhs and Rs.207 Lakhs respectively.
- 3.2 Due to lack of sufficient orders, continuing working capital problems and non-availability of bank facilities, all the Divisions of the Company operated at lower capacities.

4. Performance

4.1 Busducts Unit

In spite of the lack of sufficient orders, continuing working capital problems and non-availability of bank facilities, the Unit completed a prestigious order of NTPC and is in the process of completing another order of NTPC.

4.2 Chennai Foundry Unit

The operations of this Unit are yet to break even; there is potential to improve the operations with Capital investment for refurbishing the machineries and with the infusion of adequate Working Capital.

The other Divisions are still operating at substantial lower capacities.

5. Dividend

In view of the accumulated losses, your Directors are not able to recommend any dividend.

6. Fixed Deposits

No fresh deposits have been accepted.

7. Subsidiary Companies and Joint Ventures

Audited Statement of Accounts, Directors' Report and Auditors' Report of the Subsidiary Companies are attached to the Balance Sheet of the Company.

Out of the operations of the various Subsidiaries and Joint Venture Companies, highlights in relation to certain major events in respect of the following Companies are given below:-

7.1 Beacon Neyrpic Limited

Steps have been taken to file a petition for winding up of the Company, since no activity is taking place.

7.2 Beacon Weir Limited

The Turnover and Profit after Tax for the year ended March 31, 2003 was Rs.14.72 Crores and Rs. 1.53 Crores respectively. The Company enjoys a healthy order book position.

7.3 Best & Crompton Engineering Projects Limited

The Total Income and Profit after Tax of the Company for the year ended September 30, 2003 was Rs. 41.92 Crores and Rs.2.09 Crores respectively. As on September 30, 2003, the total value of orders on hand, including the orders in the pipeline, is Rs.58.28 Crores.

7.4 Crombes Holdings Limited

The investment of 980,000 Equity Shares of Arab Malaysian Best & Crompton Sdn. Bhd., Malaysia, (Joint Venture Company) held by the Holding Company, Best & Crompton Engg. Limited, was sold to the Company in the year 2000. The Joint Venture Partner imposed certain conditions for the sale of the said Shares, which was not acceptable to the Company. Therefore, during the year under review, the transaction relating to sale of the abovesaid Shares was reneged.

During the year under review, the Company acquired 7,50,000 Equity Shares of Rs.10 each in Esquire Engineering Solutions Limited (EESL) and consequently EESL has become a Subsidiary of the Company.

7.5 Crombes properties Limited

As there has been no activity from the Incorporation of the Company, the Company has filed an Application with the Registrar of Companies, Tamil Nadu, Chennai under the Simplified Exit Scheme for deleting the name from the records of Department of Company Affairs.

7.6 Esquire Engineers & Consultants Limited

There has been an increase in the income from Consultancy Services during the current year. Still the present operations of the Company are not meeting the break even. Plan for future operations is under study.

7.7 Esquire Engineering Solutions Limited

The Company has achieved a significant growth in its second year of operations and is poised to make an impact in its line of activities in the next three years.

7.8 Arab Malaysian Best & Crompton Sdn. Bhd., Malaysia – Joint Venture Company

During the year under review, your Company, in order to meet the working capital requirements, had disinvested its 29% Equity Shareholding, out of the 49%, in the Joint Venture Company, to the Joint Venture Partner, namely, AMDB, Malaysia.

7.9 Best & Crompton Engineering (Nigeria) Limited, Nigeria (BCN) – Joint Venture Company (JV).

The JV is a pioneer in the areas of Power Transmission and Distribution. With the African Governments giving thrust to Infrastructure reforms, the JV is poised for good growth. In order to capitalise on the potential that is available to the JV, your Company is subscribing to the Rights Issue of the JV which would in turn enable your Company to increase its holding from the present 40% to 51%. Your Company also proposes to give Corporate Guarantee to the JV. Resolutions for the subscription to the Rights Issue as well as giving Corporate Guarantee to the JV are being sent to the Shareholders for their approval.

8. Directors

- 8.1 Mr. SP. Annamalai resigned from the Board with effect from April 02, 2003 as a Whole-Time Director and from April 11, 2003 as Director of the Company.
- 8.2 Mr.M.Arunachalam and Ms. Rani retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re – appointment.
- 8.3 Mr.A.Maria Joseph was appointed as a Whole-Time Director with effect from January 31, 2004. Dr.S.Ravichandran and Mr.Gurdeep S. Mamik were appointed as Additional Directors with effect from January 31, 2004.

9. Directors' Responsibility Statement

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

- i) that in the preparation of the Annual Accounts for the year ended September 30, 2003 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) that 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 year and of the Profit or Loss of the Company for the year under review;
- iii) that 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; and
- iv) that the Directors had prepared the Accounts for the year ended September 30, 2003 on a "going concern" basis.

10. Audit Committee

Pursuant to the requirements of Section 292A of the Companies Act, 1956, and the Listing Agreement entered into with the Stock Exchanges, the Audit Committee was re-constituted on January 31, 2004. The Audit Committee comprises of the following Directors as Members:-

1. Dr.S.Ravichandran Chairman of the Committee
2. Mr.A.Maria Joseph Member
3. Mr.Gurdeep S. Mamik Member

The Committee acts in accordance with the terms of reference specified by the Board.

11. Corporate Governance

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding Compliance of conditions of Corporate Governance, as stipulated by the Listing Agreement with the Stock Exchanges, form part of this Annual Report.

The Management Discussion and Analysis Report is also included.

12. Auditors

The Auditors M/s. CNGSN & Associates, Chartered Accountants, retire and are eligible for reappointment for the current year.

13. Auditors' Report

Replies of the Directors to the comments in the Auditors' Report are given in Annexure 'A'.

14. Personnel

The industrial relations for the Company continued to be satisfactory. The Company has no employee drawing remuneration attracting the provisions of Section 217 (2A) of the Companies Act, 1956.

15. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo

There is no information to report relating to conservation of Energy and Technology Absorption, as required under Section 217 (1) (e) of the Companies Act, 1956, in view of the insignificant activity in these areas. Information pertaining to Foreign Exchange outgo and earnings is as contained in item Nos. 17 and 18 of the Schedule 15 of the Notes on Accounts respectively.

16. Research and Development

The Product Design & Development Department of Electrical Machines Factory has developed –

- (i) Over Voltage Protection Relay for the existing 4.5 KW Alternator to prevent the over voltage during generation. This will be an add – on feature for the existing 4.5 KW Alternators, being supplied to Indian Railways. This will be an add – on value to the existing Alternator.
- (ii) 25 KW Brushless Alternator for air conditioned Coaches and obtained approval from Research Design and Standards Organisation, Lucknow, on development basis. Eleven sets of these Alternators have been supplied to Indian Railways and they are working successfully. Based on this performance further Alternator business is envisaged.

17. Acknowledgements

Your Directors place on record their deep sense of gratitude to the Shareholders of the Company, who are extending their support for the revival of the Company. Your Directors also place on record their appreciation for the overwhelming cooperation and assistance extended to the Company by the employees. The Board is thankful to the Bankers of the Company and the Financial Institutions for the continued support. The Board acknowledges gratefully the confidence reposed on the Company by its various customers and business partners. The Directors gratefully appreciate the co operation and assistance extended by the Central and State Governments and the various Governmental Agencies.

For and on behalf of the Board of Directors

A.MARIA JOSEPH **K.RAMAKRISHNAN**
Whole Time Director Director

Chennai
February 18, 2004