

Best & Crompton Engg. Limited



93rd Annual Report 2004 - 2005

Best & Crompton Engg. Limited

DIRECTORS

M. ARUNACHALAM

RANI

A. MARIA JOSEPH

Whole Time Director

GURDEEP SINGH MAMIK

V. NARAYAN SWAMI

Whole Time Director

F. P. CARLOS

A. NAGESWARAN

(Alternate to M. Arunachalam)

S. V. VENKATESAN

(Alternate to F.P. Carlos)

AUDITORS

CNGSN & ASSOCIATES,

Chartered Accountants,

Chennai

REGISTERED OFFICE:

39, Industrial Estate (North), Ambattur,

Chennai - 600 098.

Phone Nos. 26255391/26255173

Fax No. 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 Market Complex,

New Delhi - 110 016

Building No:4

Flat No: 8,

Sona Udyog I Floor,

Parsi Panchayat Road,

Andheri (East)

Mumbai - 400 069.

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,

Yediyur, Bangalore - 560 082.

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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 Third Annual General Meeting of the Members of the Company will be held on Wednesday, March 29, 2006 at 2.30 P.M. at Balamandir German Hall, No.17, Prakasam Street, T.Nagar, Chennai – 600 017 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, 2005 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.F.P.Carlos as Director**

“RESOLVED that Mr.F.P.Carlos be and is hereby appointed as a Director of the Company, subject to retirement by rotation.”

5. To appoint Mr.V.Narayan Swami as Director

“RESOLVED that Mr.V.Narayan Swami be and is hereby appointed as a Director of the Company, subject to retirement by rotation.”

6. To appoint Mr.V.Narayan Swami as Whole Time Director designated as Chief Financial Officer

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 Section 269 and other applicable provisions, if any, and subject to Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the appointment of Mr.V.Narayan Swami, as Whole Time Director designated as Chief Financial Officer of the Company, effective from January 09, 2006 for a period of five years, be and the same is hereby approved on the following terms and conditions:-

- 1. Salary : Rs. 50,000/- per month in the scale of Rs.30,000 – 5,000 – 60,000
- 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.V.Narayan Swami shall be entitled to house rent allowance of 60% of the Salary.

ii) Medical Reimbursement:

Reimbursement of Medical expenses incurred for self and family as per the rules of the Company.

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 dependant Children and dependant parents.

iv) Club Fees:

Fee of one Club.

v) Personal Accident Insurance:

Personal Accident Insurance of an amount, the premium of which does not exceed Rs.4000/- 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 the 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:

Eligible for 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) Conveyance:

Eligible for car with driver. In case the Company does not provide car, then the maintenance reimbursement will be to the tune of Rs.12,000 per month and if the driver also is not provided by the Company, then the maintenance reimbursement will be to the tune of Rs.15,000 per month.

ix) Car with Driver / Driver allowances for use on Company's business and telephone at residence as per the Income Tax rules shall not be considered as perquisites.

Provided that the remuneration payable to Mr.V.Narayan Swami 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.V.Narayan Swami, 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.V.Narayan Swami, 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.V.Narayan Swami.”

“RESOLVED FURTHER that the perquisites mentioned above be interchangeable within the overall ceiling of the annual salary of Mr.V.Narayan Swami.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take such steps, as may be considered necessary to implement the aforesaid Resolutions.”

Chennai
February 23, 2006

for Best & Crompton Engg. Limited
By Order of the Board
V.P. THIRUMOORTHY
Company Secretary

Best & Crompton Engg. Limited

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 Bombay Stock Exchange Limited. The Company has paid the listing fees for the year 2005 – 2006 to both the aforesaid Stock Exchanges.
- The Register of Members and the Share Transfer Books of the Company will remain closed from March 23, 2006 to March 29, 2006 (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
- The Members are requested to quote Register Folio Numbers or DP ID/ Client ID Numbers in all their correspondence.
- 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.
- 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.
- 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.
- 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.
- 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 Corporate Financial Planning. He has the international exposure in the industrial scenario. 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
K9 Technologies Private Limited, Chennai – Chairman	NIL

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	Membership in Committee
NIL	NIL

Mr.F.P.Carlos

Mr.F.P.Carlos was born on October 27, 1956 and is an Argentine. He was appointed as an Additional Director of the Company with effect from April 02, 2005. Mr.F.P.Carlos is an MBA (Finance) and has rich knowledge and vast experience in International Banking and Financial Management.

Directorship	Membership in Committee
NIL	NIL

Mr.V.Narayan Swami

Mr.V.Narayan Swami was born on June 29, 1950 and was appointed as Whole Time Director of the Company with effect from January 09, 2006. Mr.V.Narayan Swami has over 30 years of experience in Corporate Financial Management, Merchant Banking and International Banking, having worked in India and overseas for International Banks and for Indian / Multinational Corporate Houses. He has post Graduate qualification in Management (MBA) and a sound background in Financial and General Management, International Finance and Business Planning, his last appointment being head of Finance for ESSAR Telecom Group.

Directorship	Membership in Committee
NIL	NIL

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956**For Item No. 4**

Mr.F.P.Carlos, who was appointed as Additional Director effective from April 02, 2005 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.F.P.Carlos was appointed as an Additional Director of the Company with effect from April 02, 2005. Mr.F.P.Carlos is an MBA (Finance) and has rich knowledge and vast experience in International Banking and Financial Management.

None of the Directors, except Mr.F.P.Carlos, is in any way concerned or interested in the Resolution.

The Directors commend the Resolution for adoption.

For Item Nos. 5 -6

Mr.V.Narayan Swami, who was appointed as Additional / Whole Time Director designated as Chief Financial Officer effective from January 09, 2006 pursuant to Sections 260/269 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.V.Narayan Swami has over 30 years of experience in Corporate Financial Management, Merchant Banking and International Banking, having worked in India and overseas for International Banks and for Indian / Multinational Corporate Houses. He has post Graduate qualification in Management (MBA) and a sound background in Financial and General Management, International Finance and Business Planning, his last appointment being head of Finance for ESSAR Telecom Group.

None of the Directors, except Mr.V.Narayan Swami, is in any way concerned or interested in the Resolution.

The Directors commend the Resolution for adoption.

Inspection of Documents / Resolutions.

The Memorandum and Articles of Association of the Company and copies of Documents 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 and will also be available for inspection at the Meeting.

for Best & Crompton Engg. Limited
By Order of the Board
V.P.THIRUMOORTHY
Company Secretary

Chennai
February 23, 2006

Directors' Report

Dear Members,

Your Directors present the 93rd Annual Report and the Audited Statement of Accounts of the Company for the year ended September 30, 2005.

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

1. Financial Highlights :

Particulars	(Rs. in Lakhs)	
	2004 - 2005	2003 - 2004
Total Income	1622	1963
Operating Expenses	1887	2206
Operating Profit / (Loss)	(265)	(243)
Interest	(4)	(7)
Depreciation	23	25
Prior period adjustment and Extraordinary items / Diminution in value of Investments (Exp./Income)	27	-
Profit/(Loss) before Tax	(311)	(261)
Provision for Tax	-	-
Profit/(Loss) after Tax	(311)	(261)
Transfer from Capital Reserve	20	-
Profit transferred / (Loss carried) to Reserve	(291)	(261)

2. Revival Scheme

- 2.1 The Scheme for Restructuring and Development contemplated by your company is still under continuous review and is in various stages of implementation. By a combination of measures such as introduction of new, improved products and rationalization of manpower / cost structure there are efforts underway to generate resources for the Company and also enhance revenues in the long run. This would yield positive results for your Company.
- 2.2 The creation of the new Companies will bring the much needed working Capital for those units and also ease the financial pressures being faced by your Company.
- 2.3 The Company has sold the Non Industrial Vacant Land situated at Pattaravakkam in order to meet the financial requirements of its Wholly Owned Subsidiary Company, namely, Best & Crompton Engineering Projects Limited.
- 2.4 The Company is evolving a Scheme for the optimum utilization of the available Land at Cenotaph Road and Ambattur which would generate resources.
- 2.5 The Company is also in the process of finalizing the optimum requirement of Manpower for the existing Units.
- 2.6 It is expected that the measures being contemplated and being carried out will bring the desired result of making your Company viable.

3. Finance

- 3.1 During the year under review, the total Income and Loss of the Company was Rs. 1622 Lakhs and Rs. 291 Lakhs respectively.
- 3.2 As approved by the Members in the previous Annual General Meeting, the Board of Directors of your Company has allotted 1,52,509 Redeemable Cumulative Preference Shares of Rs.100 each to Plymouth Investments Pte. Limited, Republic of Mauritius.

- 3.3 As approved by the Members in the Extra Ordinary General Meeting held on September 28, 2005, the Board of Directors of your Company has allotted 11,75,706 Redeemable Non Cumulative Preference Shares of Rs.100 each to New World Synthetic Limited, New Delhi and 20,00,000 Redeemable Non Cumulative Preference Shares of Rs.100 each to B & C Holdings Limited, British Virgin Islands, thereby increasing the Paid up Share Capital of your Company to Rs.143 Crores. This exercise has resulted in your Company being a debt free Company.

- 3.4 Due to continuing working capital problems and non-availability of bank facilities, all the Divisions of the Company operated at lower capacities.

4. Performance

4.1 Chennai Foundry Unit

The Unit received Orders for Rs.570.50 Lakhs and executed the same for customers such as Automotive Axles Limited, Axles India Limited, NEPC Limited and FL Smith Limited.

4.2 Electrical Machines Unit

The Unit executed Orders for DC Motors for Naval application through Beacon Weir Limited, as well as supply of Train Lighting Alternators to the Indian Railways.

4.3 Busduct Unit

The Busduct Unit of the Company was closed as its operations were unviable. However, the Board of Directors have reopened the Unit, but the line of business to be performed by that Unit, which would enable the Unit to meet its fixed overheads is being identified.

4.4 Plug and Socket Unit

This Unit executed Orders worth Rs. 50 Lakhs for Nuclear Power Corporation Projects through Larsen & Toubro-ECC and Reliance Industries Limited and also exported through Larsen & Toubro-ECC Orders worth Rs.22 Lakhs. The Unit received further Orders from Larsen and Toubro-ECC for Rs. 82 Lakhs during the current year.

- 4.5 The other Divisions are still operating at substantial lower capacities.

5. Dividend

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

6. Fixed Deposits

No deposits have been accepted.

7. Subsidiary Companies and Joint Ventures

A detailed statement showing the particulars about the performance of the subsidiary companies forms part of this Annual Report in terms of the exemption obtained under sub-section 8 of Section 212 of the Companies Act, 1956.

Your Company undertakes that the Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the investors of the Company and the Subsidiaries, if such request is made by them at any point of time with prior Notice. The Annual Accounts of the Subsidiary Companies are also available for inspection at the Registered Office of the Company.

In regard to the operations of the various Subsidiary 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

This Company has availed the benefits arising out of the "Simplified Exit Scheme - 2005" promulgated by the Government of India, Ministry of Company Affairs. Accordingly, the Company has filed the necessary Documents with The Registrar of Companies to enable him to Strike off the name of the Company from the Register of Companies under Section 560 of the Companies Act, 1956.

*Best & Crompton Engg. Limited***7.2 Beacon Weir Limited**

The Turnover and Profit after Tax for the year ended March 31, 2005 was Rs.21.15 Crores and Rs. 0.27 Crores respectively. This Company enjoys a healthy order book position.

7.3 Best & Crompton Engineering Projects Limited

The total Income and Profit / (Loss) after Tax of the Company for the year ended March 31, 2005 (six months) was Rs. 11.99 Crores and Rs. (2.72) Crores respectively. The Order Book position is encouraging and the value of Orders in the pipeline is Rs. 80.55 Crores.

7.4 Crombes Holdings Limited (CHL)

During the year under review the Company has initiated effective plans to improve the performance.

7.5 Esquire Engineers & Consultants Limited

The total turnover of the Company for the year ended March 31, 2005 was Rs. 32.33 lakhs and further plans for increase in scale of future operations have been taken up.

7.6 Esquire Engineering Solutions Limited

The total revenue and Profit after Tax of the Company for the year ended March 31, 2005 (six months) was Rs.61.35 Lakhs and Rs. 16.89 Lakhs respectively and the business is expected to grow significantly.

7.7 AMBC Transmission Sdn. Bhd., Malaysia – Joint Venture Company.

This Joint Venture is in the field of Electrical and Power Engineering which includes supply, construction, installation and commissioning of Transmission Line, Sub – Station and rural Electrification Projects. This JV has earned a Profit of RM 1,933,430 after Taxation.

7.8 Best & Crompton Engineering Africa Limited, Nigeria (BCA) – Joint Venture Company.

The increase in the Infrastructure Projects in Africa would enable this Joint Venture to register improved performance in the future.

8. Directors

8.1 Dr.S.Ravichandran resigned from the Board with effect from April 01, 2005 as Director of the Company.

8.2 Mr.F.P.Carlos has been appointed as an Additional Director of your Company with effect from April 02, 2005 and Mr.S.V.Venkatesan has been appointed as an Alternate Director to Mr.F.P.Carlos.

8.3 Mr. V.Narayan Swami has been appointed as Whole Time Director and Chief Financial Officer with effect from January 09, 2006.

8.4 Mr. M.Arunachalam and Ms. Rani retire by rotation and being eligible offer themselves for re-election.

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, 2005 the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- ii) that the Directors have 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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the

provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- iv) that the Directors have prepared the Accounts for the year ended September 30, 2005 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 with effect from April 02, 2005. The Audit Committee comprises of the following Directors as Members:-

- | | |
|-----------------------|----------|
| 1. Mr.S.V.Venkatesan | Chairman |
| 2. Mr. G.S. Mamik | Member |
| 3. Mr. A.Maria Joseph | 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. Personnel

Consequent upon the settlement arrived at with the workmen of the Busducts Factory, the Company has reemployed all the workmen of the said Factory effective from September 2005.

The Company has no employee drawing remuneration attracting the provisions of Section 217 (2A) of the Companies Act, 1956.

14. Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and outgo

There is no information to report relating to conservation of Energy, Research & Development 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 No. 14 of Schedule 14 of the Notes on Accounts.

15. Acknowledgments

Your Directors place on record their deep sense of gratitude to the Shareholders of the Company, who are extending their support for the restructuring and development of the Company. Your Directors also place on record their appreciation for the continued cooperation and assistance extended to the Company by the employees in all circumstances. The Board is also thankful to the Bankers to the Company and Group for their continued support. The Board acknowledges gratefully the confidence reposed in the Company by its various customers and business partners. The Directors express their appreciation of 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

V. NARAYAN SWAMI
Whole Time Director

A.NAGESWARAN
Director

Chennai
February 23, 2006

Report on Corporate Governance

Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to -

- comply with the laws of the land,
- ensure probity, transparency and accountability in all its transactions and
- enhance Shareholder value

1. Board of Directors

The present strength of the Board is Six. The Board comprises of Two Executive Directors and Four Non Executive Directors. The Board of Directors of the Company are as follows:-

1. Mr.M.Arunachalam	Non Independent Non Executive Director
2. Ms. Rani	Non Independent Non Executive Director
3. Mr.A.Maria Joseph	Non Independent Whole Time Director
4. Dr.S.Ravichandran	Independent Non Executive Director
5. Mr.Gurdeep Singh Mamik	Independent Non Executive Director
6. Mr.F.P.Carlos	Independent Non Executive Director
7. Mr.V.Narayan Swami	Independent Whole Time Director

Mr. A.Nageswaran is an Alternate Director to Mr. M.Arunachalam.

Mr.S.V.Venkatesan is an Alternate Director to Mr.F.P.Carlos.

Dr. S. Ravichandran resigned from the Board with effect from April 01, 2005. Mr.F.P.Carlos was appointed as an Additional Director with effect from April 02, 2005.

Mr.S.V.Venkatesan was appointed as an Alternate Director to Mr. F.P.Carlos with effect from April 02, 2005.

Mr.V.Narayan Swami was appointed as Whole Time Director designated as Chief Financial Officer with effect from January 09, 2006.

Chairman of the Board is elected at each Meeting of the Directors since no Chairman is appointed by the Board.

2. Attendance of each Director at the Board Meetings held during the year 2004 – 2005 (October 01, 2004 to September 30, 2005) and at the last Annual General Meeting and details of other Directorships.

Sixteen Board Meetings were held during the year 2004 – 2005 (October 01, 2004 to September 30, 2005). The dates on which the Meetings of the Board were held are October 30, 2004, November 30, 2004, January 31, 2005, February 21, 2005, February 28, 2005, March 24, 2005, March 30, 2005, April 01, 2005, April 30, 2005, May 31, 2005, June 29, 2005, July 29, 2005, August 12, 2005, August 29, 2005, September 29, 2005 and September 30, 2005.

The attendance records of all Directors are as under:-

Name of the Director	No. of Board Meetings Attended	Last AGM Attended	Directorship in other Companies (excluding Foreign Companies and Private Limited Companies)	Committee Membership in other Companies
			Director	Chairman
Mr.M.Arunachalam	-	No	1	Nil
Ms.Rani	16	No	Nil	Nil
Mr.A.Maria Joseph	16	Yes	Nil	Nil
Mr.Gurdeep Singh Mamik	1	Yes	2	Nil
Dr. S.Ravichandran	7	No	Nil	Nil
Mr.A.Nageswaran	16	Yes	4	Nil
Mr.F.P.Carlos	-	-	Nil	Nil
Mr.S.V.Venkatesan	8	-	Nil	Nil

(Mr.F.P.Carlos has been appointed as an Additional Director and Mr.S.V.Venkatesan as an Alternate Director to Mr.F.P.Carlos with effect from April 02, 2005)

3. Remuneration Committee

The Remuneration Committee comprises of the following Directors:-

1. Mr.S.V.Venkatesan	Chairman of the Committee
2. Mr.A.Maria Joseph	Member
3. Mr.Gurdeep Singh Mamik	Member

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Whole Time Directors.

4. Remuneration to Directors

In view of the poor financial position of the Company, the Board has resolved that no sitting fees need be paid to the Directors for attending the Meetings of the Board of Directors and Meetings of the Committee.

Remuneration paid to Mr. A.Maria Joseph - Whole Time Director is as detailed hereunder:-

Salary	Rs. 753,900
Perquisites	Rs. 198,301

Disclosure regarding re-appointment / 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. A brief background of the Directors proposed for reappointment is furnished below:-

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 Corporate Financial Planning. He has international exposure in the industrial scenario. His keen insight into 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
K9 Technologies Private Limited, Chennai – Chairman	NIL

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	Membership in Committee
NIL	NIL

Mr.F.P.Carlos

Mr.F.P.Carlos was born on October 27, 1956 and is an Argentine. He was appointed as an Additional Director of the Company with effect from April 02, 2005. Mr.F.P.Carlos is an MBA (Finance) and has rich knowledge and vast experience in International Banking and Financial Management.

Directorship	Membership in Committee
NIL	NIL

Mr.V.Narayan Swami

Mr.V.Narayan Swami was born on June 29, 1950 and was appointed as Whole Time Director of the Company with effect from January 09, 2006. Mr.V.Narayan Swami has over 30 years of experience in Corporate Financial Management, Merchant Banking and International Banking, having worked in India and overseas for International Banks and for Indian / Multinational Corporate Houses. He has postgraduate qualification in Management (MBA) and a sound background in Financial and General Management, International Finance and Business Planning, his last appointment being head of Finance for ESSAR Telecom Group.

Directorship	Membership in Committee
NIL	NIL

5. Audit Committee

The Board of Directors of the Company has reconstituted the Audit Committee with effect from April 02, 2005 comprising of the following Directors:-

- | | |
|----------------------|---------------------------|
| 1. Mr.S.V.Venkatesan | Chairman of the Committee |
| 2. Mr.G.S.Mamik | Member |
| 3. Mr.A.Maria Joseph | Member |

The constitution of the Audit Committee is in accordance with the provisions of the Companies Act, 1956.

The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee.
- 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 judgement 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.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- 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.
- Discussion with internal auditors on any significant findings and follow up thereon.
- 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.
- Discussion with external auditors before the audit commences about nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

- To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year, the Audit Committee met Ten times and the attendance of the Audit Committee Members at the said Meetings are as detailed below:-

Sl. No.	Names of Directors	Number of Meetings attended
1.	Dr.S.Ravichandran	5
2.	Mr.A.Nageswaran	5
3.	Mr.A.Maria Joseph	5
4.	Mr.S.V.Venkatesan	5
5.	Mr.G.S.Mamik	-

Mr.A.Nageswaran is an Alternate Director to Mr.M.Arunachalam.

Dr.S.Ravichandran resigned from the Board with effect from April 01, 2005

The Audit Committee was re-constituted and Mr.A.Nageswaran was a Member of the Committee upto April 01, 2005

Mr.S.V.Venkatesan was inducted as a Member of the Audit Committee with effect from April 02, 2005.

Mr.A.Maria Joseph was inducted as a Member of the Audit Committee with effect from April 02, 2005.

6. Shareholders' / Investors' Grievance Committee

The Board has authorised Mr.M.Anantha Padmanathan, Chief Executive Officer of the Company, to approve the formalities relating to the Share Transfer Process.

The Shareholders' / Investors' Grievance Committee comprises of the following Directors:-

- | | |
|----------------------|-----------------------------|
| 1. Mr.S.V.Venkatesan | - Chairman of the Committee |
| 2. Mr.A.Maria Joseph | - Member |
| 3. Mr.G.S.Mamik | - Member |

The Shareholders' / Investors' Grievance Committee has been constituted to monitor the redressal of the Grievances of the Shareholders / Investors.

Mr.V.P.Thirumoorthy, Company Secretary, is the Compliance Officer of the Company.

No Share Transfer is pending as on September 30, 2005.

During the year, the Company received 16 complaints, out of these, 4 complaints relate to Transfer of Shares, 7 complaints relate to Non Receipt of Annual Report and 5 others. All the grievances were redressed to the satisfaction of the investors.

7. Disclosures**a) Related party Transactions**

During the year, there were no material transactions with the Promoters, Directors and their relatives, the management and the Company's Subsidiaries that had potential conflict with the interests of the Company.

b) Compliance by the Company

Consequent to the suspension of the Trading in the Securities of the Company by The Stock Exchange, Mumbai for not complying with Clause 51 of the Listing Agreement, the Company has registered itself under Electronic Data Information Filing and Retrieval System (EDIFAR). After a series of correspondence between the Company and the Bombay Stock Exchange Limited (BSE) and furnishing of information requested by them, the BSE has revoked the suspension in the trading of the securities of the Company with effect from December 29, 2005.

8. Annual General Meetings**Last three Annual General Meetings were held as under:-**

Financial Year	Date of Meeting & Time	Venue
2003 - 2004	20.06.2005, 2.30 P.M.	Bala Mandir German Hall 17, Prakasam Street, T.Nagar, Chennai - 600 017
2002 - 2003	29.03.2004, 3.00 P.M.	Anna Auditorium of the Association of Surgeons of India, No.18, Swamy Sivananda Salai, Chepauk, Chennai - 600 005
2001 - 2002	31.03.2003, 3.00 P.M.	Anna Auditorium of the Association of Surgeons of India, No.18, Swamy Sivananda Salai, Chepauk, Chennai - 600 005

The above AGM was adjourned 'sine die' and the Adjourned AGM was held on July 31, 2003 at 3.00 P.M. at the same venue.

An Extra Ordinary General Meeting was held on September 28, 2005 at 3.30 P.M. at Bala Mandir German Hall, No.17, Prakasam Street, T.Nagar, Chennai - 600 017 to obtain the approval of the Members for converting the Loans into Redeemable Non Cumulative Preference Shares of Rs.100 each.

9. Postal Ballot

The Company in compliance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, sought the voting from the Members by means of Postal Ballot, on October 30, 2004, for passing of an Ordinary Resolution for Equitable Mortgage by deposit of Title Deeds and creation of Charge on the immovable properties of the Company in favour of New World Synthetic Limited, New Delhi and / or Banks / Financial Institutions.

Mr.V.Mahesh of M/s.V.Mahesh & Associates, Company Secretaries, was appointed as the Scrutinizer to conduct the Postal Ballot Process.

The abovesaid Resolution was declared as passed by means of Postal Ballot on December 15, 2004.

The voting pattern was as detailed hereunder:-

No. of votes assenting the Resolution	: 9,67,27,851
No. of votes dissenting the Resolution	: 15,265
No. of invalid votes	: 1,630

There is no Special Resolution which requires the approval of the Members by means of Postal Ballot to be passed in this Annual General Meeting.

10. Means of Communication**Quarterly Results**

The quarterly results are published in "Business Line" (English) and Maalai Sudar (Tamil).

The Management Discussion and Analysis Report is enclosed.

11. General Shareholder Information**Annual General Meeting****Date, Time and Venue :**

March 29, 2006 at 2.30 p.m.

Bala Mandir German Hall, 17, Prakasam Street, T.Nagar,
Chennai - 600 017

Financial calendar :

Quarterly results are proposed to be published for the next year in April 2006, July 2006, October 2006 and January 2007.

Since it is not mandatory the half-Yearly Results are not sent to the Shareholders.

Date of Book Closure: March 23, 2006 to March 29, 2006

Listing: Madras Stock Exchange Limited & The Bombay Stock Exchange Limited.

Stock Code :

In MSE
BESTCROMPT

In BSE
500046

Market Price in the Financial Year in BSE

Month	High Rs.	Low Rs.	Sensex High	Sensex Low
October 2004	5.19	3.00	4951.11	4432.93
November 2004	4.96	3.16	5135.00	4736.70
December 2004	6.14	4.21	5920.76	5082.82

The Equity Shares of the Company were suspended from being traded on The Stock Exchange, Mumbai (BSE) with effect from December 21, 2004 and after a series of correspondence between the Company and the BSE, the BSE has revoked the suspension with effect from December 29, 2005.

Shareholding Pattern as on September 30, 2005

Category	No. of Shares held	% to paid up Capital
Promoters	81241281	77.13
Mutual Funds & UTI	2118498	2.01
Banks, FIs, Insurance Companies	984251	0.93
Private Bodies Corporate	439953	0.42
Indian Public	4912223	4.66
NRI's / OCBs	430405	0.41
Foreign Companies	15199747	14.43
Total	105326358	100.00

Distribution of Shareholding as on September 30, 2005

Category of Shares	No. of Share Holders	% of Share holders	Shares	% of Shares
Upto 5000	15350	99.28	4252981	4.04
5001 - 10000	61	0.39	436661	0.41
10001 - 20000	22	0.15	305679	0.29
20001 - 30000	7	0.05	178393	0.17
30001 - 40000	5	0.03	174736	0.17
40001 - 50000	4	0.03	182605	0.17
50001 - 100000	2	0.01	149732	0.14
100001 & above	10	0.06	99645571	94.61
Total	15461	100.00	105326358	100.00

Registrar and Transfer Agent

M/s. Integrated Enterprises (India) Limited, Chennai, are the Registrar and Transfer Agents of the Company. All correspondence with respect to Share Transfers may please be addresses to:

M/s.Integrated Enterprises (India) Limited

II Floor, Kences Towers,
No.1, Ramakrishna Street,
T.Nagar, Chennai - 600 017

Phone: 2814 0801 - 2814 0803

Fax : 2814 2479

Dematerialisation of shares

The Shares of the Company are in compulsory Demat segment. The Company's Shares are available for Demat with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE287A01015.

7.48 % of the Paid up Capital has been dematerialised as on September 30, 2005.