



Best & Crompton Engg. Limited

95th Annual Report 2006 - 2007

Best & Crompton Engg. Limited

DIRECTORS

Mr. S.V. Venkatesan
Mr. P.N. Devarajan
Mr. N. Srinivasan
Mr. V. Srinivasan
Mr. Gurdeep Singh Mamik
Mr. F.P. Carlos
Mr. A. Kumaresan
(Whole Time Director)
Mr. A.V. Srinivasan
(Whole Time Director)

AUDITORS

CNGSN & ASSOCIATES,
Chartered Accountants,
"Agastyar Manor"
New No: 20, (Old No: 13), Raja Street, T. Nagar,
Chennai - 600 017.

CHIEF FINANCIAL OFFICER

Mr. K. Prakash

COMPANY SECRETARY

Mr. V.P. Thirumoorthy

CORPORATE OFFICE:

#15, Kasturi Rangan Road,
Alwarpet, Chennai - 600 018.
Phone Nos. 91 044 45066410, 45040450
Fax No. 91 044 45066450

REGISTERED OFFICE :

39, Industrial Estate (North), Ambattur,
Chennai - 600 098.
Phone Nos. 91 044 26255391/26255173
Fax No. 91 044 26257059

REGIONAL OFFICE:

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

Building No.4, Flat No.8,
Sona Udyog Marg, Ist Floor, Parsi Panchayat Road,
Andheri (East), Mumbai - 400 069.

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

WORKS:

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

28C, 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 Fifth Annual General Meeting of the Members of the Company will be held on Saturday, September 22, 2007 at 11.00 A.M. at Rani Seethai Hall, No.603, Anna Salai, Chennai - 600 006 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2007, the Profit and Loss Account for the year ended March 31, 2007 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. F.P. Carlos, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gurdeep Singh Mamik, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the financial year 2007-08 and fix their remuneration.

The retiring Auditors, M/s. CNGSN & Associates, Chartered Accountants, Chennai, are eligible for re-appointment.

SPECIAL BUSINESS

5. To appoint Mr. A. Kumaresan as Director of the Company.
6. To appoint Mr. A.V. Srinivasan as Director of the Company.
7. To appoint Mr. S.V. Venkatesan as Director of the Company.
8. To appoint Mr. P.N. Devarajan as Director of the Company.
9. To appoint Mr. N. Srinivasan as Director of the Company.
10. To appoint Mr. A. Kumaresan as Whole Time Director, designated as Executive Director (Corporate Affairs).

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the consent of the Company be and is hereby accorded, subject to the approval of the Central Government, if any, for the appointment of Mr. A. Kumaresan as Whole Time Director, designated as Executive Director (Corporate Affairs) of the Company, for a period of 3 years effective September 26, 2006 on the terms and conditions, as recommended by the Remuneration Committee of the Board and approved by the Board of Directors of the Company, as detailed in the Explanatory Statement annexed to the Notice."

"Resolved further that the Board of Directors be and are hereby authorised to take all such steps and to do all such acts, deeds, matters and things, which may be necessary, expedient or proper to give effect to this Resolution."

11. To appoint Mr. A.V. Srinivasan as Whole Time Director, designated as Executive Director (Technical).

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the consent of the Company be and is hereby accorded, subject to the approval of the Central Government, if any, for the appointment of Mr. A.V. Srinivasan as Whole Time Director, designated as Executive Director (Technical) of the Company, for a period of 3 years effective October 31, 2006 on the terms and conditions, as recommended by the Remuneration Committee of the Board and approved by the Board of Directors of the Company, as detailed in the Explanatory Statement annexed to the Notice."

"Resolved further that the Board of Directors be and are hereby authorised to take all such steps and to do all such acts, deeds, matters and things, which may be necessary, expedient or proper to give effect to this Resolution."

for Best & Crompton Engg. Limited
By Order of the Board

Chennai
August 13, 2007

V.P. THIRUMOORTHY
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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.**
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. 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.
4. The Company's Shares are listed with Madras Stock Exchange Limited and Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the year 2007-2008 to both the aforesaid Stock Exchanges.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from September 13, 2007 to September 22, 2007 (both days inclusive)
6. The Members are requested to notify immediately any change in their addresses to the Registrar and Transfer Agent at the following Address:-
Integrated Enterprises (India) Limited
II Floor, Kences Towers, No.1, Ramakrishna Street
T. Nagar, Chennai - 600 017.
Tel : 91 044 28140801-03
E-mail : sureshbabu@iepindia.com
7. The Members are requested to quote Register Folio Numbers or DP ID/ Client ID Numbers in all their correspondence.

8. 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.
 9. 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.
 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. The unclaimed and unpaid Debentures relating to the Redemption of the First Instalment of 14% Secured Redeemable Non-Convertible Debentures (VI Series), which fell due on March 27, 2000, has been transferred to the credit of the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Please note that the Redemption of Debentures relating to the Second Instalment, which fell due on March 27, 2001, remaining unclaimed and unpaid for a period of 7 years thereof, will be transferred to the said Fund.
- It may also be noted that once the amount of unclaimed and unpaid Debentures is transferred to IEPF, as above, no claim shall lie in respect thereof against the Company.

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

For Item Nos. 2 & 3 and 5 to 11

1. Mr. A. Kumaresan has been appointed as Whole Time Director, designated as Executive Director (Corporate Affairs) effective September 26, 2006 pursuant to Section 269 of the Companies Act, 1956. The necessary approval for the Appointment and Payment of Remuneration to Mr. A. Kumaresan has been received from the Central Government by its letter No.12/230/2006-CL-VII dated June 15, 2007.
2. Mr. A.V. Srinivasan has been appointed as Whole Time Director, designated as Executive Director (Technical) effective October 31, 2006 pursuant to Section 269 of the Companies Act, 1956. Your Company has filed the necessary Application with the Central Government, seeking its approval for the Appointment and Payment of Remuneration to Mr. A.V. Srinivasan and the same is awaited.
3. The particulars of Remuneration to Mr. A. Kumaresan and Mr. A.V. Srinivasan are as detailed below:-

Mr. A. Kumaresan

(i) Salary

Rs.1,50,000/- per month in the Scale of Rs.1,00,000 - 2,50,000

(ii) Perquisites

In addition to the Salary, he will be entitled to the Perquisites and Allowances like Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, Medical Reimbursement, Club Fees and Leave Travel Concession, Medical Insurance, Personal Accident Insurance of an amount, the premium of which does not exceed Rs.4000/- per annum and such other Perquisites and Allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Whole Time Director. For the purpose of calculating the above Ceiling, Perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, Perquisites shall be evaluated at actual cost.

The reimbursement towards Car running, Repairs & Maintenance, Insurance and Driver Salary is restricted to an amount of Rs.30,000 per month and Telecommunication facilities at residence shall not be considered as perquisites.

Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company

and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the Remuneration or Perquisites aforesaid.

The Perquisites and benefits mentioned above shall not exceed at any time 3 times of salary.

Over and above the remuneration, Mr. A. Kumaresan is eligible for Incentive Remuneration upto a maximum of 200% of the Annual Salary at the discretion of the Board, annually, based on certain performance criteria.

(iii) Minimum Remuneration

Notwithstanding anything contrary herein contained, whether in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of Salary and Perquisites and Allowances as specified above as minimum monthly remuneration, however, not exceeding the limits in accordance with the provisions of the Companies Act, 1956.

The Perquisites mentioned above be interchangeable within the Overall Ceiling of the Remuneration of Mr. A. Kumaresan.

In the event of any statutory amendment or modification in the provisions relating to the payment of remuneration to the managerial person or to the Schedule XIII of the Companies Act, 1956, the Board of Directors are authorised to vary or increase the Salary within the prescribed limits.

Mr. A. Kumaresan is authorised to exercise such powers of management, as may be delegated to him by the Board of the Company, from time to time, subject, however, to the overall superintendence, control and direction of the Board.

Mr. A.V. Srinivasan

(i) Salary

Rs.1,50,000/- per month in the Scale of Rs.1,00,000 - 2,50,000

(ii) Perquisites

In addition to the Salary, he will be entitled to the Perquisites and Allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, Medical Reimbursement, Club Fees

and Leave Travel Concession, Medical Insurance, Personal Accident Insurance of an amount, the premium of which does not exceed Rs.4000/- per annum and such other Perquisites and Allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Whole Time Director. For the purpose of calculating the above Ceiling, Perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, Perquisites shall be evaluated at actual cost.

The reimbursement towards Car running, Repairs & Maintenance, Insurance and Driver Salary is restricted to an amount of Rs.30,000 per month and Telecommunication facilities at residence shall not be considered as Perquisites.

Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the Remuneration or Perquisites aforesaid.

The Perquisites and benefits mentioned above shall not exceed at any time 3 times of salary.

Over and above the remuneration, Mr. A.V. Srinivasan is eligible for Incentive Remuneration upto a maximum of 200% of the Annual Salary at the discretion of the Board, annually, based on certain performance criteria.

(iii) Minimum Remuneration

Notwithstanding anything contrary herein contained, whether in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of Salary and Perquisites and Allowances as specified above as minimum monthly remuneration, however, not exceeding the limits in accordance with the provisions of the Companies Act, 1956.

The Perquisites mentioned above be interchangeable within the Overall Ceiling of the Remuneration of Mr. A.V. Srinivasan.

In the event of any statutory amendment or modification in the provisions relating to the payment of remuneration to the managerial

person or to the Schedule XIII of the Companies Act, 1956, the Board of Directors are authorised to vary or increase the Salary within the prescribed limits.

Mr. A.V. Srinivasan is authorised to exercise such powers of management, as may be delegated to him by the Board of the Company, from time to time, subject, however, to the overall superintendence, control and direction of the Board.

4. Mr. A. Kumaresan, Mr. A.V. Srinivasan, Mr. S.V. Venkatesan, Mr. P.N. Devarajan and Mr. N. Srinivasan, were appointed as Additional Directors of the Company. As per the provisions of Section 260 of the Companies Act, 1956, the above Directors hold Office only upto the date of the forthcoming Annual General Meeting of the Company and are eligible for appointment as Directors. The Company has received Notices under Section 257 of the Act in respect of the Candidates, proposing their appointment as a Director of the Company, along with a requisite deposit.
5. The details regarding the persons proposed to be appointed / re-appointed as Directors and their brief Resume have been given in the Annexure to the Notice. Keeping in view the experience and expertise of these persons, their appointments as Directors of the Company are commended.
6. Each of the above Directors may be deemed to be interested in the Resolution relating to his own appointment.
7. 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

Chennai
August 13, 2007

V.P. THIRUMOORTHY
Company Secretary

Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting

| Sl. No. | Particulars | Mr. A.Kumaresan | Mr.A.V.Srinivasan | Mr.S.V.Venkatesan | Mr. P.N.Devarajan | Mr. N.Srinivasan | Mr. F.P. Carlos | Mr.Gurdeep Singh Mamik |
|---------|------------------------------------|---|--|---|--|---|--|---|
| 1. | Date of Appointment | 26.09.2006 | 31.10.2006 | 31.01.2007 | 31.01.2007 | 31.01.2007 | 02.04.2005 | 31.01.2004 |
| 2. | Qualifications | B.Sc, LL.B, FCS, FFII | B.Tech, PGDBM, MBA XLRI | B.Com, CAIIB | BE (Chemical), M.Tech (Chemical) | B.Com, F.C.A | MBA (Financial) | MBA XLRI |
| 3. | Wide experience in functional area | <p>Mr. A. Kumaresan is bachelor of Science and Law Graduate and also Fellow Member of the Institute of Company Secretaries of India and Fellow of Federation of Insurance Institutes and also holds Post Graduate Diploma in Journalism .</p> <p>His notable business experience includes appointment in Vijaya Leasing Limited and Mangalore Chemicals and Fertilizers Limited (UB Group), Essar Steel Limited, Tata Consultancy Services Limited, TAIB Bank, Bahrain and Great Offshore Ltd.,</p> <p>He has contributed to Management Development through various teaching assignments.</p> | <p>Mr.A.V.Srinivasan has over 32 years experience in various companies including Directorship in Yamaha Motor India Limited, Escorts Claas Limited, Secretary General of the Cement Manufacturers' Association.</p> <p>Had earlier held important position in Marketing with companies like Eicher Ltd, Birla Yamaha Ltd, Hero Motors and Voltamp Transformer Pvt Ltd.</p> | <p>Mr.S.V.Venkatesan is a gold medalist in Commerce from Madras University. His career with State Bank of India, spanned for 24 years both in India and abroad with a wide international exposure. In 1986, he joined the Essar Group as the Financial Controller and is now on the Board of various companies of that Group and has been largely responsible for the resource mobilization through Capital Markets and Institutions to fund the large capital intensive projects of the Group.</p> | <p>Mr.P.N. Devarajan had graduated with a University First Rank earning a Bachelor's Degree in Chemical Engineering from the University of Madras which was followed by a M.Tech in Chemical Plant Design from I.I.T., Kharagpur. Over the years he has held several positions of management, notable among them being at Merck, Sharp & Dhome of India, Bombay, Chemical & Plastics India Limited, Mettur, Shriram Chemicals & Fertilizers Ltd. Kota, Rajasthan. Later he became the CHAIRMAN AND MANAGING DIRECTOR of Hindustan Organic Chemicals Ltd. and of the Indian Drugs & Pharmaceuticals Limited. As the CHIEF EXECUTIVE & GROUP PRESIDENT of Reliance Industries Ltd., he was principally responsible for the major foray of the Group in to the lucrative petrochemicals arena. He has been a Director on the Board of the Reserve Bank of India, the Bank of Baroda, Planning</p> | <p>Mr. N.Srinivasan is a commerce graduate and a Chartered Accountant since 1955. He was the senior partner of well known auditing firm Fraser & Ross and Deloitte Haskins & Sells. He has been the past Chairman of the Southern India Regional Council and a Central Council Member of The Institute of Chartered Accountants of India. He has been the President / Regional Director / Director of Institute of Internal Auditors Inc Florida.</p> <p>He is the Past President of Madras Chamber of Commerce & Industry and Indo American Chamber of Commerce, Deputy President of Assocham Delhi, and President of Madras Management Association.</p> | <p>Mr. F.P. Carlos has rich knowledge and vast experience in International Banking and Financial Management.</p> | <p>Mr.Gurdeep Singh Mamik has extensive experience in Finance, Management and Marketing.</p> <p>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.</p> |



| Sl. No. | Particulars | Mr. A.Kumaresan | Mr.A.V.Srinivasan | Mr.S.V.Venkatesan | Mr. P.N.Devarajan | Mr. N.Srinivasan | Mr. F.P.Carlos | Mr.Gurdeep Singh Mamik |
|---------|--|---|---|--|--|---|----------------|---|
| | | | | | Board of the State of Madhya Pradesh, Chairman of the Research Council of National Environmental Engineering Research Institute, Member of the Assessment Committee of the Council of Scientific and Industrial Research and at the National Chemical Laboratory, Pune. He serves on the Board of several well known companies. He is a Member of the Advisory Committee for the Physically Challenged – in the Govt of Tamilnadu. | | | |
| 4. | Directorships held in other Public Companies | 1. Best Crompton EU Energy Limited 2. Best & Crompton Textiles & Apparels Limited 3. Best & Crompton Apparels Limited 4. Vascom Steel Limited 5. Best & Crompton Infratech Limited 6. Best & Crompton Infratech (Ambattur) Limited | 1. Best & Crompton Textiles & Apparels Limited 2. Best & Crompton Apparels Limited 3. Vascom Steel Limited 4. Best & Crompton Infratech Limited 5. Best & Crompton Infratech (Ambattur) Limited | 1. Essar Investments Limited 2. Essar Steel Limited 3. India Securities Limited 4. Lancor Holdings Limited 5. Essar Tele Holdings Limited 6. Bhandar Power Limited 7. Essar Constructions (India) Limited 8. Essar Information Technology Limited 9. Essar Power Limited 10. Essar Power Tamil Nadu Limited | 1. Dr. Reddy's Laboratories Limited 2. M/s Kothari Sugars & Chemicals Limited 3. Shiram EPC as (Chairman) | 1. United Breweries (Holdings) Limited 2. The India Cements Limited 3. Tractors and Farm Equipment Limited 4. The Andhra Pradesh Paper Mills Limited 5. Ador Multiproducts Limited 6. Amco Batteries Limited 7. The United Nilgiri Tea Estates Company Limited 8. GATI Limited 9. Ador Fontech Limited 10. Tafe Motors and Tractors Limited 11. Essar Shipping Limited 12. McDowell Holdings Limited | Nil | 1. Beacon Weir Limited 2. New World Synthetic Limited 3. Best & Crompton Textiles & Apparels Limited 4. Best & Crompton Apparels Limited |

| Sl. No. | Particulars | Mr. A.Kumaresan | Mr.A.V.Srinivasan | Mr.S.V.Venkatesan | Mr. P.N.Devarajan | Mr. N.Srinivasan | Mr. F.P.Carlos | Mr.Gurdeep Singh Mamik |
|---------|--|-----------------|-------------------|--|----------------------------------|--|----------------|------------------------|
| | | | | | | 13. Peria Karamalai Tea & Produce Company Limited 14. India Cements Capital & Finance Limited | | |
| 5. | Memberships/ Chairmanships of Committees of other public Companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee) | NIL | NIL | Committee Member in 4 Companies Committee Chairman in 4 Companies | Committee Chairman in 1 Company. | Committee Member in 9 Companies Committee Chairman in 5 Companies | NIL | NIL |
| 6. | No. of Shares held in the Company | 30 | 1900 | — | — | — | — | — |



Directors' Report

Dear Members,

Your Directors present the 95th Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2007.

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

1. Financial Highlights

| Particulars | (Rs '000) | |
|--|--|---|
| | 2006-07 twelve months ended 31st March 2007 | 2005-06 six months ended 31st March 2006 |
| Total Income | 1,109,894 | 64,198 |
| Expenditure | 823,233 | 97,398 |
| Gross Profit | 286,661 | (33,200) |
| Taxation | 22,522 | 331 |
| Profit after Tax | 264,139 | (33,531) |
| Revaluation Reserve no longer required | 227,000 | - |
| Balance carried to Balance Sheet | 491,139 | (33,531) |

Profit for the year under review includes profit of Rs. 56.55 Crores on sale of non business land earlier converted into stock in trade. The transfer of Rs. 22.70 Crores from Revaluation Reserve indicated above relates to the above sale. Expenditure for the year includes write off of Rs. 24.01 Crores arising from a critical and comprehensive review, by the reconstituted Board of Directors, of the carrying cost of investments, recoverability of old outstanding debtors, irrecoverable expenses on completed projects of earlier years and loss on sale of investments in certain unviable subsidiaries.

2. Operations

2.1 To improve the operational efficiency and profitability of the Company, during the year under review, the Company took the following strategic initiatives :

- To leverage the existing landed property at Ambattur for better financial gains by setting up an IT infrastructure.
- Foray into New Businesses in the product lines of Textiles, Property, Electronics, Prefabricated Building Materials, Steel and Non conventional sources of Energy. As a first step, the Company has already incorporated Subsidiary Companies to undertake these activities.
- Repositioning the existing activities to achieve maximum productivity and profitability, by merging the existing Divisions as under:

The Busduct and Switchgear Division has been renamed as Fabrication Division and various types of fabrication work for both In-house as well as for customers will be carried out by this Division.

The existing Electrical Machine, Auto Ancillary and Plug & Socket Divisions have been merged into new Division, namely, Machinery Manufacturing.

2.2 These measures are expected to result in your Company achieving better financial performance and consequent profit in the future years.

3. Performance

3.1 Chennai Foundry Unit

Chennai Foundry has achieved a production of 252.64 MT of Iron Castings in the month of May 2007, which is the highest production in the last six years. This Unit is able to get both fresh orders and repeat orders from reputed customers. With the infusion of additional working capital for installation of new machinery, (which is being implemented) and refurbishing of old machines, the Unit is expected to increase production levels and generate increased revenue in the coming years.

3.2 Machinery Manufacturing Division

The Electrical Machines Factory has executed orders valued Rs.88 lacs for Alternators for Zonal Railways and Coach Factories. This Unit is also manufacturing sub assemblies like Spindle Motor and Servo Motor for Gantry Machines. This Factory has complied with Pre-certification requirements for ISO 9001:2000. This certification will ensure continuous business with Railways.

Plug & Socket Unit performed well during the year and achieved a reasonable growth in Turnover. This Unit has executed major orders from reputed customers.

As the Power Sector is on growth path, the performance of this Unit is expected to improve substantially in the coming years.

Power Line Accessories Unit has executed orders valued Rs.50 lacs to important customers. Good business potential exists for Power Connectors with the customers and Techno and other Electrical Contractors and it is expected that this Unit will have a good growth and would increase its turnover substantially in future.

3.3 Fabrication Division

The Division has undertaken development jobs like Tilting Fixture, PCC Bed, and Gantry primarily to meet the requirements of the New Business Verticals. It is expected that this Division will be able to achieve its optimum levels of production in the next two to three years.

3.4 Bangalore Pump Factory

The Unit has been able to achieve a turnover of Rs.2.24 Crores in spite of the reduced work force.

4. Dividend

In view of the carried forward losses, your Directors are not able to recommend any Dividend.

5. Fixed Deposits

No Fixed Deposits have been accepted by the Company.

6. Abridged Accounts and Accounts of Subsidiary Companies

Following the recommendation of SEBI, the Directors of your Company have, with a view to reduce the expenditure, opted to publish abridged financial statements, nevertheless disclosing significant and relevant details for appreciation of the results.

Your Company has applied for necessary exemption under sub-section 8 of Section 212 of the Companies Act, 1956 from attaching the accounts of the Subsidiary Companies; however, a statement showing the particulars about the performance of the Subsidiary Companies forms part of this Annual Report.

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.