

Best & Crompton Engg. Limited



96th Annual Report 2007-08

Best & Crompton Engg. Limited

DIRECTORS

Mr. S.V. Venkatesan, Chairman

Mr. P.N. Devarajan

Mr. N. Srinivasan

Mr. V. Srinivasan

Mr. Gurdeep Singh Mamik

Mr. V. Ananthakrishnan
(Whole Time Director)

Mr. P.P. Sukumaran
(Whole Time Director)

CHIEF FINANCIAL OFFICER

Mr. K. Prakash

COMPANY SECRETARY

Mr. V.P. Thirumoorthy

REGISTERED OFFICE :

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

Phone Nos. 91 044 30514600

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.

AUDITORS

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

BANKERS FOR THE COMPANY & GROUP

State Bank of Bikaner & Jaipur

Oriental Bank of Commerce

Federal Bank

IDBI Bank

Canara Bank

CORPORATE OFFICE:

#15, Kasturi Rangan Road,
Alwarpet, Chennai - 600 018.

Phone Nos. 91 044 45066410, 45040450

Fax No. 91 044 45066450

WORKS:

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

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

MM Industrial Estate,
Yedyur, Bangalore - 560 082.



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BEST & CROMPTON ENGG. LIMITED

Registered Office: 28, Industrial Estate (North),
Ambattur, Chennai-600 098.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninety Sixth Annual General Meeting of the Members of the Company will be held on Thursday, September 25, 2008 at 10.00 A.M. at Kasturi Srinivasan Hall (Mini Hall), The Music Academy, 168, T.T.K. Road, Royapettah, Chennai - 600 014 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2008, the Profit and Loss Account for the year ended March 31, 2008 and the Report of the Directors and the Auditors thereon
2. To appoint a Director in place of Mr. P.N. Devarajan, who retires by rotation, and being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. N. Srinivasan, who retires by rotation, and being eligible, offers himself for re-appointment
4. To appoint Auditors for the financial year 2008-09 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. V. Ananthakrishnan as Director of the Company.
6. To appoint Mr. P. P. Sukumaran as Director of the Company.
7. To appoint Mr. V. Ananthakrishnan as Whole Time Director designated as Executive Director - Finance.

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. V. Ananthakrishnan as Whole Time Director designated as Executive Director - Finance of the Company, for a period of 3 years with effect from January 1, 2008 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 authorized 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."

8. To appoint Mr. P.P. Sukumaran as Whole Time Director designated as Executive Director - Business Operations

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. P.P. Sukumaran as Whole Time Director, designated as Executive Director - Business Operations of the Company, for a period of 3 years with effect from January 7, 2008 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 authorized 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 18, 2008

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 of the Companies Act, 1956, relating to the Special Business under Item Nos.5 to 8 set out above and details, as required in the Listing Agreement with the Stock Exchanges, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting are annexed hereto.
3. The Members, who hold Shares in dematerialized 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 the Madras Stock Exchange Limited and Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the year 2008-2009 to both the aforesaid Stock Exchanges.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from September 20, 2008 to September 25, 2008 (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: (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.

Best & Crompton Engg. Limited

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) Copy of the unabridged standalone and Consolidated Accounts for the year ended 31st March 2008 would be made available to Members on request at the venue of the Annual General Meeting.
- (iii) 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 Second Installment of 14% Secured Redeemable Non-Convertible Debentures (VI Series), which fell due on March 27, 2001, 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 Third Installment, which fell due on March 27, 2002, 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 8**

1. Mr. V. Ananthkrishnan and Mr. P.P. Sukumaran were appointed as Additional Directors of the Company. As per the provisions of Section 260 of the Companies Act, 1956, the two 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.
2. Mr. V. Ananthkrishnan has been appointed as Whole Time Director, designated as Executive Director (Corporate Affairs) effective from January 1, 2008, since redesignated as Executive Director - Finance w.e.f June 28, 2008, pursuant to Section 269 of the Companies Act, 1956. Your Company has filed the necessary Application with the Central Government, seeking its approval for Payment of Remuneration to Mr. V. Ananthkrishnan in view of inadequacy of profits and the same is awaited.
3. Mr. P.P. Sukumaran has been appointed as Whole Time Director, designated as Executive Director (Mfg. & Corporate Services) effective from January 7, 2008, since redesignated as Executive Director -Business Operations w.e.f June 28, 2008, pursuant to Section 269 of the Companies Act, 1956. Your Company has filed the necessary Application with the Central Government, seeking its approval for Payment of Remuneration to Mr. P .P. Sukumaran in view of inadequacy of profits and the same is awaited.
4. The particulars of Remuneration to M/s. V.Ananthkrishnan and P. P. Sukumaran are as detailed below:-

Mr. V. Ananthkrishnan

- (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, its 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. V.Ananthkrishnan 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.

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

Mr. V. Ananthkrishnan is hereby authorized 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. P.P. Sukumaran**(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, its 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. P.P.Sukumaran 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.

The Perquisites mentioned above be interchangeable within the Overall Ceiling of the Remuneration of Mr. P.P.Sukumaran.

Mr. P.P. Sukumaran is hereby authorized 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.

5. The Profile relating to the persons proposed to be 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 Directors may be deemed to be interested in the Resolution relating to his own appointment.

The Board of Directors accordingly recommended the Resolutions set out at Item Nos.2 & 3 and 5 to 8 of the accompanying Notice for your approval.

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 18, 2008

V.P. THIRUMOORTHY
Company Secretary

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

Sl. No.	Particulars	Mr.V.Ananthakrishnan	Mr.P.P. Sukumaran	Mr.P.N.Devarajan	Mr.N.Srinivasan
1.	Date of Birth	09.03.1952	14.04.1951	15.02.1935	27.07.1931
2.	Date of Appointment	28.12.2007	28.12.2007	31.01.2007	31.01.2007
3.	Qualifications	Science Graduate with an MBA in Finance, and a Certified Associate of Indian Institute of Banking	Master in Social Work with specialisation in PM & IR	BE (Chemical) M.Tech (Chemical)	F.C.A
4.	Experience in functional area	He is an MBA in Finance with over 35 years of experience having worked in IDBI and a French Bank. After this long stint in banking, he moved to the Corporate having worked in big groups like ESSAR, Sanghi. He was CEO of an Asset Management Company in Gujarat for Infrastructure financing.	Mr. P.P. Sukumaran has done his Masters in Social work with specialisation in PM & IR. He has been associated with leading Indian Corporates over the last 30 years in Infrastructure, Manufacturing, Service and hospitality Industry. His rich experience in different industries reflects a deep understanding of HR, OD, IR, TQM and Balanced Scorecard. He has also undergone intensive training on facilitation by the International Association of Facilitators, USA. This has helped him engage himself in facilitation of large groups both for strategic as well as operational efficiencies. He is an active associate of professional bodies like ABK-AOTS Dosokai, HRD Network and member of CII (Confederation of Indian Industry)	Mr. 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, Metturr, 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 the 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 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.	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. He is the past president of Madras Chamber of Commerce & Industry, Indo American Chamber of Commerce, Deputy President of Assocham Delhi, and President of Madras Management Association

Sl. No.	Particulars	Mr.V.Ananthkrishnan	Mr.P.P. Sukumaran	Mr.P.N.Devarajan	Mr.N.Srinivasan
5.	Directorships held in other Public Companies	<ol style="list-style-type: none"> 1. Best Land Realty Limited, 2. Nellore Steel India Limited 3. Best & Crompton Apparels Limited 4. Best & Crompton Global Electronic Solutions Limited 5. Bestai Precast Buildings Limited 6. B & C Machinery Limited 7. Best & Crompton Electric Limited 	<ol style="list-style-type: none"> 1. Beacon Industries & Pumps Limited 2. Best Crompton EU Energy Limited 3. Nellore Steel India Limited 4. Best & Crompton Textiles & Apparels Limited. 5. Best & Crompton Apparels Limited. 6. Best & Crompton Infratech Limited 7. Best & Crompton Infratech (Ambattur) Limited 	<ol style="list-style-type: none"> 1. Dr. Reddy's Laboratories Limited 2. Kothari Sugars & Chemicals Limited 3. Shriram EPC 	<ol style="list-style-type: none"> 1. United Breweries (Holdings) Limited 2. The India Cements Limited 3. Tractors and Farm Equipment Limited 4. The Andhra Pradesh Paper Mills Limited 5. Amco Batteries Limited 6. The United Nigiri Tea Estates Company Limited 7. GATI Limited 8. Ador Fontech Limited 9. Tafe Motors and Tractors Limited 10. Essar Shipping Limited 11. McDowell Holdings Limited 12. UB Engineering Limited 13. Redington (India) Limited 14. India Cements Capital & Finance Limited
6.	Memberships/Chairmanships of Committees of other public Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)			Dr.Reddy's Lab (Audit Committee)	<p>Committee Member in Nine Companies</p> <p>Committee chairman in five Companies</p>
7.	No. of Shares held in the Company		50		

Directors' Report

Dear Members,

Your Directors present the 96th Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2008.

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

1. Financial Highlights

(Rs '000)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Total Income	925,946	1,109,894
Expenditure	833,858	823,233
Gross Profit	92,088	286,661
Taxation	33,783	22,522
Profit after Tax	58,305	264,139
Revaluation Reserve no longer required	92,404	227,000
Profit for the year	150,709	491,139

The Board of Directors of the Company and the Subsidiary Beacon Industries & Pumps Limited (formerly Beacon Weir Limited) have approved a scheme of merger which has been filed before the High court of Madras. The effective date of the above merger is 1st April, 2007.

At the Court convened Meeting held on 4th August 2008, the Members of the Company have unanimously approved the said scheme of merger. Likewise the merger of the scheme has been unanimously approved by the members of the Transferor Company viz. Beacon Industries & Pumps Limited. The Directors of the Company believe that the approval of the above merger by the High Court of Madras will be given in the near future.

With a view to reflect the true state of affairs, the Financials and the Assets and Liabilities of the Transferor Company have been considered in the accounts of the Company for the year.

The financials for the year stated above includes the figures of Transferor Company and hence the figures of the current year are not comparable with those of the previous year.

As the profit for the year is less than the accumulated losses of the earlier years, your Directors are unable to recommend a dividend for the year ended 31st March 2008.

As in the previous year, abridged annual accounts for the year ended 31st March 2008 are being circulated in accordance with the suggestion of SEBI. Detailed annual accounts would be made available on request on the date and venue of the Annual General Meeting.

Profit for the year under review includes profit of Rs.23.55 crore on sale of industrial land earlier converted into stock-in-trade. The transfer of Rs. 9.24 crore (Previous year Rs. 22.70 crore) from Revaluation Reserve indicated above relates to the above sale, which is no longer necessary. Expenditure for the year includes write off of Rs.1.14 crore arising from comprehensive review, of certain irrecoverable expenses on completed projects of earlier years.

2. Performance of various divisions of the Company

2.1 Beacon Industries & Pumps Limited (formerly known as Beacon Weir Limited) Transferor Company

IBeacon Industries & Pumps Limited (Transferor Company) has, during the financial year under review achieved a Sales turnover of Rs. 36.82 Crore and a profit after tax of Rs. 3.84 Crore. It has

secured prestigious orders for supply of high range pumps. The order book position continues to be healthy and the division is expected to perform well in the current year.

2.2 Chennai Foundry Unit

Chennai foundry achieved a record production of 309.46 MT of Iron Castings in the Month of February 2008, which is the highest production in the decade. This unit is able to get fresh orders and repeat orders from reputed customers. With the infusion of additional working capital and new machinery (being installed) and refurbishing of old machines, the unit is expected to increase production levels and generate increased revenues in the coming years.

2.3 Machinery Manufacturing Division

The Electrical Machine Factory has executed orders valued Rs.95 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 Precertification 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 and the unit was able to achieve a turnover of Rs. 1.47 Crore during the year.

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 also has reasonable orders in hand.

2.4 Fabrication Division

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

2.5 Bangalore Pump Factory

The Unit has been able to achieve a turnover of Rs. 3.58 Crore compared to Rs. 2.24 Crore in the previous year; with the reduced work force the Unit was able to perform well.

3. Fixed Deposits

No Fixed Deposits have been accepted by the Company. There was no outstanding deposits at the close of the financial year.

4. Accounts of Subsidiary Companies

Your Company has applied for 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 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.

5. Subsidiary Companies

5.1 Best & Crompton Engineering Projects Limited

The Company like in the past years has been able to get patronage from Railways, SEB and Power Grid Corporation Limited.

The Company was able to achieve Rs.79.55 Crores turnover resulting in profit after tax of Rs.50.47 lakh. The Company has been able to

win good number of projects against stiff market competition from Power Grid Corporation Ltd and Indian Railways. Hence, the outlook for the current year is bright.

5.2 Best & Crompton Apparels Limited

This Subsidiary has achieved financial closure with the Bankers during the financial year and trial production on a limited scale has since commenced.

5.3 The various other subsidiaries formed for specific industrial activities are in the process of setting up the necessary infrastructure and financial closure with lending institutions and have not commenced commercial operations.

These subsidiaries are : Best Land Realty Limited, Best & Crompton Infratech Limited, Best & Crompton Infratech (Ambattur) Limited, Nellai Steel India Limited, Best Crompton EU Energy Limited, Bestai Precast Buildings Limited, Best & Crompton Global Electronic Solutions Limited, B&C Machinery Limited, Best & Crompton Textiles & Apparels Limited, and Best & Crompton Electric Limited.

6. Directors

M/s A.V. Srinivasan, A. Kumaresan and F.P. Carlos resigned from the Board of Directors during the year.

Your Directors place on record their appreciation for the services rendered by Mr. A. Kumaresan, Mr. A. V. Srinivasan and Mr. F. P. Carlos during their tenure as Directors of your Company .

M/s V. Ananthakrishnan and P.P. Sukumaran have been inducted as Directors of your Company and appointed as Whole Time Directors.

Mr. S. V. Venkatesan has been appointed by the Board of Directors of the Company as Non Executive Chairman of the Company.

Mr. P.N. Devarajan and Mr N. Srinivasan retire by Rotation and being eligible offer themselves for re-election.

7. Directors' Responsibility Statement

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

- i) that in the preparation of the Accounts for the financial period from April 1, 2007 to March 31, 2008, 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 judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the Profit or Loss of the Company for the financial period 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 safe guarding the assets of the Company and for preventing fraud and other irregularities and
- iv) that the Directors prepared the accounts for the financial period from April 1, 2007 to March 31, 2008 on a "going concern" basis.

8. Audit Committee

Pursuant to the requirements of Section 292 A of the Companies Act, 1956 and the Listing Agreement entered into with the Stock Exchanges,

the Audit Committee reconstituted with effect from January 31, 2007 comprises of the following Directors:-

Mr. S. V. Venkatesan Chairman

Mr. P. N. Devarajan Member

Mr. V. Srinivasan Member

The Committee acts in accordance with the terms of reference stipulated under the Companies Act and the listing agreement.

9. 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 the Annual Report for the financial year ended March 31, 2008. The Management Discussion and Analysis Report is also enclosed.

10. Auditors

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

11. Personnel

Your Company has successfully implemented the well defined progressive HR Policy under review and has been able to attract the good talent for its operations as well as for its subsidiaries.

Particulars of Employees

The information required under Section 217(2A) of the Companies Act 1956 and the Rules made thereunder is provided in the Annexure forming part of the Report.

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

There is no material development to report relating to conservation of Energy, Research & Development and Technology Absorption, as required under Section 217 (1) (e) of the Companies Act, 1956. Information pertaining to Foreign Exchange outgo and earnings is as contained in Item No. 10 and 11 of Schedule 13 of the Notes on Accounts respectively.

13. Acknowledgement

Your Directors place on record their gratitude to the shareholders of the Company who have extended their support for the restructuring and development of the Company. Your Directors also place on record their appreciation for the continued co-operation and assistance extended to the Company by the employees. The Board also places on record its appreciation to the Bankers to the Company and its Subsidiaries for their continued support. The Board acknowledges gratefully the confidence reposed in the Company by its various customers and business partners.

Your Directors express their appreciation of the co-operation and assistance extended by the Central Government and the State Governments and the various Governmental Agencies.

For and on behalf of
the Board of Directors

Chennai
August 18, 2008

S.V. VENKATESAN
Chairman