



**Best & Crompton**

# **Best & Crompton Engg. Limited**

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**97th Annual Report  
2008-09**



# Best & Crompton Engg. Limited

## DIRECTORS

Mr. S.V. Venkatesan, Chairman  
 Mr. N. Srinivasan  
 Mr. A. Annamalai  
 Mr. K.Prakash, Whole Time Director

## AUDITORS

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

## COMPANY SECRETARY

Mr. V.P. Thirumoorthy

## BANKERS FOR THE COMPANY & GROUP

State Bank of Bikaner & Jaipur  
 State Bank of Mysore  
 State Bank of Indore  
 Oriental Bank of Commerce  
 Federal Bank Limited  
 IDBI Bank  
 Canara Bank  
 Bank of India  
 Central Bank of India  
 Lakshmi Vilas Bank Limited  
 Dena Bank

## REGISTERED OFFICE :

28, Industrial Estate (North), Ambattur,  
 Chennai - 600 098.  
 Phone Nos. 91 044 30514600  
 Fax No. 91 044 26257059

## CORPORATE OFFICE:

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

## REGIONAL OFFICE:

205, SkyLine House, (2nd Floor)  
 Nehru Place,  
 New Delhi - 110 019.  
 A-15, 3rd Floor,  
 Common Wealth Society,  
 V.P. Road,  
 Andheri (West), Mumbai - 400 058.  
 P3, Suharwady Avenue  
 2nd Floor, Kolkata - 700 017.

## WORKS:

28, Industrial Estate (North),  
 Ambattur, Chennai - 600 098.  
 28 A, Industrial Estate (North),  
 Ambattur, Chennai - 600 098.  
 28 C, Industrial Estate (North),  
 Ambattur, Chennai - 600 098..  
 MM Industrial Estate,  
 Yedyur, Bangalore - 560 082.

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## CONTENTS

	Page No.
Notice of Annual General Meeting	3
Directors' Report	7
Report on Corporate Governance	11
Management Discussion and Analysis Report	15
Auditors' Report	16
Abridged Balance Sheet	18
Abridged Profit and Loss Account	19
Notes to the Abridged Accounts	20
Abridged Consolidated Financial Statements	27



## 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 Seventh Annual General Meeting of the Members of the Company will be held on Wednesday, December 23, 2009 at 2.00 P.M. at Hotel Park View, 125, Valluvarkottam High Road, Chennai - 600034 to transact the following business:-

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2009, the Profit and Loss Account for the year ended March 31, 2009 and the Report of the Directors and the Auditors thereon
2. To appoint a Director in place of Mr. S.V. Venkatesan, 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 2009-2010 and fix their remuneration  
The retiring Auditors, M/s CNGSN & Associates, Chartered Accountants, Chennai are eligible for re-appointment.

#### SPECIAL BUSINESS

##### ORDINARY RESOLUTION

5. To appoint Mr. A. Annamalai, as Director, subject to retirement by rotation.
6. To appoint Mr. K. Prakash, as Director, subject to retirement by rotation.

##### SPECIAL RESOLUTION

7. To appoint Mr. K. Prakash as Whole Time Director

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

"Resolved that pursuant to the provisions of Sections 198, 269, and 309 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. K. Prakash as Whole Time Director for a period of three years with effect from January 7, 2009 on the terms and conditions, as detailed in the Explanatory Statement annexed to this Notice."

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

Chennai  
November 17, 2009

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. THE PROXY IS NOT ENTITLED TO VOTE EXCEPT ON POLL. THE PROXY SHALL NOT BE ENTITLED TO SPEAK AT THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business under items 5 to 7 set out above and details, as required in the Listing Agreement with the Stock Exchanges, in respect of Directors seeking appointment / reappointment 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, Chennai and Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the year 2009 - 2010 to both the aforesaid Stock Exchanges.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from December 19, 2009 to December 23, 2009 (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:-  
M/s. Integrated Enterprises (India) Limited  
II Floor, Kences Towers,  
No.1, Ramakrishna Street,  
T.Nagar, Chennai - 600 017  
e.nail : corpserve@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.  
(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.

## Consolidated Financial Statements

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

## For Item No 5

Mr. A. Annamalai is a Commerce Graduate and Post Graduate in Accounts from California State University.

He is an entrepreneur with diligence and perseverance and financier, having promoted Companies across many Countries particularly in Hongkong and Dubai.

The Board feels that his appointment as a Director would be in the best interest of the Company.

Notice has been received from a Member proposing his candidature for being appointed as a Director under Section 257 of the Companies Act 1956.

## For Item No 6 &amp; 7

1. Mr. K. Prakash was appointed as Additional Director of the Company. As per the provisions of Section 260 of the Companies Act, 1956, he holds office only upto the date of the forthcoming Annual General Meeting. The Company has received Notice from a Member under Section 257 of the Act proposing his appointment as a Director of the Company along with a requisite deposit.
2. Mr. K. Prakash has been appointed as Whole Time Director for three years effective from January 7, 2009 pursuant to Section 269 of the Companies Act 1956 and designated as Executive Director - Finance and redesignated as Whole Time Director effective from July 24, 2009. Your Company has obtained the approval from Central Government for appointment and payment of remuneration to Mr. K. Prakash from 7.1.2009 till the ensuing Annual General Meeting; the Government has advised to furnish Members' Resolution; therefore, the approval of remuneration for the remaining period of his term is to be obtained from the Government. The resolution is to seek the approval of the Members both for his appointment as a Director and his remuneration as a Whole Time Director.

3. The particulars of Remuneration to Mr. K. Prakash are detailed hereunder:-

## (i) Salary:

Rs 1,75,000 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 4,000/- 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 calculated 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. K. Prakash 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. K. Prakash.

4. The Profile relating to the persons proposed to be appointed / reappointed as Directors has 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. Notices have been received from the Members under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. S.V. Venkatesan and Mr. N. Srinivasan for appointment as Directors.
5. Each of the Directors may be deemed to be interested in the Resolution relating to his appointment. The Board of Directors accordingly commend the Resolutions set out at Items 2, 3, 5, 6 and 7 of the accompanying Notice for your approval.

## 6. 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  
November 17, 2009

V.P. THIRUMOORTHY  
Company Secretary

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

Sl. No.	Particulars	Mr. S.V. Venkatesan	Mr. N. Srinivasan	Mr. K. Prakash	Mr. A. Annamalai
1.	Date of Appointment	31.01.2007	31.01.2007	07.01.2009	17.11.2009
2.	Qualifications	B.Com. CAIIB	B.Com. F.C.A	F.C.A	B.Com. Post Graduate in Accounts from California State University, USA
	Expertise	Finance and Banking	Corporate Governance and Audit	Financial Management	Banking and Industry
3.	Experience in functional area	<p>Mr. S.V. Venkatesan is a gold medalist in Commerce from Madras University. His career with State Bank of India, the largest commercial Bank in India, spanned for 24 years; he held important responsibilities in India and abroad. He was part of the team that set up the offshore Banking Branch of SBI at Singapore in 1977 and had a wide international exposure for about 7 years. He was associated with the committee appointed by the Bank to aid in the formulation of Corporate credit policies. In 1986, Mr.S.V. Venkatesan joined the Essar Group as the Financial Controller and is now on the Board of various Group companies. He spearheads the financial function for the entire 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. He was also responsible for drafting and implementing the financial policies for FOREX Management.</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 &amp; Ross and Deloitte Haskins &amp; 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 &amp; Industry, Indo American Chamber of Commerce, Deputy President of Assocham, Delhi and President of Madras Management Association.</p>	<p>Mr. K. Prakash is a Chartered Accountant with 30 years of experience in various companies in India &amp; Abroad. His experience spread over core industries including Banking, Information Technology, Textiles &amp; Garments. He has worked with Union Bank of India, Kothari Group, Thakral Kogar Group, Singapore, Mascon Global Limited and Fabindia.</p>	<p>Mr. A. Annamalai is an entrepreneur and financier, having promoted companies, as well as managing a score of companies in diversified business fields across many countries, particularly in Hongkong and Dubai.</p> <p>He has experience in diverse fields like manufacturing, software, trading, business, stock broking and education.</p> <p>He is the Vice Chairman and Managing Director of Vishnuraam Textiles Limited, Trichy.</p>

## Consolidated Financial Statements

Sl. No.	Particulars	Mr. S.V. Venkatesan	Mr. N. Srinivasan	Mr. K. Prakash	Mr. A. Annamalai
4.	Directorships held in other Public Companies	<ol style="list-style-type: none"> <li>1. Essar Investments Limited</li> <li>2. Essar Steel Limited</li> <li>3. India Securities Limited</li> <li>4. Essar Constructions (India) Ltd</li> <li>5. Lanco Holdings Limited</li> <li>6. Essar Teleholdings Limited</li> <li>7. Essar Information Technology Limited</li> <li>8. Asia Motor Works Limited</li> <li>9. Essar Power Gujarat Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. United Breweries (Holdings) Limited</li> <li>2. McDowell Holdings Limited</li> <li>3. UB Engineering Limited</li> <li>4. Tractors and Farm Equipment Limited</li> <li>5. The India Cements Limited</li> <li>6. Redington (India) Limited</li> <li>7. Amco Batteries Limited</li> <li>8. The United Nilgiri Tea Estates Company Limited</li> <li>9. GATI Limited</li> <li>10. Ador Fontech Limited</li> <li>11. Tafe Motors and Tractors Limited</li> <li>12. Essar Shipping Ports and Logistics Limited</li> <li>13. The India Cements Capital Limited</li> <li>14. The Andhra Pradesh Paper Mills Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Best Land Realty Limited</li> <li>2. Best &amp; Crompton Textiles &amp; Apparels Limited</li> <li>3. Best &amp; Crompton Infratech (Ambattur) Limited</li> <li>4. Best &amp; Crompton Global Electronic Solutions Limited</li> <li>5. Bestal Precast Buildings Limited</li> <li>6. B &amp; C Machinery Limited</li> <li>7. Best &amp; Crompton Electric Limited</li> <li>8. Best &amp; Crompton Engineering Projects Limited</li> <li>9. Beacon Pumps (India) Limited</li> <li>10. B &amp; C Tech-Services Limited</li> </ol>	—
5.	Memberships/Chairmanships of Committees of other public Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	<p>Committee Member in Seven Companies</p> <p>Committee Chairman in Three Companies</p>	<p>Committee Member in Nine Companies</p> <p>Committee Chairman in Five Companies</p>	NIL	—
6.	No. of Shares held in the Company	20,000	—	—	—



## Directors' Report

Dear Members,

Your Directors present the 97<sup>th</sup> Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2009.

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

### 1. Financial Highlights

(Rs'000)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Total Income	1,735,702	925,946
Expenditure	1,303,270	833,858
<b>Gross Profit</b>	<b>432,432</b>	92,088
Taxation	187,799	33,783
Profit after Tax	244,633	58,305
Revaluation Reserve no longer required	314,776	92,404
Profit for the year	559,409	150,709

The Board of Directors of your Company and the Wholly Owned Subsidiaries, namely, Best & Crompton Infratech Limited, Best & Crompton Infratech (Ambattur) Limited, Best Crompton EU Energy Limited, Best Land Realty Limited, Best & Crompton Electric Limited, Nellai Steel India Limited and Best & Crompton Textiles and Apparels Limited have approved a Scheme of Merger, which has been filed in the Hon'ble High Court of Madras. The effective date of the above Merger is 1<sup>st</sup> April 2008. It is expected, based on the views of Counsel that the High Court of Madras would approve the Scheme of Merger before the end of the current Financial Year.

With a view to reflect the true state of affairs and the intention of the Board the Financials and the Assets and Liabilities of the Transferor Companies have been considered in the Accounts of the Company for the year in anticipation of Court's Sanction to the Merger.

The financials for the year stated above includes the figures of the Transferor Companies, 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 any dividend for the year ended March 31, 2009.

As in the previous year, abridged annual accounts for the year ended March 31, 2009 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.

### 2. Performance of various Divisions of the Company

#### 2.1 Pump Division

Pump Division has, during the financial year under review, recorded a sales turnover of Rs. 3285 Lakhs and a profit before tax of Rs 108 Lakhs. The lower profitability was due to increase in raw material cost. The order book position continues to be comfortable and the division is expected to perform better in the current year.

#### 2.2 Chennai Foundry

The Foundry operations was adversely affected by the intermittent power cuts imposed by the TNEB coupled with the recession in the automotive sector on which the foundry is largely dependent. With the improvement in power supply and the revival of the automotive sector, the unit is expected to increase production levels and generate increased revenue in the coming years.

#### 2.3 Machinery Manufacturing Division

The electrical machine factory has bagged repeat orders from the railways for making 4.5 Kw and 25 Kw alternators. The unit also manufactured sub assemblies like spindle motors and servomotors needed for the gantry machines and also developed DC motors required for the pump division. The factory has received the ISO 9001-2000 certification and this will ensure continuous business from the Railways.

Plug and Socket & Power Line Accessories Unit performed well during the year and achieved a turnover of Rs. 198 Lakhs. As the Power Sector is on the growth path, the performance of this unit is expected to improve substantially over the coming years.

#### 2.4 Fabrication Division

The division has met the in-house fabrication requirements of the Pump division. It has also undertaken development jobs like Prestressed Cement Concrete (PCC) bed, and sub-assembly of Gantry machine to meet the requirement of New Business Verticals. It is expected that the division will be able to achieve optimum levels of production in the next two years.

#### 2.5 Bangalore Pump Factory

The unit has been able to achieve a turnover of Rs. 328 Lakhs. The division has taken on the manufacture of 1Kw, 3Kw and 5Kw monoblock pumps which would enable the unit to increase its turnover and profitability in the coming years

### 3. Fixed Deposits

No Fixed Deposits have been accepted by the Company. There were 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

During the period under review, the total Income and Profit after Tax was Rs.7573.53 Lakhs and Rs.55.80 Lakhs, respectively.

The Company has been successfully awarded prestigious orders from Haryana Vidyut Prasar Nigam Limited, Power Grid Corporation of India Limited and Rail Vikas Nigam Limited. Despite the economic slow down, the order book position is encouraging.

#### 5.2 Best & Crompton Apparels Limited

The Company has firm orders from reputed sports wear companies. Further orders are being explored; however, due to the global recession there has been a perceptible slow down in firm orders being placed. With the markets slowly reviving, it is expected that the Company's performance will substantially improve and will earn profit over the next few years as the future potential is promising.

## Consolidated Financial Statements

### 5.3 B&C Machinery Limited

The Subsidiary has achieved financial closure with the Bankers and with the transfer of 34.45 Acres of Land from your Company at Sriperumbudur; this subsidiary is establishing its Manufacturing facility. The Construction activity is in progress.

### 5.4 Bestai Precast Buildings Limited

The Construction activity of the factory is in an advanced stage and the Company has imported certain special machineries and trial production is expected shortly.

### 5.5 Best & Crompton Global Electronic Solutions Limited

The funding of the project and the financial closure is expected to materialize in the next few months.

The Lines of business and manufacturing are being reviewed and focus is on Energy Efficient Lighting and display products.

### 5.6 B&C Forgings & Pumps Limited

Techno-Economic feasibility study has been undertaken to establish Forging Unit.

### 5.7 B&C Tech. Services Limited

Efforts are being taken to improve the lines of business activity and also procure orders to strengthen the financials of the Company. The Company is also rationalizing the manpower requirements to ensure optimum utilization of the manpower to achieve better returns.

### 5.8. The Scheme of Merger of the erstwhile wholly Owned Subsidiary, Beacon Industries and Pumps Limited with the Company effective from April 01, 2007 was sanctioned by Madras High Court on October 20, 2008.

## 6. Directors

Mr. P.N. Devarajan, Mr. F.P. Carlos, Mr. V. Ananathakrishnan, Mr. P.P. Sukumaran and Mr. V. Srinivasan resigned from the Board of Directors during the year. Your Directors place on record their appreciation for the services rendered by them during their tenure as Directors of your Company.

Mr. K.Prakash has been appointed as Additional Director and as Whole Time Director. He would retire at the ensuing Annual General Meeting and it is proposed to appoint him as a Director for which a notice has been received from a Member.

Mr. T.L.Guru Vijendran has been appointed as Additional Director in place of Mr. V. Srinivasan. He has not opted for appointment as Director.

Mr. G.S. Mamik resigned from the Board of Director with effect from November 17, 2009.

Mr. A. Annamalai has been appointed as Additional Director with effect from November 17, 2009.

Mr. S.V. Venkatesan 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 212(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:-

- i) that in preparation of the Accounts for the financial year from April 1, 2008 to March 31,2009 ,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 year and of the Profit or Loss of the Company for the financial year under review;

- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting standards 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 year from April 1,2008 to March 31,2009 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, during the year the Audit Committee comprised of the following Directors:-

Mr. S. V. Venkatesan – Chairman

Mr. G.S. Mamik – Member

Mr. T.L. Guru Vijendran – Member

## 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 31,2009. 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 re-appointment for the current year.

With regard to audit observation of consolidating the financials of subsidiaries with those of the Company before formal sanction of the Scheme of Merger by the Madras High Court, necessary explanation has been made both in the Financial Notes to the Annual Accounts as well as in the earlier part of the Directors' Report. Regarding unconfirmed loans and advances efforts are made to obtain Confirmation and in the opinion of the Board the amounts are presently considered good and recoverable.

## 11. Personnel

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 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 Note No. 13 and 14 of Schedule 13 of the Notes on Accounts respectively.

**13. Acknowledgment**

The Board places on record its appreciation to the Bankers to the Company and its Subsidiaries for their continued support. The Board also places on record its appreciation for the guidance and support extended by host of consultants and advisors. The Board acknowledges gratefully the continuing relationship with 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.

The forbearance, and support of shareholders and the co-operation of employees are gratefully acknowledged.

For and on behalf of  
the Board of Directors

Chennai  
November 17, 2009

**S.V. VENKATESAN.**  
*Chairman*

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