



# Best & Crompton Engg. Limited

**98th Annual Report  
2009-10**

# 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

## **REGISTERED OFFICE :**

28, Industrial Estate (North), Ambattur,  
Chennai - 600 098.  
Phone Nos. 91 044 30514600  
Fax No. 91 044 26257059  
Fax No. 044 3051 4609

## **CORPORATE OFFICE:**

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

## **REGIONAL OFFICES:**

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.  
46/B, Rafi Ahmed Kidwai Road,  
5th Floor, P.S. Park Street,  
Kolkatta - 700 016

## **BANKERS**

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

## **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,  
Yediyur, 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 Eighth Annual General Meeting of the Members of the Company will be held on Monday, December 20, 2010 at 10.00 A.M. at Sri Thyaga Brahma Gana Sabha, Vani Mahal, (Obul Reddy Hall), 103, G.N. Chetty Road, T. Nagar, Chennai - 600 017 to transact the following business:-

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended March 31, 2010 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. N. Srinivasan, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the financial year 2010-2011 and fix their remuneration  
The retiring Auditors, M/s. CNGSN & Associates, Chartered Accountants, Chennai, are eligible for re-appointment.

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

Chennai  
November 13, 2010

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 Statement furnishing details, as required in the Listing Agreement with the Stock Exchanges, in respect of Director seeking re-appointment at this Annual General Meeting is 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 Madras Stock Exchange Limited, Chennai and Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fee for the year 2010-2011 to the aforesaid Stock Exchanges.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from December 13, 2010 to December 20, 2010 (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.mail : corpsew@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 slips 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. None of the Directors, except Mr. N. Srinivasan, is interested in the Resolution No. 2 of this Notice. The Directors commend this Resolution for approval.
13. 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 13, 2010

V.P. THIRUMOORTHY  
Company Secretary

**Profile of Director seeking Re-appointment at this Annual General Meeting**

Sl. No.	Particulars	
1.	Name	Mr. N. Srinivasan
2.	Date of Appointment	23.12.2009
3.	Qualifications	B. Com., F.C.A.
4.	Expertise	Corporate Governance and Audit
5.	Experience in functional area	<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>

## Directors' Report

Dear Members,

Your Directors present the 98th Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2010.

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

### 1. Financial Highlights

(Rs'000)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Total Income	641,274	1,735,702
Expenditure	608,460	1,303,270
<b>Gross Profit</b>	<b>32,814</b>	432,432
Taxation	20,526	187,799
Profit after Tax	12,288	244,633
Revaluation Reserve no longer required	–	314,776
Profit for the year	12,288	559,409

As the profit for the year could not absorb the accumulated losses of the earlier years, your Directors are unable to recommend any dividend for the year ended March 31, 2010.

As in the previous year, abridged standalone and consolidated annual accounts for the year ended March 31, 2010 are being circulated in accordance with the suggestion of SEBI. Detailed annual accounts would be made available on request and also at the venue of the Annual General Meeting.

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

#### 2.1 Pump Division - Chennai

Pump Division has achieved a growth of over 1.5% in net sales over the last year to reach Rs.38.93 Crore. The Company continues to be a preferred supplier of pumps to the Indian Navy. The Company was able to secure prestigious orders from the Indian Navy for supply of pumps for their submarine and Aircraft Carriers. The Company continues to serve municipal corporations, water and sewerage boards of India and has made significant in-roads in supply of pumps to waste water segment. The order book position continues to be healthy and the division is expected to perform well in the current year. The Pump Division also received ISO 9001: 2008 certification from Lloyds Registrar of Quality Assurance.

#### 2.2 Pump Factory - Bangalore

The Unit has achieved a growth of over 10% in net sales over the last year to reach Rs.3.65 Crore. The division has commenced manufacture of 1Kw, 3Kw and 5Kw Monoblock pumps, which is expected to increase the turnover and profitability of the Company.

#### 2.3 Chennai Foundry

The Foundry operations was adversely affected by the power cuts imposed by the Tamil Nadu Electricity Board and also because of the slump in the automotive industry, which is a major sector the foundry is catering to. The diversification strategy of making Non Ferrous casting in the foundry has paid off and the Company was successful in producing pump casting needed to meet the in-house requirement of the pump division. It is expected to secure orders for non ferrous casting from the outside industry. With the improvement in power supply scenario and the bounce back of the automotive sector, the unit is expected to increase production levels and generate increased revenue.

#### 2.4 Machinery Manufacturing Division

The electrical machine factory has secured repeat orders from the railways for making 4.5 Kw and 25 Kw alternators. The unit also manufactured subassemblies like spindle motors and servo motors needed for the gantry machines. The factory has received the ISO 9001-2008 certification and this will ensure continuous business with the Railways.

Plug and Socket Unit performed well during the year and achieved a turnover of Rs.1.99 Crore. As the Power Sector unit is on the growth path, the performance of this unit is expected to improve.

#### 2.5 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 Bed and sub-assembly of Gantry machine to meet the requirements of New Business Verticals. It is expected that the division will be able to achieve optimum levels of production.

#### 3. Fixed Deposits

No Fixed Deposits have been accepted by the Company. There was no outstanding deposit 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

Your Directors are pleased to inform that the Hon'ble High Court of Madras has, by its Order dated April 13, 2010, sanctioned the Scheme of Merger of the seven 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 & Apparels Limited with your Company. Consequent upon the Merger in terms of the orders of the Hon'ble High Court these Wholly Owned Subsidiaries stood dissolved without being wound up. The Effective Date of the Merger is April 1, 2008. The accounts of those erstwhile subsidiary companies have been merged with the accounts of your Company with effect from 1.4.2008.

##### 5.1 Best & Crompton Engineering Projects Limited

The Company had decided to exit out of the contracting business as a whole, in view of the continued down trend in the performance of the Wholly Owned Subsidiary, Best & Crompton Engineering Projects Limited and accordingly has disinvested its entire Equity Shareholding in the said Wholly Owned Subsidiary. The Disinvestment was effected in the year now current.

##### 5.2 Best & Crompton Apparels Limited

This Subsidiary has established a strong net work of reputed customers; however, the cascading effect of global melt down made it difficult to capitalise on this; the volatility in yarn prices and forex market especially

in US dollar and Euro added to the woes of this Subsidiary; with the markets showing signs of recovery, it is expected that the performance would improve in the current year.

### 5.3 B&C Machinery Limited

The Civil and Electrical works are in progress. Imported machines and Radial Drill Machines along with other machineries are in the process of being installed.

### 5.4 Bestai Precast Buildings Limited

The Company is in the process of trial run of its products with commercial production slated in the third quarter of 2010.

### 5.5 Best & Crompton Green Tech Limited

The Lines of business and manufacturing are being reviewed and focus is on Energy Efficient Lighting and display products, which have a growing market. The new line of activity will be in addition to the contract manufacturing services. To reflect the new line of activity, the subsidiary's name has been changed from Best & Crompton Global Electronic Solutions Limited to Best & Crompton Green Tech Limited with effect from March 25, 2010.

### 5.6 B & C Foundry Limited

The Subsidiary's name has been changed from B & C Forgings & Pumps Limited to B & C Foundry Limited with effect from January 25, 2010, to reflect the proposed line of business.

### 5.7 B&C Tech. Services Limited

During the year under review, this subsidiary has, despite financial constraints and high attrition level of manpower, been able to achieve a modest turn over of Rs.90 Lakhs from Engineering and Training services.

Various options are being explored to revive the Company to enable it to capitalize on the growing business opportunities.

### 6. Directors

Mr. N. Srinivasan retires by rotation and being eligible offers himself for re-appointment.

### 7. 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 preparation of the Accounts for the financial year from April 1, 2009 to March 31, 2010, 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 year from April 1, 2009 to March 31, 2010 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 Committee was reconstituted during the year and comprised of the following Directors:-

Mr. S. V. Venkatesan	-	Chairman
Mr. A. Annamalai	-	Member
Mr. G. S. Mamik	-	Member upto 17.11.2009
Mr. T.L. Guru Vijendran	-	Member upto 17.11.2009

### 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, 2010. 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 reference to the observations in the Audit Report on overdue advances, the relevant financial note no. 7 on the accounts is self explanatory.

### 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 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 Earnings and Outgo are as contained in Item No.14 and 13 of Schedule 14 - 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 13, 2010

**S.V. VENKATESAN**  
Chairman

**INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2010.**

Sl. no.	Name	Age	Qualification	Designation	Date of Commencement of Employment	Experience (Years)	Remuneration Rs.	Particulars of Last Employment, Employer, Designation
<b>FOR FULL YEAR</b>								
1.	K. Prakash	56	FCA	Whole Time Director	24.08.2006	29	7666981	CFO - Fab India Overseas (P) Ltd.
2.	R. Sharan	44	B.Sc., MBA	V.P - Corporate Administration	01.07.2006	22	4722230	Bharat Travels, Chennai Jagat Tours & Travels, Jakarta Texmaco, Indonesia
3.	B.Srinivas	45	M.Tech.	Chief Product Technology (Machinery)	06.12.2006	23	5102638	Senior Manager, PT Texmaco Perkasa Engineering, Indonesia
4.	G.Ravishankar	50	M.E.	Chief Product Technology (Electrical)	06.12.2006	23	5102638	Senior Manager, PT Texmaco Perkasa Engineering, Indonesia
5.	S.Sundaresan	54	B.Com, A.C.A, A.C.S	V.P.Finance	01.02.2007	30	2450013	V.P, Finance Sundaram Industries Ltd
6.	M.K.Muralidharan	47	M.Tech	V.P.Operations	16.05.2007	24	3973773	G.M.Business Development Shelax.Wind Tech
<b>FOR PART OF THE YEAR</b>								
7.	Krishna Kumar Bakshi	60	B.E. M.M.S	President Machinery Project	02.06.2008	35	2850443	BorgWarner TEC India
8.	P.P. Sukumaran	55	B.Sc., MSSW	ED-Business Operations	07.01.2008	33	630167	GMR Group
9.	S.Prasad	58	B.Tech, M.B.A.	President Electronics	13.06.2008	35	4225928	Executive Vice President Harita TVS Technologies Ltd
10.	Gopal Krishna Upadhyay	63	B.E. Mechanical	Sr.V.P. Power	11.02.2008	40	1001462	Essar Power
11.	Santanu Kumar Daspatnaik	67	B.Sc., Mechanical, FIE	President-Power Projects	21.01.2008	44	1211048	President, Essar Energy
12.	K. Sivakumar	40	M.E. M.B.A.	G.M.Electronics	10.01.2007	15	1830387	Investment Analyst Orion Capital Singapore
13.	K. Chinnnayan	43	B.E. Civil	Associate V.P.	23.07.2008	20	2172225	Deputy project Manager Leighten Contractors India Ltd
14.	S. Arumugavelan	54	B.Com. A.C.A.	V.P. Accounts & Commercial	03.08.2009	28	1704358	Head Finance & Accounts P.T.Polysindo Eka Perkasa Tbk Indonesia
15.	Nalin.R.Khanna	52	B.Com. M.B.A.	Group Chief Executive Officer	17.11.2009	28	2083298	Consultant
16.	Alex Anburaj	40	B.E.	Vice President	18.11.2009	18	1103536	Consultant, Lakshya Strategic Consultants ( P ) Ltd

Note:- None of the above employees is a relative of any Director of the Company.

**S.V. VENKATESAN**  
Chairman

**V.P. THIRUMOORTHY**  
Company Secretary

**K. PRAKASH**  
Whole Time Director

Chennai  
November 13, 2010



## Report on Corporate Governance

### Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to -

- strictly comply with the Code of Business Conduct and Ethics adopted by the Company.
- fair and accurate presentation of Financial Statements.
- ensure, transparency and accountability in all its activities to fulfil its Corporate Responsibilities through prudent financial management backed up by sound business decisions.
- Commitment to enhancement of Shareholder value.
- be socially responsible

#### 1. Board of Directors

The strength of the Board was seven. The Board comprised of one Whole Time Director and six Non - Executive Directors. The present strength of the Board is four, comprising of one Whole Time Director and three Non Executive Directors and is as follows :-

1. Mr. S.V. Venkatesan Independent Non Executive Director and Non Executive Chairman
2. Mr. N. Srinivasan Independent Non Executive Director
3. Mr. Gurdeep Singh Mamik Independent Non Executive Director – Resigned with effect from 17.11.2009
4. Mr. T.L. Guru Vijendran Independent Non Executive Director – Resigned with effect from 17.11.2009
5. Mr. V. Ananthkrishnan Independent Non Executive Director – Resigned with effect from 24-7-2009
6. Mr. K. Prakash Whole Time Director
7. Mr. A. Annamalai Independent Non Executive Director – Appointed with effect from 17.11.2009

#### 2. Participation of each Director at the Board Meetings held during the year 2009 – 2010 (April 01, 2009 to March 31, 2010) and at the last Annual General Meeting and details of other Directorships

Seven Board Meetings were held during the year 2009 – 2010 (April 1, 2009 to March 31, 2010). The dates on which the Meetings of the Board were held are : 28-4-2009, 24-7-2009, 31-10-2009, 16-11-2009, 27-1-2010, 2-3-2010 and 29-3-2010.

The participation record and the details of Directorship/Membership of all the Directors during the year are as under :-

Name of the Director	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Companies (excluding Foreign Companies and Private Limited Companies)			Committee Membership in other Companies
			Director	Chairman	Member	
Mr. S. V. Venkatesan	7	yes	14	--	7	3
Mr. N. Srinivasan	7	yes	13	--	9	5
Mr. Gurdeep Singh Mamik	--	--	--	--	--	--
Mr. T.L.Guru Vijendran	4	--	--	--	--	--
Mr. V.Ananthkrishnan	1	--	--	--	--	--
Mr. K.Prakash	7	yes	6	--	--	--
Mr. A. Annamalai	1	--	1	--	--	--

#### 3. Remuneration to Directors

The Sitting Fee of Rs 5,000 is payable to the Directors for attending each of the Board Meeting and Audit Committee Meeting.

#### Disclosure regarding re-appointment / appointment of Directors

At the ensuing Annual General Meeting, Mr. N. Srinivasan retires by rotation and being eligible offers himself for re-appointment. The profile of Mr. N. Srinivasan is furnished in the Annexure to the Notice of the Annual General Meeting dated November 13, 2010.

#### 4. Audit Committee

The Board of Directors of the Company has reconstituted the Audit Committee with effect from 17-11- 2009, which comprises of the following Directors :-

Mr. S.V. Venkatesan	Chairman of the Committee
Mr. A. Annamalai	Member
Mr. G. S. Mamik	Member upto 17.11.2009
Mr. T.L. Guru Vijendran	Member upto 17.11.2009

Five Meetings were held during the year 2009 – 2010 (April 01, 2009 to March 31, 2010). The dates on which the Meetings of the Audit Committee were held are : 28-4-2009, 24-7-2009, 31-10-2009, 16-11-2009 and 27-1-2010.

#### 5. Share Transfer Committee

The Share Transfer Committee comprises of the following with effect from January 27, 2010:-

Mr. K. Prakash	Chairman
Mr. Nalin R Khannaa	Member

Mr. V. Ananthkrishnan and Mr. N. Srinivasan were members of the committee up to 24.07.2009 and 27-1-2010 respectively.

The Committee is authorised to approve the formalities relating to the Share Transfer Process.

During the year 2009-2010, 22 Meetings were held on the following dates and the transfer of shares was approved :- 15.4.2009, 30.4.2009, 15.5.2009, 30.5.2009, 15.6.2009, 15.7.2009, 24.7.2009, 17.8.2009, 15.9.2009, 30.9.2009, 15.10.2009, 31.10.2009, 16.11.2009, 30.11.2009, 18.12.2009, 31.12.2009, 18.1.2010, 29.1.2010, 15.2.2010, 26.2.2010, 15.3.2010 and 31.3.2010.

#### 6. Shareholders'/ Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee was reconstituted on July 24, 2009 with the following Directors :-

Mr. S.V. Venkatesan	Chairman of the Committee
Mr. K. Prakash	Member

The status of outstanding Investors' Complaints is reported to the Board every quarter.

The Shareholders' / Investors' Grievance Committee has been constituted to monitor the redressal of the Grievances of the Shareholders / Investors. The Website is [www.bestcrompton.com](http://www.bestcrompton.com) and the email ID is [investorsgrievance@bestcrompton.com](mailto:investorsgrievance@bestcrompton.com)

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

No Share Transfer was pending as on March 31, 2010.

During the year, the Company received seven complaints; out of these; one pertains to non receipt of Annual Report, one pertains to Issue of Duplicate Share Certificate, three pertain to Transfer of Shares and two pertain to Non Receipt of Share Certificates. All the grievances were redressed.

## 7. Remuneration and Compensation Committee

The Board of Directors has reconstituted the Remuneration and Compensation Committee with effect from April 28, 2009 comprising of the following Directors:-

Mr S.V.Venkatesan	Chairman
Mr.N.Srinivasan	Member
Mr.K.Prakash	Member

Mr. V. Ananthkrishnan was a Member of the Committee up to 24.07.2009.

During the year 2009 – 10, one Meeting was held on January 27, 2010.

## 8. Annual General Meetings

a) Last three Annual General Meetings were held as under:-

Financial Year	Date of Meeting & Time	Venue
2008 - 2009	23.12.2009 2.00 P.M.	Hotel Park View 125, Valluvarkottam High Road, Nungambakkam, Chennai - 600 034.
2007-2008	25.09.2008 10.00 A.M	Kasturi Srinivasan Hall (Mini Hall) MusicAcademy 168 ,T.T.K.Road, Royapettah, Chennai - 600 014
2006 - 2007	22.09.2007 11.00 A.M.	Rani Seethai Hall 603, Anna Salai, Chennai - 600 006.

b) Present Annual General Meeting

**Date : December 20, 2010**

**Day : Monday**

**Time : 10.00 A.M.**

**Venue : Sri Thyaga Brahma Gana Sabha,  
Vani Mahal (Obul Reddy Hall),  
103, G.N. Chetty Road, T. Nagar,  
Chennai - 600 017.**

### Postal Ballot

The provisions relating to Postal Ballot will be complied with as per the provisions of the Companies Act, 1956 as and when situation may arise. No Resolution was passed by Postal Ballot during the financial year 2009-10. Similarly, no business is required to be transacted through Postal Ballot at this Annual General Meeting.

## 9. Means of Communication

### Quarterly Results

The Quarterly Results are published in "News Today" (English) and "Maalai Sudar" (Tamil). The Quarterly Results are displayed on the Web site.

The Management Discussion and Analysis Report is enclosed.

### Financial Calendar:

Quarterly Results are proposed to be published in August 2010, November 2010, February 2011 and May 2011.

Date of Book Closure is from December 13, 2010 to December 20, 2010 (both days inclusive).

Listing : The Madras Stock Exchange Limited, Chennai (MSE) and Bombay Stock Exchange Limited, Mumbai (BSE).

**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
April 2009	40.75	24.60	11,492.10	9,546.29
May 2009	38.55	28.45	14,930.54	11,621.30
June 2009	35.30	23.50	15,600.30	14,016.95
July 2009	35.00	22.30	15,732.81	13,219.99
August 2009	44.55	31.20	16,002.46	14,684.45
September 2009	38.40	24.75	17,142.52	15,306.72
October 2009	25.60	14.10	17,493.17	15,805.20
November 2009	14.25	8.43	17,290.48	15,330.56
December 2009	15.17	8.41	17,530.94	16,577.78
January 2010	17.40	13.00	17,790.33	15,962.08
February 2010	19.15	12.05	16,699.25	15,651.99
March 2010	12.80	9.13	17,793.01	16,438.45

### Shareholding Pattern as on March 31, 2010

Category	No. of Shares held	% to paid up Capital
Promoters	81128794	65.51
Mutual Funds	24910	0.02
Banks, FIs, Insurance Companies	579750	0.47
Bodies Corporate	19303238	15.58
Resident Indian	6923773	5.59
NRI	335409	0.27
Foreign Companies	15400047	12.44
Others – (Clearing Members & Trust)	144594	0.12
<b>Total</b>	<b>123840515</b>	<b>100.00</b>

### Distribution of Shareholding as on March 31, 2010

Category of Shares	No. of Shareholders	% of Shareholders	Shares	% of Shares
Upto 5000	14317	84.30	2133196	1.72
5001 - 10000	1472	8.67	1213293	0.98
10001 - 20000	604	3.56	954343	0.77
20001 - 30000	190	1.12	494164	0.40
30001 - 40000	105	0.62	377315	0.30
40001 - 50000	93	0.55	406417	0.33
50001 - 100000	119	0.70	901648	0.73
100001 & above	82	0.48	117360139	94.77
<b>Total</b>	<b>16,982</b>	<b>100.00</b>	<b>123840515</b>	<b>100.00</b>

**Registrar and Transfer Agent**

Integrated Enterprises (India) Limited, Chennai, are the Registrar and Transfer Agent of the Company. All correspondence relating to Share Transfers and other allied matters may please be addressed to:

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  
Email : Corpseiv@iepindia.com

**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.

21.96 % of the Paid up Capital has been dematerialised as on March 31, 2010.

**Plant Location**

**Fabrication & Machinery Manufacturing Division**

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

**Foundry Division**

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

**Pump Division**

**Bangalore**

MM Industrial Estate,  
Yedyur, Bangalore - 560 082.

**Chennai**

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

**Address for Correspondence**

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

Tel : 044 30514600  
Fax : 044 26257059  
E-mail : investorsgrievance@bestcrompton.com  
Web : www.bestcrompton.com

For Best & Crompton Engg.Limited  
By order of the Board

Chennai  
November 13, 2010

**K. PRAKASH**  
Whole Time Director

**S.V. VENKATESAN**  
Chairman

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

### To the Board of Directors of Best & Crompton Engg. Limited

Dear Sirs,

#### Sub: CEO / CFO Certificate

#### (Issued in accordance with the provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with the cash flow statement of Best & Crompton Engg. Limited for the year ended March 31, 2010 and that to the best of our knowledge and belief, we state that :-

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that may be misleading;
- (ii) these statements together present a true and fair view of the company's affairs and are in compliance with the current accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee –
  - (i) No significant changes, if any, in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
  - (ii) No instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee.

For Best & Crompton Engg. Limited

Chennai  
November 13, 2010

**S. SUNDARESAN**  
Vice President - Finance

**K. PRAKASH**  
Whole Time Director

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## DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49 sub-clause 1 (D) of the Listing Agreement with the Stock Exchanges, we hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2010.

For BEST & CROMPTON ENGG. LIMITED

Chennai  
November 13, 2010

**K. PRAKASH**  
Whole Time Director

**S.V. VENKATESAN**  
Chairman

### Auditors' Certificate on Corporate Governance to the Members of Best & Crompton Engg. Limited

We have examined the compliance conditions of Corporate Governance by Best & Crompton Engg. Limited, for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.

The Company has maintained a register in which the investor(s) grievances are recorded with the date of disposal. On the basis of such register we note

that no investor grievance is pending for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For CNGSN & Associates  
Chartered Accountants  
(Firm Registration No. 004915S)

**C.N. GANGADARAN**  
Partner  
M. No: 11205

Chennai  
November 13, 2010

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## Management Discussion and Analysis Report

### Industry Structure and Development

The Company's Scheme of Merger of seven subsidiaries has been sanctioned by the Hon'ble High Court of Madras. Consequently, the activities of the merged entities will be carried on by the various divisions of the Company, after the viability for the products is examined before venturing any forays. The vertical, which was incorporated for manufacture and marketing of high end electronic goods could not commence operations due to the economic conditions. In view of the expanding demand for CFL Lighting systems and other allied products, it has been decided to manufacture these products in addition to certain products, which were earlier envisaged. To reflect the new product lines, the said vertical's name has been changed from "Best & Crompton Global Electronic Solutions Limited" to "Best & Crompton Green Tech Limited".

### Opportunities and Threats

The Company is in the process of finalizing the plans for improvement of its various operations especially the Foundry, Pumps and Machinery Divisions, which involve infusion of Capital and fund based support from the bankers. Once the plans are in place and the modernization of the foundry operations is completed, your company expects good returns on the investments.

Any change in Governmental policies and volatile market conditions coupled with the spiraling cost of raw-materials could affect the Company's plans, which could result in an unavoidable delay in the implementation of the plans and completion of the projects within the time schedule envisaged

resulting in a delay in the commencement of commercial production by the units.

### Internal Control System

The Company has over the years been maintaining adequate internal control systems, which are commensurate with the size of the operations being carried on both by the Company and its Subsidiaries.

### Financial Performance

This is covered in the Directors' Report

### Human Resources

The Company has rationalized the existing manpower and has evolved a HR Policy to motivate and retain the employees and ensure job satisfaction to them. The Company is also continuing to attract the best talent in the respective disciplines to utilize their expertise for the benefit of the organization.

For and on behalf of the Board of Directors

Chennai  
November 13, 2010

**K. PRAKASH**  
Whole Time Director

**S.V. VENKATESAN**  
Chairman

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## Report of the Auditors' to the Members of Best & Crompton Engg. Limited

We have audited the attached Balance Sheet of Best & Crompton Engg. Limited as at 31st March 2010, the Profit and Loss Account for the year ended 31st March 2010 and the Cash Flow Statement for the year ended 31st March 2010. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion..

- 1) As required by the Companies (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
- 3) In our opinion, the Profit and Loss Account, Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- 4) On the basis of the written representations received from the Directors as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010

from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

- 5) Attention is invited to the following :  
*Note no. 7 regarding non recovery / non confirmation of unsecured interest free loans and advances amounting to Rs 280 lacs considered by the management good and overdue as on 31st March 2010.*
6. The said accounts, in our opinion and to the best of our information and according to the explanations given to us and read together with the accounting policies and notes appearing in Schedule 14, give the information required by the Companies Act, 1956 in the manner so required and subject to para 5 above give a true and fair view and are in conformity with the accounting principles generally accepted in India:
  - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
  - ii. In the case of Profit and Loss Account, of Profit for the year ended on that date.
  - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 004915S)

C.N. GANGADARAN  
Partner  
M.No.11205

Place : Chennai  
Date : November 13, 2010

## Annexure to the Auditors' Report

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified during the year by the management and discrepancies, which arose upon the verification, have been appropriately dealt in the books.
- (b) Most of the assets have been physically verified by the management during the year. The Company has a phased programme of verification which in our opinion is reasonable having regard to the size of the Company. No material discrepancies have been noticed on such verification.
- (c) During the year the Company has disposed off substantial part of the fixed assets.
2. (a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (d) In our opinion and on the basis of our examination of the stock records, the valuation of the stocks is fair and proper and in accordance with normally accepted accounting principles.
3. The Company has certified that no transaction need to be entered in the Register maintained under Section 301 of the Companies Act 1956. Hence the question of loans given or received from such parties does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods and services.
5. (a) In our opinion and according to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (b) No transactions have been entered at a price exceeding the value of Rs 5,00,000 in respect of any one party.
6. The company has not accepted any fixed deposits from the public during the year and there are no outstanding fixed deposits.
7. In our opinion, the internal audit of the accounts of the company are carried out by external firm of Chartered Accountants. The internal audit scope and coverage are commensurate with the size of the company and the nature of its business.
8. We have been informed that Cost Audit is applicable to 2 units in the Pumps Division of the Company. The Cost audit is in progress.
9. (a) According to the records of the Company, Provident Fund, Employees State Insurance, Tax deducted at source and Service tax dues have been deposited with the appropriate authorities with slight delays in certain months.
- (b) The Undisputed sales tax liability amounting to Rs 1.32 crores were in arrears as on 31st March 2010 for a period of more than six months from the date they became payable. The amount relates to the periods 1984-85 to 2003-04.
- (c) The disputed statutory dues amounting to Rs. 27,271 thousands that have not been deposited on account of matters pending before appropriate authorities are as under.

S.No.	Particulars	Forum	Year	Amount Rs. (000')
1	Excise Duty	Commissioner of Excise	1998-99	86
2	Sales Tax	High Court, Tribunal, Additional Deputy Commissioner, Assistant Commissioner, Joint Commissioner, Additional Commissioner	1983-84 to 2003-04	19,130
3	Central Sales Tax	Tribunal, Additional Deputy Commissioner, Assistant Commissioner, Joint Commissioner, Additional Commissioner	1987-88 to 2001-02	8,055
		TOTAL		27,271

- Penalty on the above amounts is NIL
  - Amount paid under protest on the above disputes is Rs 8,244 thousands
10. The Company has accumulated losses as at 31st March 2010. The Company has not incurred cash losses in the current financial year and also in the immediately preceding financial period.
  11. The Company has no outstanding debentures. But however, there are amounts overdue to be transferred to Investor Education and Protection Fund to the tune of Rs 3.97 lakhs.
  12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
  14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of Companies (Auditors' Report) Order 2003, is not applicable.
  15. The company has given guarantees for Rs.3,860,550 thousands on behalf of its subsidiaries and another company.

16. According to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.

18. During the year the Company has not made any preferential allotment of shares to the parties and the companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4 (xviii) of Companies (Auditors Report) Order 2003 is not applicable.

19. On the basis of records and documents examined by us, there is no shortfall in the creation of security.

20. The Company has not raised any money through public issue during the year.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 004915S)

C.N. GANGADARAN  
Partner

Place: Chennai  
Date: November 13, 2010

M.No.11205



## Abridged Balance Sheet as at 31st March, 2010

		Current Year 31.03.2010	Rs. '000 Previous Year 31.03.2009
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds :</b>			
<b>Capital</b>			
Equity	1,238,405	1,238,405	
Preference	371,721	371,721	1,610,126
<b>Reserves and Surplus</b>			
Capital Redemption Reserve	1,200	1,200	
Share Premium Reserve	389,073	389,073	
Revaluation Reserve	389	389	
General Reserve	10,186	10,186	
		<b>400,848</b>	400,848
<b>2. Loan Funds</b>			
Secured Loans	71,129		282,583
Unsecured Loans	102,765	173,894	
		<b>2,184,868</b>	<b>2,293,557</b>
<b>Total of 1 and 2</b>			
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets :</b>			
Net block-(Original cost less depreciation)		357,629	507,183
<b>2. Investments</b>			
Investments in subsidiary Companies -			
Unquoted	1,474,434		677,346
Others -			
Unquoted	3,765	1,478,199	3,765
			681,111
<b>3. Current Assets, Loans and Advances :</b>			
Inventories	246,143		283,975
Sundry Debtors	262,150		239,326
Cash and bank balances	225,935		143,806
Other current assets	11,521		6,013
Loans and advances (Net of Provisions)			
To subsidiary companies	251,586		561,816
To others	373,057		537,249
	<b>A</b>	1,370,392	1,772,185
<b>Less : Current liabilities and provisions</b>			
Liabilities	843,888		405,732
Provisions	216,704		314,452
	<b>B</b>	1,060,592	720,184
<b>Net Current Assets (A-B)</b>		<b>309,800</b>	1,052,001
<b>4. Miscellaneous Expenditure</b>		<b>15,608</b>	17,342
<b>5. Profit and Loss Account</b>		<b>23,632</b>	35,920
		<b>2,184,868</b>	<b>2,293,557</b>
<b>Total of 1 to 5</b>			

**NOTES ON ACCOUNTS**

This is the Balance Sheet and Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board of Directors

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 004915S)

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

**C.N. GANGADARAN**  
Partner  
M.No. 11205

Chennai  
November 13, 2010

## Abridged Profit and Loss Account for the year ended 31st March, 2010

	Current Year 2009-2010		Rs. '000 Previous Year 2008-2009
<b>I. INCOME</b>			
Sales/services rendered	543,179	1,750,210	
Less: Excise Duty	23,105	35,660	
	520,074		1,714,550
Other income	121,200		21,152
	641,274		1,735,702
<b>II. EXPENDITURE</b>			
Manufacturing, Construction and operating expenses	344,055	848,325	
Selling expenses	24,023	11,454	
Salaries,wages and other employee benefits	154,694	223,053	
Managerial remuneration	7,667	11,777	
Interest	1,674	327	
Depreciation	13,211	12,117	
Auditor's remuneration	864	712	
Provisions for (i) doubtful debts and advances	14,514	30,668	
Other expenses	47,758	164,837	1,303,270
<b>Net profit before tax</b>	<b>32,814</b>		432,432
Provision for Taxes	20,526		187,799
<b>Net Profit for the year</b>	<b>12,288</b>		244,633
Add: Revaluation reserve no longer needed	-		314,776
<b>Profit</b>	<b>12,288</b>		559,409
Loss brought forward from previous year	(35,920)		(595,329)
<b>Loss taken to Balance sheet</b>	<b>(23,632)</b>		(35,920)
<b>Earnings per Share in Rs. (face value Rs.10)</b>	<b>0.05</b>		1.92

### NOTES ON ACCOUNTS

This is the Profit & Loss account referred to in our report of even date.

For and on behalf of the Board of Directors

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 004915S)

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

**C.N. GANGADARAN**  
Partner  
M.No. 11205

Chennai  
November 13, 2010

**NOTES ON ACCOUNTS**

1. Contingent Liabilities

Particulars	(Rs in thousands)	
	31.03.2010	31.03.2009
a) Claims against the company not acknowledged as debts	74,257	21,418
b) Guarantees given to Banks on behalf of subsidiaries	3,860,550	2,204,170
c) Counter guarantees to bankers against guarantees issued by them to customers (secured by charge on Current Assets)	71,042	54,462
d) Tax demands under appeal		
(i) Income/Penalty tax	127,393	-
(ii) Wealth tax	29,658	-
(iii) Sales tax	15,847	16,488
(iv) Excise duty	86	86
<b>Total</b>	<b>4,178,833</b>	<b>2,296,624</b>

With regard to tax demands under appeal no provision is presently considered necessary based on Counsel's opinion and the Management is of the view that there would not be any significant cash flow on disposal of the appeals.

2. Events occurring after the Balance Sheet date :

Pursuant to the decision of the Board of Directors of the Company to exit from the business engaged by the wholly owned subsidiary, Best & Crompton Engineering Projects Limited Company's entire equity holdings in the said subsidiary was sold with effect from 1.4.2010 and to have the charge of Company's major fixed assets released by bank and substitution of significant guarantees given by the Company both of which when accomplished within the given time frame would facilitate Company's further borrowings and augment the other more profitable activities of the Company. Following the above disinvestment Best & Crompton Engineering Projects Limited has ceased to be the subsidiary of the Company.

The above sale completed subsequent to the balance sheet i.e. on 17th July 2010 resulted in loss on sale of Company's Investments in the aforesaid subsidiary amounting to Rs. 24.29 Crores which has been accounted in the financial accounts of the Company in July 2010.

As there has been no diminution in the intrinsic value of the said investment as on 31st March 2010 no loss accrued to the Company before that date.

3. Ratio analysis	2009-10	2008-09
Sales / Total assets ratio	0.16	0.58
Return on Net worth%	0.63%	12.39%
Profit / Sales ratio%	2.36%	14.27%

5. Rs.9443 Thousands are due to small scale and ancillary undertakings to the extent such parties have been identified and confirmed by the management. Amounts overdue exceeding Rs.1.00 Lac. are given below:

Name of the party	Amount (in Rs Thousands.)
S.R.Enterprises	139
Sri Vignesh Enterprises	539
Tac Products	247
Dominion Tools	733
Hi Tech Castings	1,213
Sri Balaji Alloys	970
Ultimate Alloys	3,266
Saravallakshmi Foundries	538
Maruthi Cast Products	1,167
Valarmathy Engg. Works	416

The above dues have since been settled.

6. The Company has not been informed by any supplier of their being a Micro and Small Enterprise and as defined under the Micro Small and Medium Enterprises Development Act 2006 and hence no disclosure has been made in respect of dues to such units if any outstanding for more than 45 days.

7. Of the total loans and advances outstanding as at 31st March 2010 a sum of Rs. 280 Lacs has been outstanding since 2008 and according to Management the amount is good and recoverable an accordingly no provision need be considered in the accounts.

**12. Capacities and Production**

Particulars	Unit	Installed Capacity Per annum	Production	
			2009-2010	2008-2009
Power Driven Pumps Electric Motors and/or Electric Components Such as Stator/Rotor Unit upto 10 H.P	Nos.	15,000	1,856	1,468
Stator/Rotor sets	Nos	12,000	1856	1,468
Water Pumps	Nos	2,200	644	675
Process Pumps	Nos	4,800	105	220
Marine Pumps & Turbines	Nos	50	199	132
Ferrous SG Iron castings	Tonnes	4,200	1479	1,823
Train Lighting Generators/Alternators	Nos.	400	73	15
Metal Clad Sockets And Plugs	Nos	#	7888	12662
Busduct (All Types)	Metres	5,200	-	-

# Through Small Scale Industries

(As Certified by the management and relied upon by the Auditors being Technical matter)

## 16. Segment Information for the year ended 31st March 2010

### Information about primary Business Segments

Rs. '000s

Business Segments	Fabrication	Castings	Pumps	Machinery Manufacturing Division	Projects	Sale of Real Estate held as stock in trade	Others	Elimination	Total
External Sales	19,387	46,512	425,882	9,391	-	-	18902		520,074
Inter-segment Sales		44077						(44077)	-
Total Revenue	19,387	90,589	425,882	9,391	-	-	18902	(44077)	520,074
Segment result	(19104)	(13115)	33303	(9903)	(1480)	(741)	(92)		(11132)
Unallocated corporate expenses									(73846)
Operating Profit/(Loss)									(84978)
Interest (Net)									(1674)
Dividend and other Income									121200
Preliminary/Preoperative Expenses Written off									(1734)
<b>Profit/(Loss) from ordinary Activities</b>									<b>32814</b>
Provision for Taxation – Deferred Tax									(3066)
Provision for Income Tax MAT									(5500)
Provision for Income Tax prior period adjustments									(11960)
Net profit/ (loss) after Tax									12288
<b>Other Information</b>									
Segment assets	71,422	35,945	289,220	15,211	2,951	361,196	23,087		799032
Unallocated corporate assets									2422796
Total assets									3221828
Segment liabilities	62,791	33,301	149,769	5,180	10,791	5621	991		268444
Unallocated corporate liabilities									966042
Total liabilities									1234486
Capital expenditure			3393						3393
Depreciation	292	1,633	5,036	337	4	12			7314

(Unallocated Corporate Assets includes Fixed Assets(Revalued), Investments, Fixed Deposits with banks and Loans and Advances given to Subsidiaries and other new Projects)

### Information about Secondary Business Segments

(Rs. '000s)

Description	India	Outside India	Total
Revenue by Geographical Market	501,381	18693	520,074
Other Income	121,200		121,200
Segment Assets	799,032		799,032
Capital Expenditure	3,393		3,393

## 17. Related party disclosure

### I. Related parties where control exists:

#### a) Holding Company

B & C Holdings Limited

#### b) Subsidiaries

Three C Systems Limited#

Beacon Carbons & Electricals (India) Ltd.#

Beacon Tileman Limited#

Beacon Pumps (India) Limited#

Best & Crompton Apparels Limited

Best & Crompton Green Tech Limited

Bestai Precast Buildings Limited

B&C Machinery Limited

B&C Tech Services Limited

B&C Foundry Ltd

Best & Crompton Engineering

Projects Limited

# Under liquidation

### II. Other Related parties with whom transactions have taken place during the year:

#### a) Enterprise in which Key Management Personnel have significant influence

#### b) Key Management Personnel

K. Prakash – Whole Time Director

## Best & Crompton Engg. Limited

Related Party Transactions:

Rs. in Thousands

Particulars	Holding Company	SUBSIDIARY							Total	Key Management Personnel
		Best & Crompton Engineering Projects Limited	B&C Foundry Limited	Best & Crompton Apparels Limited	B&C Tech. Services Limited	Bestai Precast Buidlings Limited	Best & Crompton Green Tech Limited	B&C Machinery Limited		
Sale of capital WIP Building								32,230	32,230	
Sale of Fixed Assets								315,979	315,979	
Profit on sale of fixed assets								113,920	113,920	
Guarantees and Collaterals as on 31.3.2010	79,214								79,214	
Corporate Guarantees as on 31.3.2010	3,622,050								3,622,050	
Managerial Remuneration										7667
Loans and Advances as on 31.3.2010		-	2,474	104,564	19,619	7,314	117,614		251,585	
Debtors as on 31.3.2010						3,640			3,640	
Creditors as on 31.3.2010		99			183			233,647	233,929	

18. Earnings Per Share	<b>31.03.2010</b>	31.03.2009
	<b>Rs. '000</b>	Rs. '000
Profit after tax	<b>12,288</b>	244,633
Preference dividend and dividend tax payable	<b>6,335</b>	6,335
Profit after preference dividend	<b>5,953</b>	238,298
Weighted average No. of ordinary shares for calculating EPS	<b>123,840,515</b>	123,840,515
Nominal value of ordinary shares	<b>Rs.10</b>	Rs.10
Basic / Diluted Earnings per ordinary shares	<b>0.05</b>	1.92

20. Retirement Benefits:-

- (a) Contribution to providend fund, family pension fund and superannuation fund are recognised in profit and loss account on accrual basis.
- (b) Gratuity and Leave encashment – As per Actuarial Valuation as on 31st March 2010. As per Accounting Standard No.15 "Employee Benefits".

21. As in the Balance sheet, the figures in the Profit and Loss Account have been expressed in terms of Rupees in thousands.

22. Previous year figures have been regrouped, rearranged or reclassified where necessary.

19. The Company has an export obligation of Rs.1,563 Lakhs on account of imported machinery to be fulfilled within 8 years after commencement of production.

For and on behalf of the Board of Directors

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No.004915S)

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

**C.N. GANGADARAN**  
Partner  
Membership No. 11205

Chennai  
November 13, 2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO THE HOLDING COMPANY'S INTEREST  
IN THE SUBSIDIARY COMPANIES**

	Best & Crompton Engineering Projects Limited	Best & Crompton Apparels Limited	Best & Crompton Green Tech Limited	B&C Machinery Limited	Bestai Precast Buildings Limited	B&C Tech. Services Ltd	B&C Foundry Limited
1. Financial year of the Subsidiary Company ended on	31.3.2010	31.3.2010	31.3.2010	31.3.2010	31.3.2010	31.3.2010	31.3.2010
2. Holding Company's Interest							
– No.of Shares (Rs.10 each)	28,438,871	18,000,000	50,000	71,770,000	29,084,500	50,000	50,000
Extent of holding (%)	100	76.20	100	100	100	100	100
3. Net aggregate amount of the subsidiary's Profit/(Losses) not dealt with in the Holding Company's accounts (Rs.'000).							
i) for the financial year	6,964	(87,844)	NIL	NIL	NIL	NIL	NIL
ii) for its previous financial years	(80,028)	(77,663)	NIL	NIL	NIL	NIL	NIL
4. Net aggregate amount of the subsidiary's Profit/(Losses) dealt with in the Holding Company's accounts (Rs. '000).							
i) for the financial year	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) for its previous financial years	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V.P. THIRUMOORTHY**  
Company Secretary

Chennai  
November 13, 2010

**Cash Flow statement for the year ended 31.03.2010**

	<b>2009-2010 (12 Months) Rs. ,000</b>	2008-2009 (12 Months) Rs. ,000
<b>A. Cash flow from operating activities</b>		
Net Profit/(Loss) before tax :	<b>32,814</b>	432,432
Adjustments for:		
Depreciation	<b>13,211</b>	12,117
Interest and financial charges paid	<b>38,340</b>	56,948
Provision for doubtful debts	<b>3,123</b>	95
Bad debts written off	<b>11,391</b>	8,560
Advances written off	-	22,013
Investments written off	<b>1</b>	-
Loss/(Profit) on sale of fixed assets	<b>(112,788)</b>	403
Provision for doubtful debts no longer required	-	(319)
Provision Doubtful Advances/Deposits no longer required	-	(13,651)
Provision for Expenses no longer required	<b>(7,461)</b>	(822)
Miscellaneous Expenditure written off	<b>1,734</b>	-
Provision for Taxation no longer required	<b>(37)</b>	-
Dividend Income	-	(2,248)
Interest Income	<b>(36,666)</b>	(54,581)
	<b>89,152</b>	28,515
<b>Operating profit before working capital changes</b>	<b>(56,338)</b>	460,947
Adjustments for:		
Trade and other receivables	<b>(37,338)</b>	(11,019)
Inventories (includes Stock in Trade)	<b>25,245</b>	151,287
Trade payables	<b>351,640</b>	81,041
Provision made / written back - net	-	-
	<b>339,547</b>	221,309
<b>Cash generated from operations</b>		
Direct Taxes Refund Received	-	5,881
Direct Taxes paid	<b>(141,541)</b>	(17,914)
Indirect tax paid	<b>(1,000)</b>	-
Miscellaneous Expenditure	-	(17,339)
Cash generated from operations	<b>(142,541)</b>	(29,372)
<b>Net Cash from operating activities</b>	<b>140,668</b>	652,884
<b>B. Cash Flow from investing activities</b>		
Purchase of fixed assets	<b>(3,716)</b>	(32,384)
Purchase/Sale of Capital WIP	<b>(17,657)</b>	(77,496)
Purchase of Investments	<b>(369,521)</b>	(287,345)
Loans & advances	<b>473,882</b>	(231,005)
Sale of fixed assets	<b>3,688</b>	912
Sale of Investments	-	-
Interest received	<b>31,158</b>	50,021
Dividend Received	-	2,248
<b>Net cash used in investing activities</b>	<b>117,834</b>	(575,049)

**Cash Flow statement for the year ended 31.03.2010 (Contd.)**

	<b>2009-2010 (12 Months) Rs., 000</b>	2008-2009 (12 Months) Rs., 000
<b>C. Cash Flow from financing activities</b>		
Proceeds /(Repayment) from long term borrowings	<b>70,000</b>	(95,626)
Repayment of finance liabilities	<b>(4)</b>	(476)
Loan Received/(Repaid)	<b>(211,454)</b>	(39,019)
Interest paid	<b>(34,915)</b>	(56,948)
<b>Net cash used in financing activities</b>	<b>(176,373)</b>	(192,069)
<b>Net Decrease (-) / Increase (+) in cash and cash equivalents</b>	<b>82,129</b>	(114,234)
<b>Cash and cash equivalents as at March 31, 2009 (opening balance)</b>	<b>143,806</b>	258,040
<b>Cash and cash equivalents as at March 31, 2010 (closing balance)</b>	<b>225,935</b>	143,806

For and on behalf of the Board of Directors

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 004915S)

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

**C.N. GANGADARAN**  
Partner  
(Membership No. 11205)

Chennai  
November 13, 2010



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956

**I Registration Details**

Registration No.			2	0	4	State Code	1	8
Balance Sheet Date	3	1	0	3	2	0	1	0

**II Capital Raised During the year (Amount in Rs. Thousands)**

Public Issue	N	I	L	Rights Issue	N	I	L			
Bonus Issue	N	I	L	Private Placement	N	I	L			

**III Position of Mobilisation and Deployment of Funds**

(Amount in Rs. Thousands)

<b>Total Liabilities</b>	2	1	8	4	8	6	8	<b>Total Assets</b>	2	1	8	4	8	6	8
<b>Sources of Funds</b>								<b>Reserves and Surplus</b>		4	0	0	8	4	8
Paid-up Capital	1	6	1	0	1	2	6	Unsecured Loans		1	0	2	7	6	5
Secured Loans			7	1	1	2	9	<b>Application of Funds</b>							
Net Fixed Assets		3	5	7	6	2	9	Investments	1	4	7	8	1	9	9
Net Current Assets		3	0	9	8	0	0	Miscellaneous Expenditure	1	5	6	0	8		
Accumulated Losses			2	3	6	3	2								

**IV Performance of the Company (Amount in Rs. Thousands)**

Turnover (Other Income)		6	4	1	2	7	4	Total Expenditure		6	0	8	4	6	0		
Profit/Loss Before Tax	+	-		3	2	8	1	4	Profit/Loss After Tax	+	-		1	2	2	8	8
(Please tick appropriate box + for Profit, - for Loss)																	
Earnings per Share in Rs.	√	0	.	0	5	Dividend Rate %	0	0	0								

**V Generic Names of Two Principal Products/Services of the Company**

(As per Monetary Terms)

Item Code No. (ITC Code)	0	3	5	6	4	0	1	0	0	6						
Product Description	P	O	W	E	R	D	R	I	V	E	N					
	C	E	N	T	R	I	F	U	G	A	L	P	U	M	P	S
Item Code No. (ITC Code)	8	4	.	0	5											
Product Description	E	L	E	C	.	M	O	T	O	R	S					
	&	A	L	T	E	R	N	A	T	O	R					

For and on behalf of the Board of Directors

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

Chennai  
November 13, 2010

## Auditors' Report to the Board of Directors on the Consolidated Financial Statements of Best & Crompton Engg. Limited

We have examined the attached consolidated Balance Sheet of Best & Crompton Engg Limited and its subsidiaries, Best & Crompton Engineering Projects Limited, Best & Crompton Apparels Limited, Best & Crompton Green Tech Ltd., Bestai Precast Buildings Ltd., B&C Machinery Ltd., B&C Tech. Services Ltd. and B & C Foundry Ltd as at 31st March 2010 and the Consolidated Profit & Loss account for the year ended 31.03.2010.

The financial statements are the responsibility of the management of Best & Crompton Engg. Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of any of the subsidiaries whose financial statements reflect total assets of Rs.2405996 thousands as at 31st March 2010 and total revenues of Rs.1,794,271/- thousands for the year ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion so far, as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors. The Consolidated financial statements have been prepared based on the audited financial statements of the subsidiaries Best & Crompton Engineering Projects Limited, Best & Crompton Apparels Limited, Best & Crompton Green Tech Ltd., Bestai Precast Buildings Ltd., B&C Machinery Ltd., B&C Tech. Services Ltd. and B&C Foundry Ltd.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Best & Crompton Engg. Limited, and its subsidiaries included in the consolidated financial statement.

### Attention is invited to the following :

- a. *Note no. 8 regarding non recovery / non obtaining of confirmation of unsecured interest free loans and advances of Rs 280 lacs considered by the management good and overdue as on 31st March 2010.*

- b. *The statutory auditors of the following subsidiaries have qualified their audit reports as under:*

*In B & C Tech. Services Limited, the company has incurred a net loss of Rs.8,791,130/- during the year and as of 31st March 2010, its total liabilities exceeded its total assets by Rs.19,689,602/-. However, the accounts have been prepared on a 'Going Concern' basis as the company is examining various options of rehabilitation.*

*In Best & Crompton Apparels Limited,*

- I. *Note no 10 of the Standalone accounts regarding change in the method of charging depreciation from 'Written down value' method to 'Straight Line' method resulting in reversal of excess depreciation charge of Rs.20,618,905/- upto 31st March 2009 and a lower charge for the current year to the extent of Rs.45,590,263/-. Consequently the loss for year is lower to the extent of Rs.66,209,168/-.*
- II. *Unpaid statutory dues and employee benefits aggregating Rs.10,978,490/-*

On the basis of the information and explanation given to us, and on the consideration of separate audit reports on individual audited financial statements of aforesaid subsidiaries, subject to Paragraph a and b above the consolidated accounts in our opinion show a true and fair view

- I. In the case of the consolidated state of affairs of Best & Crompton Engg. Limited and its subsidiaries as at 31st March 2010.
- II. In the case of the Consolidated Profit and Loss Account of the Consolidated loss for the year ended and
- III. In the case of the consolidated summarized Cash flow statement for the year ended 31st March 2010.

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 004915S)

**C.N. GANGADARAN**

Partner

Membership No.11205

Place: Chennai

Date: November 13, 2010

**Abridged Consolidated Balance Sheet as at 31st March, 2010**

		Rs in thousands	
		Current Year 31.3.2010	Previous Year 31.3.2009
<b>1. Sources of funds</b>			
<b>(1) Shareholders funds</b>			
<b>Capital</b>			
Equity	1,238,405		1,238,405
Preference	371,721	1,610,126	371,721
Advance received towards share capital		200,000	1,610,126
<b>Reserves and surplus</b>			
Capital Subsidy	21,200		17,570
Capital Redemption reserve	1,200		1,200
Share Premium Reserve	389,073		389,073
Revaluation Reserve	389		389
General Reserves	10,186		10,186
		422,048	418,418
<b>(2) Loan funds</b>			
Secured loans (other than debentures)		2,040,176	1,191,546
Unsecured loans		111,167	31,895
<b>(3) Deferred Tax Liability</b>		12,668	17,067
<b>(4) Minority Interest</b>		194,679	194,679
<b>Total of (1) and (4)</b>		<u>4,590,864</u>	<u>3,463,731</u>
<b>II. APPLICATIONS OF FUNDS</b>			
<b>(1) Fixed assets &amp; Intangible Assets</b>			
Net block - (Original cost less depreciation/Amortisation)		2,853,726	1,943,473
<b>(2) Investments</b>			
Others			
Quoted	1,502		1,264
Unquoted	3,763	5,265	3,763
			5,027
<b>(3) Deferred Tax Asset</b>		-	14,709
<b>(4) Current assets, loans and advances</b>			
Inventories	621,534		581,329
Sundry Debtors	1,557,798		485,697
Cash and bank balances	455,437		237,353
Other current assets	740,247		23,845
Loans and advances	53,553		792,259
Less:			
Current liabilities and provisions			
Liabilities	1,877,031		695,761
Provisions	240,463		324,402
Net current assets		1,311,075	1,100,320
<b>(5) Miscellaneous expenditure to the extent not written off or adjusted</b>		16,173	181,185
<b>(6) Profit and Loss Account</b>			
Loss carried from Profit and Loss Account		404,625	219,017
<b>Total of 1 to 6</b>		<u>4,590,864</u>	<u>3,463,731</u>

**NOTES ON ACCOUNTS**

This is the Balance Sheet and Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board of Directors

**S.V. VENKATESAN**  
Chairman

Chennai  
November 13, 2010

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No.004915S)

**C.N. GANGADARAN**  
Partner  
(Membership No. 11205)

## Abridged Consolidated Profit and Loss account for the Year ended 31st March, 2010

	Current Year 2009-10	Rs. in thousands Previous Year 2008-09
<b>I. INCOME</b>		
Sales/services rendered (See Schedule 1)	2,434,107	2,515,574
Less : Excise duty	23,105	35,660
	2,411,002	2,479,914
- Other income	24,543	30,657
	2,435,545	2,510,571
<b>II. Expenditure</b>		
Manufacturing, Construction and operating expenses	2,162,562	1,671,107
Selling expenses	28,519	11,737
Salaries, wages and other employee benefits	278,463	321,801
Managerial remuneration	7,667	11,777
Interest	78,022	37,907
Depreciation & Impairment	25,219	48,058
Amortisation of intangible assets	22,654	22,656
Auditor's remuneration	2,072	1,238
Provisions for (i) doubtful debts and Advances	14,514	19,633
	2,619,692	2,145,914
Net profit/(Loss) before tax	(184,147)	364,657
Interest Subsidy	29,369	-
Prior Period adjustments	687	150
Miscellaneous Expenditure and Others written off	(1,942)	(224)
Provision for taxes	(35,270)	(190,922)
Profit/(Loss) after taxes	(191,303)	173,661
Add: Revaluation reserve no longer needed	-	314,776
Balance Profit/(Loss) carried to Balance Sheet	(191,303)	488,437
Brought Forward (Losses)	(219,017)	
Less: Profit on Erstwhile Subsidiary and Others	5,695	(707,454)
Loss taken to Balance sheet	(404,625)	(219,017)
Earnings per Share in Rs. (face value Rs. 10)	(1.73)	1.22

### NOTES ON ACCOUNTS

This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

**S.V. VENKATESAN**  
Chairman

Chennai  
November 13, 2010

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No.004915S)

**C.N. GANGADARAN**  
Partner  
(Membership No. 11205)

## Consolidated Financial Statements

### NOTES ON ACCOUNTS

1. Information on Consolidated Financial Statements of Best & Crompton Engg. Ltd (B&C) and its subsidiaries as per Accounting Standard 21 and 27.

(a) List of Subsidiaries included in the consolidated financial statements:

Name of the Subsidiary	Country of Incorporation	Share in ownership and voting power (2009-2010)	Share in ownership and voting power (2008-2009)	Shares held by
Best & Crompton Engineering Projects Limited (BCEPL)	India	100%	100%	B&C
B&C Tech. Services Ltd	India	100%	100%	B&C
B&C Foundry Ltd.*	India	100%	-	B&C
Best & Crompton Apparels Limited	India	76.20%	100%	B&C
B & C Machinery Limited	India	100%	100%	B&C
Bestai Precast Buildings Limited	India	100%	100%	B&C
Best & Crompton Green Tech Limited (till previous year Best & Crompton Global Electronic Solutions Limited)	India	100%	100%	B&C

\* Incorporated during the year

2. Three subsidiaries namely Three 'C' Systems Limited, Beacon Carbons & Electricals (India) Limited and Beacon Tileman Limited are under liquidation.

#### 3. Contingent Liabilities

	Rs. In '000's	
	2009-10	2008-09
a) Claims against the company not acknowledged as debts	74,257	21,418
b) Corporate guarantees given on behalf of subsidiaries and other companies loans from banks	3,860,550	2,204,170
c) Counter guarantees to bankers secured by charge on current assets	743,755	753,270
d) Disputed tax demands under appeal		
(i) Income Tax / Penalty	127,393	-
(ii) Wealth Tax	29,658	-
(iii) Sales tax	51,090	46,588
(iv) Excise duty	86	86
	<b>4,886,789</b>	<b>3,025,532</b>

No provision is presently made as the group hopes that it will succeed in appeals.

#### 4. Events occurring after the Balance Sheet date :-

Pursuant to the decision of the Board of Directors of the Company to exit from the business engaged by the wholly owned subsidiary, Best &

Crompton Engineering Projects Limited, Company's entire equity holdings in the said subsidiary was sold with effect from 1.4.2010 to have the charge of Company's major fixed assets released by bank and substitution of significant guarantees given by the Company both of which when accomplished within the given time frame would facilitate Company's further borrowings and augment the other more profitable activities of the Company. Following the above disinvestment Best & Crompton Engineering Projects Limited has ceased to be the subsidiary of the Company.

The above transaction completed subsequent to the balance sheet i.e. on 17th July 2010 resulted in loss on sale of Company's Investments in the aforesaid subsidiary amounting to Rs. 24.29 Crores which has been accounted in the financial accounts of the Company in July 2010.

As there has been no diminution in the intrinsic value of the said investment as on 31st March 2010 no loss accrued to the Company before that date.

6. Rs.9443 Thousands. are due to small scale and ancillary undertakings to the extent such parties have been identified and confirmed by the management. Amounts overdue exceeding Rs.1.00 Lac. are given below:

Name of the party	Amount (in Rs Thousands)
SR Enterprises	139
Sri Vignesh Enterprises	539
Tac Products	247
Dominion Tools	733
Hi Tech Castings	1219
Sri Balaji Alloys	970
Ultimate Alloys	3266
Saravalakshmi Foundries	538
Maruthi Cast Products	1167
Valarmathy Engg. Works	416

The above dues have been since settled.

7. The Company has not been informed by any supplier of their being a Micro and Small Enterprise and as defined under the Micro Small and Medium Enterprises Development Act 2006 and hence no disclosure has been made in respect of dues to such units if any outstanding for more than 45 days.

8. Of the total loans and advances outstanding as at 31st March 2010 amounts considered good aggregating Rs. 280 Lacs have yet not been confirmed by the parties. Steps are being taken to recover the amounts and also obtain confirmation.

Ratio analysis	2009-10	2008-09
Sales/Total assets ratio	0.38	0.61
Return on Net worth%	-9%	9%
Profit/sales ratio%	-8%	7%

### 13. Segment Information for the year ended 31st March 2010

#### Information about primary Business Segments

Rs. ' 000s

Business Segments	Property Development	Projects	Pumps	Garments	Others	Consolidated Total	Eliminations	Total
External Sales		1,777,911	32,935	104,182	495,974	2,411,002		2,411,002
Inter-segment Sales						-	-	-
Total Revenue		1,777,911	32,935	104,182	495,974	2,411,002		2,411,002
<b>RESULT</b>								
Segment result	(741)	51,283	33,303	(65,334)	(22,180)	(3,669)		(3,669)
Unallocated corporate expenses								(104,345)
Interest expense								(78,022)
Dividend and other Income								24,543
<b>Profit/(Loss) from ordinary Activities</b>								(161,493)
Amortization of Intangible Assets								(22,654)
Interest subsidy								29,369
Prior period Items								687
Miscellaneous expenditure w/o								(1,942)
Profit/(Loss) before tax								(156,033)
Provision for tax - Current Tax								(24,960)
- Deferred tax								(10,310)
Profit/(Loss) after tax								(191,303)
Transfer From Revaluation Reserve								
<b>Net Profit / (Loss)</b>								(191,303)
<b>OTHER INFORMATION</b>								
Segment assets	361,196	1,881,388	289,220	734,000	615,133	3,880,937		3,880,937
Unallocated corporate assets								2,422,796
Total assets								6,303,733
Segment liabilities	149,769	1,279,616	149,769	658,281	1,272,707	3,510,142		3,510,142
Unallocated corporate liabilities								966,042
Total liabilities								4,476,184
Capital expenditure	-	407	3,393	59,038	108,290	171,128		
Depreciation		3,811	5,036		52,538	61,385		
Amortization	-	22,654	-		-	22,654		

Information about Secondary Business Segments			Rs. '000
	India	Outside India	Total
Revenue by Geographical market	2,288,350	122,652	2,411,002
Segment Assets	6,303,733		6,303,733
Capital Expenditure	171,128		171,128

## Consolidated Financial Statements

### 14. Related parties where control exists:

#### a) Holding Company

B & C Holdings Limited

#### b) Key Management Personnel

K.Prakash – Whole time Director

#### Related Party Transactions:

Particulars	Rs. in Thousands	
	Key Management Personnel	
Managerial Remuneration	7,667	(11,777)

**Note :** Amount shown in the bracket represents previous year figure.

Managerial Remuneration to Key Management Personnel of Parent Company

	Rs. Thousands	
	31.3.2010	31.3.2009
Parent Company	7,667	11,777

### 17. Earnings Per Share

	Rs. in 000's	
	31.03.2010	31.3.2009
Profit after tax	(191,303)	173,661
Preference Dividend and dividend tax payable	22,535	22,535
Profit after preference dividend	(213,838)	151,126
Weighted average No. of ordinary shares for calculating (EPS)	123,840,515	123,840,515
Nominal value of ordinary shares	Rs.10	Rs.10
Basic / Diluted Earnings Rs. per ordinary shares	(1.73)	1.22

18. The Company has an export obligation of Rs.1,563 Lakhs on account of imported machinery to be fulfilled within 8 years after commencement of production.

20. One of the Subsidiaries, has changed the method of charging depreciation on its fixed assets from 'Written Down Value' method to 'Straight Line' method. Consequent to the change, excess depreciation charge of Rs.2,06,18,905/- relating to the previous years has been reversed during the year. Had the earlier method been followed in the current financial year, the depreciation charge for the current year would be more by Rs.4,55,90,263/-. Consequently the loss for the year would have been more by Rs. 6,62,09,168/-.

21. Capital Subsidy and Interest Subsidy have been accounted by a subsidiary based on the claims made by the company in terms of the Technology and Upgradation Fund Scheme of the Ministry of Textiles. The amount outstanding under the Capital Subsidy and Interest Subsidy are Rs. 1,00,22,925 and Rs.3,15,80,955 respectively. Interest subsidy amounting to Rs 42,81,370/- pertaining to the period of construction has been credited to Pre-Operative expenses.

22. Retirement benefits:-

a) Contribution to Provident fund, family pension fund and superannuation fund are recognised in profit and loss account on accrual basis.

(b) Gratuity and Leave encashment – As per Actuarial Valuation as on 31st March 2010. As per Accounting Standard No.15 "Employee Benefits".

23. Previous year figures have been regrouped, reclassified and rearranged wherever necessary.

For and on behalf of the Board of Directors

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 004915S)

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

**C.N. GANGADARAN**  
Partner  
M.No. 11205

Chennai  
November 13, 2010

## Consolidated Cash Flow Statement for the year ended March 31, 2010

	2009-2010 (Rs. '000's)	2008-2009 (Rs. '000's)
<b>A. Cash flow from operating activities</b>		
<b>Net Profit/(Loss) before tax :</b>	<b>(42,800)</b>	364,583
<b>Adjustments for</b>		
Depreciation	25,219	48,058
Prior Period Item	686	
Amortisation of Intangible Assets	22,654	22,657
Interest and financial charges paid	124,957	99,973
Provision for doubtful debts	3,123	769
Bad debts written off	11,391	10,044
Advances written off	-	8,820
VRS/Misc. Expenses written off	-	205
Exchange Rate Variation	-	144
Loss/(Profit) on sale Investments	61	403
Investments written off	1	-
Loss/(Profit) on sale of fixed assets	1,431	(34)
Impairment Loss on Investments	-	374
Provision for doubtful advances/Deposits no longer required	-	(13,651)
Provision for expenses no longer required	(7,747)	(1,332)
Provision for Doubtful debts no longer required	-	(319)
Provision for Taxation no longer required	37	(1,811)
Miscellaneous Expenditure written off	1,942	
Interest Subsidy	(29,369)	(2,248)
Interest Income	(43,377)	(62,097)
	<u>111,009</u>	<u>109,955</u>
<b>Operating profit before working capital changes</b>	<b>68,209</b>	474,538
<b>Adjustments for:</b>		
Trade and other receivables	(801,187)	(47,438)
Inventories (includes Stock in Trade)	(52,791)	(60,022)
Loans and Advances	(175,920)	(61,014)
Other current assets	(77)	36
Trade payables	1,028,880	74,697
	<u>(1,095)</u>	<u>(93,741)</u>
<b>Cash generated from operations</b>		
Direct Tax Paid	(143,478)	(18,216)
Tax refunds received	-	5,881
Indirect tax Paid	(1,000)	-
Extra Ordinary items — Interest subsidy	2,069	(17,339)
Minority Interest	-	56,208
	<u>(142,409)</u>	<u>26,534</u>
<b>Net Cash from operating activities</b>	<b>(75,295)</b>	407,331
<b>B. Cash Flow from investing activities</b>		
Purchase of fixed assets	(264,198)	(468,770)
Purchase of Capital WIP	(459,425)	(580,784)
Sale of fixed assets	4,264	1,473
Purchase of investments	(237)	(286,982)
Loans and Advances	473,882	52,389
Interest received	37,704	57,537
Dividend Received	-	2,248
	<u>(208,010)</u>	<u>(1,222,889)</u>
<b>Net cash used in investing activities</b>	<b>(208,010)</b>	(1,222,889)



## Consolidated Financial Statements

### Consolidated Cash Flow Statement for the year ended March 31, 2010 (Contd.)

	2009-2010 (Rs. '000's)	2008-2009 (Rs. '000's)
<b>C. Cash Flow from financing activities</b>		
Receipt of Capital Subsidy	11,177	17,570
Advance towards Share Capital	200,000	–
Increase in Share Capital	–	99,951
Repayment of long term borrowings	(421,950)	(95,626)
Long term borrowings received	138,308	834,509
Repayment of finance liabilities	(4)	(476)
Loan Received/(Repaid)	695,572	(39,019)
Exchange rate difference	–	(144)
Interest paid	(121,532)	(99,973)
<b>Net cash used in financing activities</b>	<b>501,571</b>	<b>716,792</b>
<b>Net Decrease(-)/Increase(+) in cash and cash equivalents</b>	<b>218,266</b>	<b>(98,766)</b>
<b>Cash and cash equivalents as at March 31, 2009 (opening balance)</b>	<b>237,353</b>	
<b>Cash and cash equivalents of Erstwhile subsidiary</b>	<b>(182)</b>	<b>336,119</b>
<b>Cash and cash equivalents as at March 31, 2010 (closing balance)</b>	<b>455,437</b>	<b>237,353</b>

Note 1: Previous period figures are reclassified wherever necessary.

For and on behalf of the Board of Directors

For CNGSN & ASSOCIATES  
Chartered Accountants  
(Firm Registration No.004915S)

**S.V. VENKATESAN**  
Chairman

**K. PRAKASH**  
Whole Time Director

**V. P. THIRUMOORTHY**  
Company Secretary

**C.N. GANGADARAN**  
Partner  
(Membership No. 11205)

Chennai  
November 13, 2010

**STATEMENT SHOWING THE FINANCIAL DETAILS OF THE SUBSIDIARIES AS AT 31ST MARCH 2010** (Rs. '000)

PARTICULARS	Best & Crompton Engineering Projects Limited	Best & Crompton Apparels Limited	B&C Tech. Services Limited	B&C Machinery Limited	Bestai Precast Buildings Limited	Best & Crompton Green Tech Limited	B&C Foundry Limited
<b>I. SOURCES OF FUNDS</b>							
1. Shareholders' Funds :							
Share Capital	422,859	236,209	500	717,700	290,845	500	500
Advance Received towards share capital	200,000						
Reserves and Surplus		21,200					
2. Loan Funds :							
Secured Loans	145,526	507,815	169	887,437	428,101		
Unsecured Loans	60,000	104,564	28,021	32,200		117,614	2,474
<b>TOTAL</b>	<b>828,385</b>	<b>869,788</b>	<b>28,690</b>	<b>1,637,337</b>	<b>718,946</b>	<b>118,114</b>	<b>2,974</b>
<b>II. APPLICATION OF FUNDS</b>							
1. Fixed Assets:							
Gross Block	69,750	601,359	14,371	373,157	113,049	172	
Less: Depreciation/Amortisation	19,957	39,880	2,043	212	911	68	
Net Block	49,793	561,479	12,328	372,945	112,138	104	-
Capital Work in progress		89,263		661,040	613,705	115,746	1,472
Total	49,793	650,742	12,328	1,033,985	725,843	115,850	1,472
2. Intangible Assets							
Gross Block	226,543						
Less: -Amortisation up to 31.3.2009	198,225						
Total	28,318						
3. Investments	1,500						
4. Deferred Tax Asset							
5. Current Assets, Loans and advances :							
Stock in trade							
Inventories	337,490	37,901					
Sundry Debtors	1,282,778	16,036	656				
Cash and Bank Balances	50,063	19,007	62	153,838	6,608	21	
Loans and Advances	128,423	89,007	1,425	462,897	76,284	3,248	1,510
Other Current Assets		42,031					
	1,798,754	203,982	2,143	616,735	82,892	3,269	1,510
Less: Current Liabilities and Provisions							
Liabilities	1,089,272	150,465	5,971	13,419	89,865	1,133	55
Provisions	26,330						
Net Current Assets	1,115,602	150,465	5,971	13,419	89,865	1,133	55
	<b>683,152</b>	<b>53,517</b>	<b>(3,828)</b>	<b>603,316</b>	<b>(6,973)</b>	<b>2,136</b>	<b>1,455</b>
6. Deferred Tax Liability	(7,698)						
7. Miscellaneous Expenditure (to the extent not written-off)	256	22		36	76	128	47
8. Profit and Loss Account	73,064	165,507	20,190				
<b>TOTAL</b>	<b>828,385</b>	<b>869,788</b>	<b>28,690</b>	<b>1,637,337</b>	<b>718,946</b>	<b>118,114</b>	<b>2,974</b>

**S.V. VENKATESAN**  
Chairman

Chennai  
November 13, 2010

**V. P. THIRUMOORTHY**  
Company Secretary

**K. PRAKASH**  
Whole Time Director

Consolidated Financial Statements

STATEMENT SHOWING THE FINANCIAL DETAILS OF THE SUBSIDIARIES as at 31st MARCH 2010

(Rs. '000)

	Best & Crompton Engineering Projects Limited	Best & Crompton Apparels Limited	B&C Tech. Services Limited	B&C Machinery Limited	Bestai Precast Buildings Limited	Best & Crompton Green Tech Limited	B&C Foundry Limited
<b>INCOME</b>							
Sales and Services	1,777,911	93,500	8,835				
Less:- Excise Duty	-	-	-	-	-	-	-
	1,777,911	93,500	8,835	-	-	-	-
Other Income	11,694	21,243	587				
<b>Total</b>	<b>1,789,605</b>	<b>114,743</b>	<b>9,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURE</b>							
Manufacturing, Construction and Operating Expenses	1,674,478	93,607	5,367				
Employee Cost	46,862	65,443	11,463				
Interest (Net)	20,577	66,039	47				
Depreciation	3,807	6,864	1,337				
Amortisation of Intangible Assets	22,654	3					
<b>Operating Profit / (Loss)</b>	<b>21,227</b>	<b>(117,213)</b>	<b>(8,792)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary Items		(29,369)					
Miscellaneous Expenditure written off	205						
Charges relating to prior period items	(686)						
<b>Profit / (Loss) before tax</b>	<b>21,708</b>	<b>(87,844)</b>	<b>(8,792)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provision for Taxes - current taxes	7,500						
- Deferred taxes	7,244						
<b>Profit / (Loss) after tax</b>	<b>6,964</b>	<b>(87,844)</b>	<b>(8,792)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Brought forward from previous year	(80,028)	(77,663)	(11,398)				
<b>Balance carried to Balance Sheet</b>	<b>(73,064)</b>	<b>(165,507)</b>	<b>(20,190)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**S.V. VENKATESAN**  
Chairman

Chennai  
November 13, 2010

**V. P. THIRUMOORTHY**  
Company Secretary

**K. PRAKASH**  
Whole Time Director

# BEST & CROMPTON ENGG. LIMITED

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

## PROXY FORM

I/We ..... of .....  
being a Member/Members of BEST & CROMPTON ENGG. LIMITED do hereby appoint .....  
.....of.....in the district of ..... or failing him  
.....of.....in the district of..... as my/our  
proxy and to vote for me/us on my/our behalf at the 98th Annual General Meeting of the Company to be held on Monday,  
December 20, 2010 at 10.00 A.M. and at any adjournment or adjournments thereof.

Signed this ..... day of ..... 2010.

Signature .....

Name .....

Folio Number .....

\*DP. ID. No. ....

\*CLIENT ID. No. ....

No. of Shares .....
---------------------

Affix  
1 Rupee  
Revenue  
Stamp

**Note:** The proxy form duly completed must be deposited so as to reach the Registered Office of the company not less than 48 hours before the time for holding the aforesaid Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.

### BEST & CROMPTON ENGG. LIMITED

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

98th Annual General Meeting  
Monday, December 20, 2010 at 10.00 A.M.

Venue :

Sri Thyaga Brahma Gana Sabha  
'Vani Mahal (Obul Reddy Hall)'  
103, G.N. Chetty Road, T. Nagar, Chennai - 600 017.

### ADMISSION SLIP

PLEASE HAND OVER THIS ADMISSION SLIP  
AT THE ENTRANCE OF THE  
MEETING HALL, DULY COMPLETED

FOLIO	No.	No. of Shares.....
*DP. ID.	No.	
*CLIENT ID. No.		

Pl. tick  MEMBER OR  PROXY

NAME OF THE MEMBER/PROXY ATTENDING (IN CAPITAL LETTERS)

Name & Address of Member

.....  
.....  
.....

I hereby register my presence at the Meeting.

Signature of the Member/Proxy

**Notes:**

1. The Meeting is for Members of the Company only. Members are requested not to bring non-Members or children.
  2. The Company will accept only the attendance slip of a person personally attending the Meeting as a Member or as a valid proxy duly registered in time with the Company. The Company will not accept attendance slip from any other person even if signed by a Member.
  3. Copies of the Notice and Annual Report will not be distributed at the Meeting. Members are requested to bring their own copies.
- \* Applicable only in cases where the Members hold the Shares in Electronic Form.

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*If undelivered please return to*

**Best & Crompton Engg. Limited**

*Secretarial Department*

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