

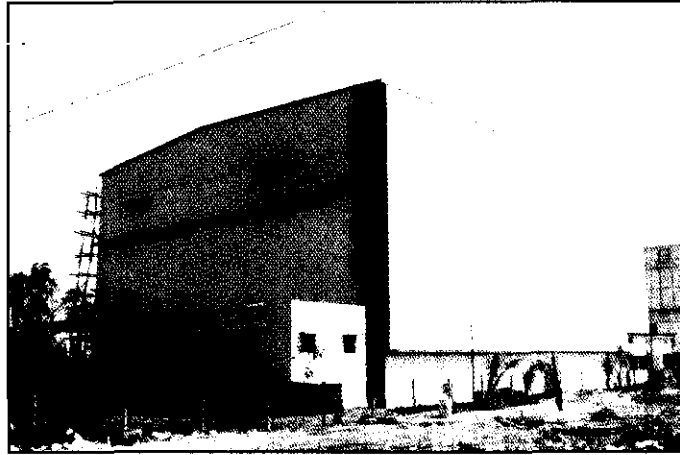
BEARDELL LIMITED

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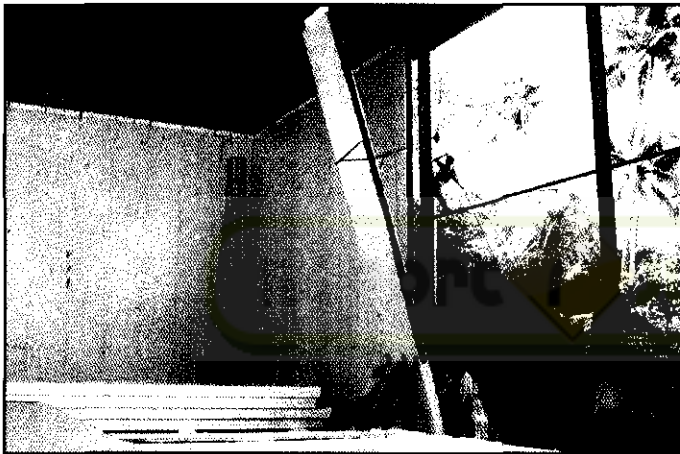
Sixty Second Annual Report & Accounts

1998 – 1999

ISOWALL APPLICATION - COLD STORAGE



Front and side view of a Chilli Cold Store
(M/s. Vardhani Cold Storage, Guntur)



Frozen Food Cold Storage,
(under construction)
(M/s. Snowman, Kochi)



Interior of a Fruits and Vegetables
Cold store
(M/s. Crescent Cold Storage, Mumbai)



45ft. Single Panel without joint
(M/s. Jain Cold Storage, Mumbai)



BEARDELL LIMITED

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Directors

Mr. P. Punnaiah - Chairman and Managing Director
 Mr. M. Uttam Reddi
 Mr. P.C.D. Nambiar
 Mr. V.S. Prasad
 Mr. V. Thirumal Rao
 Mr. V. Ramesh
 Mr. D. Ashok
 Mr. V. Ashok - Executive Director
 Mr. G. Venkatakrishnan - Nominee of IIBI Ltd.

President - Corporate Affairs

Mr. A.V. Ramalingan, M.Com., A.I.C.W.A., A.C.S.

Auditors

M/s. Fraser & Ross

Bankers

Bank of India
 Andhra Bank

Registered Office

47, Graemes Road,
 Chennai - 600 006.



BEARDELL LIMITED

Your Directors have pleasure in presenting the 62nd Annual Report of the Company together with the Audited Accounts for the year ended 31.03.1999.

The Balance Sheet and Report of the Subsidiary Company are annexed to this Report as required under Sec. 212 of the Companies Act, 1956.

FINANCIAL RESULTS:

| | (Rs. in Lakhs) | |
|------------------------------|-------------------------|-------------------------|
| | Year ended 31.3.1999 | Year ended 31.3.1998 |
| Gross Revenue | 3965.40 | 4705.07 |
| Cash Profit | 50.52 | 133.88 |
| Depreciation | 120.16 | 119.41 |
| Profit/(Loss) before Tax | (69.64) | 14.47 |
| Provision for Tax | — | 1.75 |
| Profit/(Loss) after Tax | (69.64) | 12.72 |
| Balance of Profit & Loss | | |
| Account from last year | 55.34 | 65.38 |
| Investment Allowance Reserve | | |
| Utilised Written Back | — | 56.80 |
| Dividend provision | | |
| written back | 0.53 | — |
| Appropriations: | | |
| To General Reserve | — | 4.00 |
| Reserve for Contingencies | — | 40.00 |
| To Provision for Dividend | — | 32.33 |
| Tax on Dividend | — | 3.23 |
| Balance in Profit & Loss | | |
| Account | (13.77) | 55.34 |

DIVIDEND

Considering the working results for the year under review, no dividend is recommended.

REVIEW OF OPERATIONS

Insulation Division:

Recession in the economy continued to affect the Company's performance all around. All efforts are being made to control cost.

Due to automation and improved methods of operation the margins on EPS improved. However due to tight liquidity, volumes dropped resulting in lower profitability in this division. Measures to improve production in Thane & Ganganagar factory are underway, due to which current year's results are likely to be better.

Isowall Panels:

Customers acceptance for this product is encouraging due to speedier erection and power savings. Government of India is giving thrust to cold storages and this division's performance is likely to further improve.

Marketing, Consultancy and Export Divisions :

Marketing Division:

(A) EPAD:

The main industry to which this division caters is textiles where the recession continues and due to this the performance has been affected. Your Company has been appointed as Systems House by Jyoti Ltd., Baroda for Vacuum Circuit Breakers in Tamil Nadu, Kerala and Pondicherry.

(B) Chemicals:

Due to changes in credit policy of principals and liberalised imports, this division's sales has come down. Government of India has imposed safeguard duty on some of these products and hence the performance is likely to improve in future.

Consultancy Division:

Consultancy division's performance was satisfactory.

Export Division:

This division's performance has improved and efforts are being made for further progress.

FUTURE PLANS

Your Company's entry into manufacture of Sandwich Panels has been fairly successful and it is proposed to add a range of panels for various applications. To improve the performance of marketing division, Company is increasing outsourced products.

DIRECTORS

Mr. V.S. Prasad was appointed as Additional Director on 28.04.1999 by the Board under Article 121 of the Articles

Report of the Directors

of Association of the Company. Mr. V.S. Prasad vacates his office as Director at the forthcoming Annual General Meeting. A Notice has been received from a member under Sec. 257 of the Companies Act, 1956 proposing the name of Mr. V.S. Prasad for appointment as Director at the next Annual General Meeting.

Mr. V. Thirumai Rao and Mr. V. Ramesh, Directors retire by rotation at this Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr. T.T.P. Abdullah expired on 15.2.1999. The Board has placed on record the valuable contribution made by him to the Company during his tenure as Director.

AUDITOR'S REPORT

As regards observations of the Auditors in their report for the year under review, the Notes appended to the Accounts are self-explanatory.

AUDITORS

The Auditors, Messrs Fraser & Ross, retire and are eligible for re-appointment. A written certificate has been received by the Company from them to this effect that the re-appointment, if made, will be in accordance with the limits specified in Sec.224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Sec.217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo wherever applicable are annexed.

PARTICULARS OF EMPLOYEES

None of the employees comes under purview of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975.

EMPLOYEE RELATIONS :

The employee relations were cordial during the year under review.

NON-CONVERTIBLE DEBENTURES

The funds raised by Private Placement of Secured Redeemable Non-convertible debentures amounting to Rs.75.00 lakhs have been utilised only towards Working Capital and have not been diverted for any other purpose.

FIXED DEPOSITS

46 Fixed Deposits amounting to Rs.3.90 lakhs matured but were not claimed till 31st March, 1999. Subsequently, 19 Fixed Deposits totalling to Rs. 1.63 lakhs have been renewed/repaid. Reminders have been sent to the other deposit holders for their instructions.

STATUS OF Y2K PREPAREDNESS

Being fully conscious of the effects of the year 2000, commonly known as Y2K, your Company has taken all the required steps to modify the various systems to be Y2K compliant and therefore does not anticipate much of a problem on this account.

LISTING WITH STOCK EXCHANGE

The Company's securities are listed at :
Madras Stock Exchange Ltd., 11 Second Line Beach,
Chennai - 600 001.

The Listing fees to the Exchange has been paid upto date.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the continued support received from the Financial Institutions, Bankers, Principals/Suppliers and Customers.

For and on behalf of the Board

P. PUNNAIAH
Chairman and Managing Director.

Chennai
23rd August 1999.



BEARDELL LIMITED

Information Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report for the Year ended 31st March, 1999

A. CONSERVATION OF ENERGY

Automation and refurbishing of machineries were completed in most of the factories to reduce steam consumption.

Fully automatic shape moulding machine imported from Korea has been installed. This machine's productivity is substantially higher with significant steam efficiency.

Coal-fired boilers in some of the locations, were operated with a mix of coal and wood as fuel resulting in significant reduction in cost of steam.

B. TECHNOLOGY ABSORPTION

Isowall Structural Insulated Panel Systems are being used extensively in cold storages apart from other applications. The Company has successfully manufactured and erected single panels upto a length of 45 feet.

Continuous efforts are made to develop value added products to have leadership quality.

Benefits derived resulting from the above R & D

- i) Time for construction of cold storages and other applications with panels have been considerably reduced.
- ii) In cold storages, where power is a major cost factor, significant reduction in power consumption has been achieved by the customers.

iii) Future plan of action

Major thrust will be focussed on new value added products in EPS and panels for varied applications.

iv) Technology Absorption, Adoption and Innovation

Technical details from collaborators for structural insulated panels have been fully absorbed and implemented. Continuous efforts are made to innovate and adapt to the local conditions.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

| | | |
|---------------------------|---|------------------|
| Foreign Exchange Earnings | - | Rs. 50.85 Lakhs |
| Foreign Exchange Used | - | Rs. 38.32 Lakhs. |

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Statement Pursuant to Section 212 of The Companies Act, 1956 relating to Subsidiary Company

1. For the Financial year of the Subsidiary Company ended 31st March 1999
Beardsell Cable Belt Limited
Equity Shares held Number
6
2. The Net aggregate of Profit /Loss of the subsidiary Company for the financial year/previous financial year so far as it concerns the members of the Holding Company and dealt with/not dealt with in the accounts of the Holding Company for the year ended 31st March 1999.

| | Dealt with (Rs. in Lakhs) | Not dealt with (Rs. in Lakhs) |
|-------------------------------------|------------------------------|----------------------------------|
| (a) For the financial year | Nil | Nil |
| (b) For the previous financial year | Nil | Nil |

Beardsell Cable Belt Limited is yet to commence operations

Chennai
23rd August 1999

P. PUNNAIAH
Chairman and Managing Director

FIVE YEAR RECORD

(Rs. in Lakhs)

| | Year Ended 31st March | | | | |
|----------------------------|-----------------------|---------|---------|---------|----------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| Income | 5047.53 | 5335.10 | 5940.25 | 4705.07 | 3965.40 |
| Profit before Depreciation | 174.16 | 245.11 | 272.07 | 133.88 | 50.52 |
| Extraordinary items | 69.22 | — | — | — | — |
| Depreciation | 51.74 | 96.65 | 125.40 | 119.41 | 120.16 |
| Taxation | 5.00 | 20.00 | 31.50 | 1.75 | — |
| Profit after Tax | 186.64 | 128.46 | 115.17 | 12.72 | (69.64) |
| Dividend | 37.87 | 37.87 | 37.87 | 32.33 | — |
| Tax on Dividend | — | — | 3.79 | 3.23 | — |
| Retained Funds | 148.77 | 90.59 | 73.51 | (22.84) | (69.64) |
| Share Capital | 151.48 | 151.48 | 151.48 | 289.08 | 289.89 |
| Earnings per Share (Rs.) | 12.32 | 8.48 | 7.60 | 0.44 | — |
| Net worth | 749.74 | 840.33 | 913.84 | 1166.21 | 1098.70 |
| Book Value Per Share (Rs.) | 49.49 | 55.48 | 60.33 | 40.19 | 37.86 |
| Dividend (%) | 25 | 25 | 25 | 15 | — |



BEARSELL LIMITED

Report of the Auditors to the Members

We have audited the attached Balance Sheet of Beardsell Limited as at 31st March, 1999 and the Profit and Loss account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 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. Further to our Comments in the annexure referred to in paragraph 1 above we state that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Audit.
 - b) In our opinion proper books of account as required by Law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet referred to in this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.
 - e) Attention is invited to Notes 7 and 9 (a) in Schedule 14 regarding accounting treatment of Excise Duty and certain debtors respectively.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the schedules, the notes and accounting policies thereon give the information required by the Companies Act, 1956, in the manner so required, and subject to Notes 2(a), 2(e) & 2(g) in Schedule 14 regarding non provision of income tax and Sales Tax demands under appeal and non provision of liability, if any, arising out of the termination of the employment of the workers and the valuation of assets of the EPS factory at Velappanchavadi and the consequential effect of these on the loss for the year, assets, liabilities and reserves of the Company, give a true and fair view:
 - i) In so far as it relates to the Balance Sheet, of the State of affairs of the Company as at 31st March, 1999 and
 - ii) In so far as it relates to the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

Chennai
23rd August 1999

For FRASER & ROSS
N. SETHURAMAN
Partner
Chartered Accountants

Annexure to the Auditors' Report to the Members

On the Accounts for the year ended 31st March, 1999
(Referred to in Paragraph 1 of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets of the Company have been physically verified by the management during the year, excepting those at the factory at Velappanchavadi referred to in Note 2(g) in Schedule 14 and no material discrepancies between the book records and physical inventory have been noticed. Certificates in confirmation of assets given out on lease and lying with third parties have been obtained.
2. None of the Fixed Assets has been revalued during the year.
3. The Stock of finished goods, stores and spare parts, raw materials and packing materials of the Company at all its locations excepting those held at the factory at Velappanchavadi have been physically verified by the Management during the year and the frequency of verification is reasonable. The Company has obtained certificates in confirmation of stocks lying with third parties as at the year end.
4. The procedures of physical verification of stocks, stores and spare parts followed by the management are reasonable and generally adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks have been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has granted unsecured loans to a Company listed in the Register maintained under Section 301 of the Companies Act, 1956 and the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company. We are informed that the Company has not taken any loan from Companies as listed in the Register maintained under Section 301 of the Companies Act, 1956 and that there are no companies under the same management as referred to under Section 370(1B) of the Companies Act, 1956.
8. Loans and Advances in the nature of loans have been given to employees who are generally regular in repayment of principal and interest wherever applicable, as stipulated. We are informed that the company has adequate amounts payable to former employees whose services has been terminated during the previous year which is available for adjustment against the advances due from them. In respect of an interest free loan granted to a Company, the Directors have extended the time for the repayment of loan.
9. In our opinion and according to the information and explanations given to us, there are reasonable internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of raw materials, stores including components, plant and machinery, equipment and other assets and with regard to sale of goods.
10. In our opinion and according to the information and explanations given to us, the Company has sold goods and materials during the year aggregating to Rs. 50,000/- or more to Companies in which the Directors are interested as entered in the Register under section 301 of the Companies Act, 1956 at prices which are prima facie reasonable having regard to prevailing market prices for similar goods. The Company has purchased goods, materials and services aggregating to Rs. 50,000/- or more during the year from a Company in which a Director is interested as entered in the Register maintained under section 301 of the Companies Act, 1956 at prices which are prima facie reasonable having regard to prevailing market prices for such goods.
11. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stocks and stores and adequate amounts have been written off in respect of such stocks in the accounts.
12. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58 A of the Companies Act, 1956 and the Rules made thereunder, in respect of the deposits accepted from the public.
13. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of its realisable scrap. We are informed that the Company has no realisable by-products.
14. In our opinion and according to the information and explanations given to us, the Company has an internal audit system, the scope of which is being enlarged to make it commensurate with the size of the Company and nature of its business.
15. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for the products manufactured by the Company.
16. According to the information given to us no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
17. According to the records maintained by the Company, the Company has been generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
19. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub-Section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. As explained to us, in respect of the trading stocks of the Company, adequate provision has been made for reduction in value of damaged goods.
21. In the case of Company's service activities, we further report that the Company has a reasonable system of recording receipts, issues and consumption of materials and stores with a reasonable system of authorisation at proper levels with necessary control, commensurate with the size of the Company and nature of its business. The system provides for the compilation of materials and labour consumed on each job. In respect of its consultancy service division, no allocation of materials (as this does not arise) and manhours consumed to the relative job is made.

For FRASER & ROSS
N. SETHURAMAN

Chennai
23rd August 1999

Partner
Chartered Accountants