

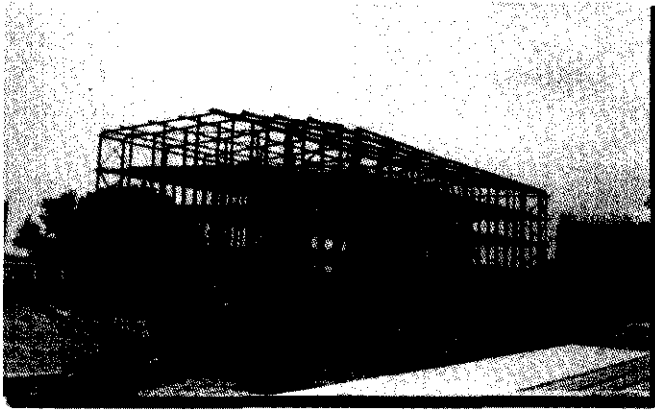
BEARDELL LIMITED

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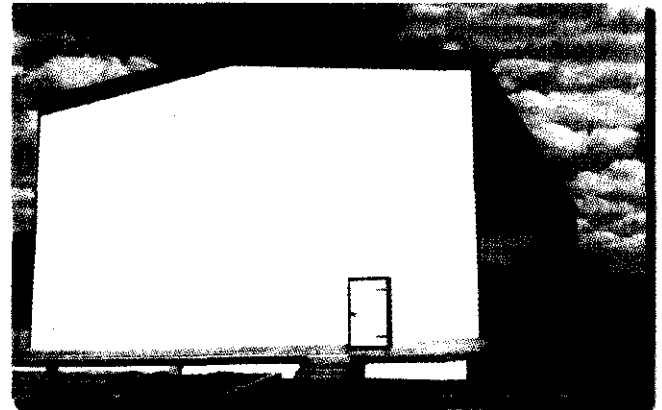
Sixty Third Annual Report & Accounts

1999 – 2000

ISOWALL APPLICATION – COLD STORAGE



Steel Structures for Panel Cold Storage

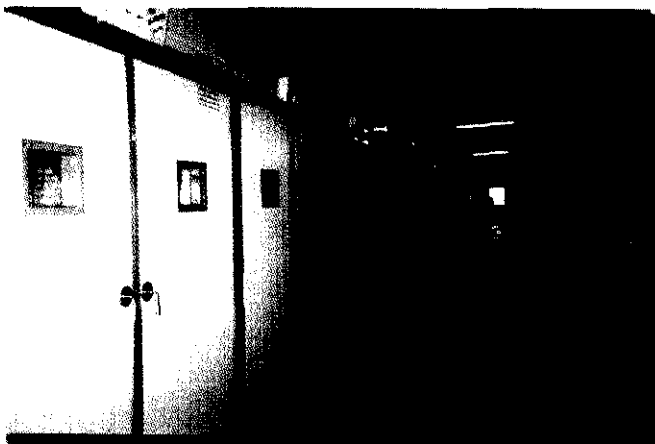


View after panel erection

(M/s. Verdant cold Storage, Hyderabad)



Side View - Frozen Cold Storage
(M/s. Snowman, Kochi)



Setter-Hatcher for Poultry Industry
(M/s. Suguna Poultry Farm, Near Coimbatore)



Frozen Cold Storage (Under Construction)
(M/s. Snowman, Kochi)



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.

Chief Executive

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.
 Phone: 829 3296 / 829 0381
 Fax : 829 0391

**BEARDELL LIMITED****REPORT OF THE DIRECTORS:**

Your Directors have pleasure in presenting the 63rd Annual Report of the Company together with the Audited Accounts for the year ended 31.03.2000.

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 31.03.2000	Year ended 31.03.1999
Gross Revenue	4108.28	3965.40
Cash Profit	77.26	50.52
Depreciation	114.41	120.16
Loss	(37.15)	(69.64)
Balance of Profit & Loss		
Account from Last year	(13.77)	55.34
Dividend provision		
Written Back	-	0.53
Balance in Profit & Loss A/c	(50.92)	(13.77)

DIVIDEND:

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

REVIEW OF OPERATIONS

Recession in the economy continued to affect the Company's performance all over.

INSULATION DIVISION:

This division's performance was adversely affected due to a steep increase of 50% in Raw Material price between September 1999 and March 2000 which could not be fully passed on to customers immediately.

To improve competitiveness and reduce cost, automation of machines were extended to all factories.

In Ganga Nagar unit all the employees resigned from the services of the Company and their dues were settled.

In Thane unit due to high labour cost volumes were dropping. To overcome this, during the year under review, your Company offered Voluntary Retirement Scheme and only 10 workmen/staff opted for the scheme. Further 44 workmen were retrenched after due statutory compliance. Out of this 11 workmen have taken their terminal dues. This partial reorganisation was completed in February,

2000. Benefits of this reorganisation are likely to accrue during the current year.

ISOWALL PANELS:

During the year under review, your Company successfully completed two large cold storages at Hyderabad and Amritsar. Major enquiries are under negotiation and is likely to materialise during the current year.

MARKETING, CONSULTANCY AND EXPORT DIVISIONS:**MARKETING DIVISION:****(A) EPAD:**

There was slight improvement in the working of this division. New agency taken for Vacuum Circuit Breakers is getting stabilised.

(B) CHEMICALS:

This division's performance was affected due to larger imports and difficulties in the user segment. Credit policy of principal also affected this business. Reduction in turnover is also due to direct billing by the principal where the commission was protected.

CONSULTANCY DIVISION:

Consultancy division's performance was satisfactory.

EXPORT DIVISION:

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

FUTURE PLANS:

Sandwich panels are extensively used in cold storages & Food processing units. Technology is being sourced for food processing applications. To improve performance of marketing division, additional agency from NTC (TN & P) have been taken for certain territories. Further new agencies are under discussion.

DIRECTORS:

Mr. M. Uttam Reddi and Mr. P. C. D. Nambiar Directors retire by rotation at this Annual General Meeting, and being eligible, offer themselves for re-appointment.

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.

Report of the Directors

AUDITORS

The Auditors, Messrs Fraser and 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 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 except in Thane unit where 33 retrenched workers have represented in labour court.

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. The debentures were fully redeemed during the year under review.

FIXED DEPOSITS

Fixed deposits amounting to Rs.6.91 lakhs matured but were not claimed till 31st March, 2000. Subsequently, Fixed Deposits totalling to Rs.3.95 lakhs have been renewed/repaid. Reminders have been sent to the other deposit holders for their instructions.

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, Customers and Employees.

For and on behalf of the Board

P. PUNNAIAH

Chairman and Managing Director.

M. UTTAM REDDI

Director.

Chennai
23rd August 2000.

**BEARDSELL 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, 2000**
CONSERVATION OF ENERGY

With increased competition, a situation of "survival of the fittest" prevails, Cost reduction and quality improvement have been set as the main objective.

First and foremost the manual machines in the factories have been converted to fully automatic machines to conserve on the cost of utility consumption apart from higher productivity and hence reduced labour cost.

With ever growing prices of furnace oil and as steam cost is one of the major elements of cost; to begin with in some of the locations energy efficient coal fired boilers were operated thereby reducing the cost of steam generation.

The increase in cost of cooking gas is of great concern even in domestic life. Igloo boxes and hot packs manufactured by the Company keeps the food hot for longer period eliminating the need for re-heating thereby conservation of energy.

TECHNOLOGY ABSORPTION

Structural insulated panel systems are being used extensively in cold storages and food processing

applications. The Company has not only successfully absorbed the technology but has also established the superiority of the structural insulated panel system manufactured by it over the panel system of the competitors.

Benefits derived resulting from the above R & D

The customers who have constructed their cold storages with Isowall structural insulated panel system have acknowledged considerable reduction in power consumption.

Future plan of action

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

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 adopt to the local conditions.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings -	Rs. 66.60 Lakhs
Foreign Exchange Used -	Rs. 128.59 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 2000 | | |
| Beardsell Cable Belt Limited | | Number |
| Equity Shares held | | 6 |
| 2. The Net aggregate of Profit /Loss of the subsidiary Company for the 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 2000. | | |
| | 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 2000

P. PUNNAIAH
Chairman and Managing Director

FIVE YEAR RECORD

(Rs. in Lakhs)

	Year Ended 31st March				
	1996	1997	1998	1999	2000
Income	5335.10	5940.25	4705.07	3965.40	4108.28
Profit before Depreciation	245.11	272.07	133.88	50.52	77.26
Depreciation	96.65	125.40	119.41	120.16	114.41
Taxation	20.00	31.50	1.75	—	—
Profit after Tax	128.46	115.17	12.72	(69.64)	(37.15)
Dividend	37.87	37.87	32.33	—	—
Tax on Dividend	—	3.79	3.23	—	—
Retained Funds	90.59	73.51	(22.84)	(69.64)	(37.15)
Share Capital	151.48	151.48	289.08	289.89	351.32
Earnings per Share (Rs.)	8.48	7.60	0.44	—	—
Net worth	840.33	913.84	1166.21	1098.70	1144.43
Book Value Per Share (Rs.)	55.48	60.33	40.19	37.86	31.83
Dividend (%)	25	25	15	—	—



BEARDELL LIMITED

Report of the Auditors to the Members

We have audited the attached Balance Sheet of Beardsell Limited as at 31st March, 2000 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 sub-section (3C) of Section 211 of the Companies Act, 1956 except for accounting of gratuity liability of retrenched employees on payment basis.
 - e) 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(f) & 2(g) in Schedule 14 regarding non provision of liability, if any, arising out of the termination/ retrenchment of the employees of EPS Velappanchavadi and EPS Thane units respectively as the amounts are not ascertainable and non provision of gratuity liability of retrenched employees of EPS Thane aggregating to Rs.30.30 Lakhs which has resulted in understatement of Loss for the year and Liabilities as at 31st March 2000 by Rs.30.30 Lakhs, 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, 2000 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

For FRASER & ROSS
N. SETHURAMAN

Chennai
23rd August 2000

Partner
Chartered Accountants

Annexure to the Auditors' Report to the Members

On the Accounts for the year ended 31st March, 2000

(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(f) 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 except for inclusion of excise duty payable on finished goods at the factories to comply with the Accounting Standard - 2 (Valuation of Inventory) issued by the Institute of Chartered Accountants of India.
7. The Company has not granted any loans to Companies listed in the Register maintained under Section 301 of the Companies Act, 1956. 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. In respect of interest free loan granted to a company the Directors have extended time for repayment of the loan.
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 have been terminated for adjustment against the advances due from them, at the time of final settlement.
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 and the strength 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, 2000 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

Partner

Chartered Accountants

Chennai
23rd August 2000