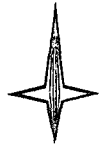


# **BEARDELL LIMITED**

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## **Sixty Sixth Annual Report & Accounts**

**2002 - 2003**



## BEARDSSELL LIMITED

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### **Directors**

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

### **Auditors**

M/s. Fraser & Ross

### **Bankers**

Bank of India  
 Andhra Bank

### **Registered Office**

47, Graemes Road,  
 Chennai - 600 006.  
 Phone : 2829 3296 / 2829 0381  
 Fax : 2829 0391  
 E-mail : ho@beardsell.co.in  
 Website : www.beardsell-ltd.com



## BEARDELL LIMITED

### Notice to the Shareholders

NOTICE IS HEREBY GIVEN that the Sixty Sixth Annual General Meeting of the Company will be held on Wednesday the 6th August, 2003 at 10.00 A.M. at "Mini Hall", Satguru Gnanananda Hall, Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600 018 to transact the following business.

#### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2003, along with the Reports of the Directors and Auditors thereon.
2. Appointment of Directors:
  - a. To appoint a Director in place of Mr. M. Uttam Reddi, who retires by rotation and being eligible offers himself for re-appointment.
  - b. To appoint a Director in place of Mr. P.C.D. Nambiar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. The retiring Auditors Messrs Fraser & Ross, Chartered Accountants, Chennai are eligible for re-appointment.

#### By order of the Board

Chennai  
25<sup>th</sup> June 2003

A.V. RAMALINGAN  
Executive Director & Secretary

#### NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote instead of himself and such Proxy or Proxies need not be a member or members of the company. The Proxy form, duly signed, must be deposited at

the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

2. A Proxy can be in any of the forms set out in Schedule IX of the Companies Act, 1956.
3. The Register of members and Share Transfer Books of the Company will remain closed from 23.07.2003 to 06.08.2003 (both days inclusive).
4. Members are requested to intimate change, if any, in their addresses immediately.
5. The Company has already transferred the amount of all unclaimed dividends declared upto and including the period ended 31st March, 1995 to the Investor Education and Protection Fund of the Central Government (as per Section 205-C of the Companies Act, 1956).

Pursuant to Section 205-A of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 1996 and thereafter which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government (as per Sec. 205-C of the Companies Act, 1956). Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1996 or any subsequent financial years are requested to make their claim to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.

6. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

## Report of the Directors

### REPORT OF BOARD OF DIRECTORS:

Your Directors have pleasure in presenting the 66th Annual Report of the Company together with the Audited Accounts for the year ended 31.03.2003.

### PART - I : PERFORMANCE / OPERATIONS

#### FINANCIAL RESULTS:

	(Rs. in Lakhs)	
	Year ended 31.03.2003	Year ended 31.03.2002
Gross Revenue	3557.30	3398.88
Profit before Interest & Depreciation	270.04	355.76
Interest	225.21	232.07
Profit before Depreciation	44.83	123.69
Depreciation	80.62	82.01
Profit before tax / (Loss)	(35.79)	41.68
Profit after taxation / (Loss)	(21.51)	39.15
Balance of Profit & Loss Account from Last year	43.66	4.51
Balance in Profit & Loss Account	22.15	43.66

#### DIVIDEND :

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

#### REVIEW OF OPERATIONS :

Your Company's performance was affected adversely due to significant increase / fluctuations in material cost which could not be fully passed on due to competition.

#### INSULATION DIVISION :

**a. EPS :** Inspite of increase in volume, substantial increase in price of petroleum based raw material affected the performance of this division. EPS sales increased to 787 MT during the year under review as compared to 644 MT during the previous year, constituting an increase of 22%.

#### b. ISOBUILD PANELS :

During the year under review apart from cold storage, your Company concentrated in Pharmaceutical and Roofing Application, which helped increase in volume and gross earnings. Your Company sold / installed 42739

RMT during the year against 26051 RMT in previous year, which constituted an increase of 64%.

#### TRADING DIVISION :

Export turnover during current year is lesser than the previous year, but with cost control measures margins improved.

#### ENGINEERING & CHEMICALS :

Engineering & Chemicals continued to get affected due to supply constraints / inputs.

#### FUTURE PLANS :

Efforts are being made to improve the existing business operation and for new business opportunity.

To augment resources and to reduce borrowings, your Company is planning to sell surplus land, building and machineries at various locations.

#### CAPITAL REDUCTION :

As approved by the shareholders in the Extra-Ordinary General Meeting held on 23rd January, 2002 and as per the Order dated 12.08.2002 of the High Court judicature at Madras, Share Capital amounting to Rs.4558200/- was reduced representing unpaid share call money on account of Rights Issue.

#### 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 furnished in Annexure.

### PART-II : CORPORATE AFFAIRS

#### CORPORATE GOVERNANCE

Your Directors are happy to report that your company has been fully compliant with the SEBI Guidelines on Corporate Governance, which have been incorporated in Clause 49 of the Listing Agreement with the Madras Stock Exchange. A compliance report on Corporate Governance is annexed as part of the Annual Report.



## BEARDELL LIMITED

### DIRECTORS' RESPONSIBILITY STATEMENT

As required by Sec.217(2AA) of the Companies Act, 1956, your Directors further report that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- II. The directors have selected accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year (namely 31 st March, 2003) and of the profit and loss account of the company for that period;
- III. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV. The directors have prepared the annual accounts on a going concern basis.

### 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.

Mr.D.Ashok, Director, resigned from the Board with effect from 12.12.2002. Mr.V.Ramesh, Director, resigned from the Board with effect from 21.02.2003. Mr.V.Ashok, Director, resigned from the Board with effect from 21.03.2003. The Board placed on record the valuable contribution made by them to the company during their tenure as Directors.

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

### PARTICULARS OF EMPLOYEES

None of the employees come 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.

### FIXED DEPOSITS

Fixed Deposits amounting to Rs.7.03 lakhs matured but were not claimed till 31st March, 2003. Subsequently, Fixed Deposits totalling to Rs.4.14 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 fee to the Exchange has been paid upto date.

### ACKNOWLEDGMENT

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  
Executive Chairman

Chennai  
25<sup>th</sup> June 2003

## MANAGEMENT DISCUSSIONS & ANALYSIS

### Industry Outlook :

The main raw material for the Cold Insulation / Packaging products is Expandable Polystyrene, a petroleum based product. The price of this raw material throughout 2002-2003 was volatile and went up substantially. This price rise had a considerable adverse impact on your company's performance.

### Market Trends :

During the year under review pharmaceutical clean room application was stabilized and your company expects this market to grow. Further, weather roof panels were developed and commercialized. This product is likely to have a good demand in future.

### Threats :

Volatility in raw material prices and reduction in price realisation due to competition is cause of concern not only to your company but to the industry as a whole. Your company has taken lot of measures in productivity improvement and cost reduction.

### Internal Control System :

Your Company has an effective Internal Control System and this is periodically reviewed for effectiveness. The Board of Directors have constituted an Audit Committee. The Internal Audit reports and their observations are reviewed by the Audit Committee at regular intervals.

## 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, 2003

### ANNEXURE

#### CONSERVATION OF ENERGY

During the year under review, your company contributed for conservation of energy by using Blow down hot water from moulding machines to Boiler feed water tank, which has resulted in fuel saving.

#### TECHNOLOGY ABSORPTION

##### Research & Development:

- a. In-house automation of Manual Moulding Machines were taken up by designing panels with Relays, Timers and Pneumatic Valves.
- b. In the Isobuild Prefabricated Building Division, weather-proof roof panels were developed .

##### Benefits derived resulting from the above R & D

- a. Reduction in cost, when compared with outside sourcing & improvement in productivity and quality.

- b. Ease of installation with minimization of accessories like Hat Section for roofing cap and better weather resistance.

##### Future plan of action

Introduction of steam heaters for pre-heating furnace oil.

#### Technology Absorption, Adoption and Innovation

As an ongoing process, interacting closely with machinery manufacturers in India and abroad to improve product quality and reduction in cost of production.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings	-	Rs. 213.92 Lakhs
Foreign Exchange Used	-	Rs. 58.90 Lakhs

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

Beardsell Cable Belt Limited made an application on 29.01.2003 to the Registrar of Companies, Chennai for striking off their name under section 560 of the Companies Act, 1956. Hence no accounts have been prepared by Beardsell Cable Belt Limited for the year under review.

Chennai  
25<sup>th</sup> June 2003

P. PUNNAIAH  
Executive Chairman



## BEARDELL LIMITED

### CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement compliance with the requirements of Corporate Governance is mandatory for your company from the financial year 2002-03.

#### THE COMPANY'S PHILOSOPHY :

Your company believes that Corporate Governance is a blend of Law, Regulations and Voluntary practice that would help in maximising the shareholder value.

#### THE BOARD OF DIRECTORS :

##### COMPOSITION:

The following is the composition of the Board of Directors as on 31st March, 2003:

Director	Executive/ Non-executive/ Independent	No. of outside Directorships held	No. of Chairmanships held in other companies
Mr. P.Punnaiah	Executive Chairman	2	Nil
Mr. G.Venkatakrishnan	Nominee Director, IIBI Ltd., (Lender)	2 (As Nominee Director)	Nil
Mr. M.Uttam Reddi	Independent	3	1
Mr. P.C.D.Nambiar	Independent	8	1
Mr. V.Thirumal Rao	Independent	Nil	Nil
Mr. V.S.Prasad	Independent	5	Nil
Mr. A.V.Ramalingan	Executive	1	Nil

#### BOARD MEETINGS HELD DURING THE YEAR 2002-2003:

During the Financial Year 2002-2003, 5 Board meetings were held on 22nd June, 2002; 29th July, 2002; 30th October, 2002; 6th January, 2003 and 30th January, 2003.

#### ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AND AT ANNUAL GENERAL MEETING

S.No.	Director	No.of Board meetings attended	Attendance at previous AGM held on 29.07.2002
1	Mr. P. Punnaiah	4	Present
2	Mr. A.V. Ramalingan	5	Present
3	Mr. M. Uttam Reddi	5	Present
4	Mr. P.C.D. Nambiar	3	Present
5	Mr. V. Thirumal Rao	3	Present
6	Mr. V.S. Prasad	Nil	Not present
7	Mr. D. Ashok *	1	Present
8	Mr. V. Ramesh **	Nil	Not present
9	Mr. V. Ashok ***	Nil	Not present
10	Mr. G. Venkatakrishnan	2	Present

\* ceased to be Director w.e.f 12.12.2002 \*\* ceased to be Director w.e.f 21.02.2003 \*\*\* ceased to be Director w.e.f 21.03.2003



**BOARD COMMITTEES:****THE AUDIT COMMITTEE:**

The Audit Committee was formed on 29.07.2002 on the following terms of reference:

- ☐ Reviewing the Company's financial reporting process and the disclosure of its financial information.
- ☐ Reviewing the Company's financial and risk management policies, acquisition/ sale of fixed assets and investments.
- ☐ Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters of material nature.
- ☐ Reviewing the scope of Internal Audit plan, procedures, adequacy of Internal Audit function and discuss with Auditors about system of Internal Controls.
- ☐ Review of operation and quarterly, half yearly and annual financial results of the company and recommendations to the Board.
- ☐ Review of Accounting Policies, Accounting Standards with amendments, Stock Exchange Regulations and discuss the amendments in Companies Act and other Statutes.
- ☐ Reviewing the status of payments to the depositors, debenture holders, shareholders and any statutory payments.

**COMPOSITION OF AUDIT COMMITTEE & AUDIT COMMITTEE MEETINGS:**

Sl. No	Member	Designation	No. of meetings attended
1	Mr. M.Uttam Reddi	Director	2
2	Mr. P.C.D.Nambiar	Director	Nil
3	Mr. V.Thirumal Rao	Director	2
4	Mr. G.Venkatakrisnan	Nominee Director, IIBI Ltd.,	1
5	Mr. A.V.Ramalingan	Executive Director	2

The Audit committee was constituted after consideration of Annual Accounts for the year ended 31.03.2002. Two Audit Committee meetings were held subsequently on 30.10.2002 and 30.01.2003 respectively.

**REMUNERATION COMMITTEE:**

Your Company does not have a Remuneration Committee for the purposes of determination and payment of managerial remuneration. The Board fixes the remuneration payable.

**REMUNERATION PAID TO DIRECTORS FOR THE FINANCIAL YEAR 2002-03**

Sl. No	Director	Remuneration paid (Rs. in lakhs)
1	Mr. P. Punnaiah	3.27
2	Mr. A.V.Ramalingan	5.31

**DETAILS OF SITTING FEES PAID TO DIRECTORS:**

The company paid sitting fees to all Non-Executive Directors at the rate of Rs.1,000/- for each Board Meeting / Audit Committee Meeting. The total sitting fees paid during the year amounted to Rs.19,000/-

**SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Mr. V.V.Sridharan - DGM-Corporate Affairs, was appointed as the Compliance Officer to deal with and responding to correspondence and complaints from all categories of investors viz. shareholders and fixed deposit holders. All the queries from investors in general have been satisfactorily replied.





## BEARDELL LIMITED

### SHAREHOLDERS' INFORMATION

#### GENERAL BODY MEETINGS :

##### Date and location of the last 3 Annual General Meetings :

Financial Year	AGM	Location	Date	Time
2001-02	65th	Narada Gana Sabha, 254, T.T.K. Salai, Chennai - 600 018	29.07.2002	10.00 A.M.
2000-01	64th	Narada Gana Sabha, 254, T.T.K. Salai, Chennai - 600 018	27.07.2001	10.00 A.M.
1999-00	63rd	Narada Gana Sabha, 254, T.T.K. Salai, Chennai - 600 018	29.09.2000	10.00 A.M.

No Postal ballots were used/ invited during the year 2002-03.

#### DISCLOSURE :

**Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years.**

There were no instances of non-compliance of any matter related to the capital markets, during the last three years.

#### FINANCIAL CALENDAR :

##### FINANCIAL YEAR OF THE COMPANY : 31st MARCH

First Quarter Results	July 2003
Second Quarter & Half-yearly Results	October 2003
Third Quarter Results	January 2004
Annual Results	June 2004

#### CATEGORY OF SHAREHOLDERS AS ON 31ST MARCH, 2003

Category	No. of Shares Held	% of Shareholding
Promoters	1459840	38.08
Non-Resident Indians	5660	0.15
Resident Individuals	975110	25.44
Financial Institutions / Bodies	868160	22.65
Corporate Bodies	524398	13.68
<b>TOTAL</b>	<b>3833168</b>	<b>100.00</b>

**SHAREHOLDING PATTERN :**

NO. OF SHARES HELD	SHAREHOLDERS			
	Number	%	Amount	%
Upto 5000	3162	98.93	610508	15.93
5001 to 10000	6	0.19	41380	1.08
10001 to 20000	7	0.22	98950	2.58
20001 to 30000	0	0.00	0	0.00
30001 to 40000	2	0.06	74950	1.96
40001 to 50000	6	0.19	288250	7.52
50001 to 100000	7	0.22	446730	11.65
100001 & above	6	0.19	2272400	59.28
<b>TOTAL</b>	<b>3196</b>	<b>100.00</b>	<b>3833168</b>	<b>100.00</b>

**REGISTRAR AND SHARE TRANSFER AGENTS :**

All Share Transfer work is done in-house.

**MEANS OF COMMUNICATION :**

The Quarterly, Half-yearly and Audited results are published in:

Business Line - English

Makkal Kural - Tamil

**LISTING ON STOCK EXCHANGE :**

The shares of the Company are listed on the Madras Stock Exchange. Listing fees for 2002-2003 has been duly paid.

**MARKET PRICE DATA :**

The shares of the Company were last traded on the Stock Exchange in 1999 at a price of Rs.19/- per share. The same price was quoted during the entire year 2002-03.

**ADDRESS FOR CORRESPONDENCE :**

For all matters relating to Shares and Annual reports	Secretarial Department BEARDSSELL LTD 47, Greams Road, Chennai-600 006	Tel: 28293296  E-mail: ho@beardsell.co.in
For Fixed Deposits	Fixed Deposits Section BEARDSSELL LTD 47, Greams Road, Chennai-600 006	Tel: 28293296  E-mail: ho@beardsell.co.in

For and on behalf of the Board

Chennai  
25<sup>th</sup> June 2003

P. PUNNAIAH  
Executive Chairman