



# **BEARDSSELL LIMITED**

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## **Sixty Eighth Annual Report & Accounts**

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**2004 – 2005**

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## BEARDSELL LIMITED

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### **Directors**

Mr. P. Punnaiah - Executive Chairman  
 Mr. M. Uttam Reddi  
 Mr. P.C.D. Nambiar  
 Mr. V. Thirumal Rao  
 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.co.in



## BEARDELL LIMITED

### Notice to the Shareholders

NOTICE IS HEREBY GIVEN that the Sixty-eighth Annual General Meeting of the Company will be held on Friday, the 5<sup>th</sup> August 2005 at 10.00 A.M. at "Mini Hall", Sathguru Gnanananda Hall, Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600 018 to transact the following business.

#### AS ORDINARY BUSINESS

##### 1. Adoption of Accounts :

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Balance Sheet as at 31<sup>st</sup> March 2005, the Profit and Loss Account of the Company for the year ended on that date, Balance Sheet Abstract, the Company's General Business Profile and Cash Flow Statement for the Year ended 31<sup>st</sup> March, 2005 together with the Directors Report and the Auditors Report thereon, be and are hereby approved and adopted."

##### 2. Appointment of Directors :

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT, Mr. M. Uttam Reddi, Director, who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company"

##### 3. Appointment of Auditors :

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Auditors of the Company, Messrs. Fraser & Ross, Chartered Accountants, Chennai who retire at this meeting, being eligible and willing to act as auditors of the Company, be and are hereby appointed Auditors of the Company to hold office till the conclusion of the next Annual General Meeting of the Company on a remuneration as the Board of Directors of the Company may determine, in addition to travelling and out of pocket expenses".

#### By order of the Board

Hyderabad  
29<sup>th</sup> June 2005

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 22.07.2005 to 05.08.2005 (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 31<sup>st</sup> March 1997 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 31<sup>st</sup> March 1998, 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 Section 205-C). Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31.03.1998 or any subsequent financial years are requested to make their claims 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.
7. In terms of clause 49 of the listing agreement with stock exchanges, brief details regarding directors appointment /re-appointment is given below:

The profile of Mr. M. Uttam Reddi who retires by rotation and being eligible for re-appointment as a director are as under:

Mr. MALLU UTTAM REDDI is the Proprietor of the firm M/s. UTTAM REDDI & CO. Mr. Reddi is the University First Rank holder in his Law Degree Examination. Mr. Reddi joined the Indian Revenue Service in the year 1949. He rose to be Deputy Commissioner of Income Tax. For a couple of years, he was the Private Secretary to the Cabinet Minister for Industry, Commerce and Company Affairs in the Central Government.

He resigned from Government Service in 1964 and resumed his Law practice. He joined the well known Law firm M/s. King & Patridge, Madras. He was a Partner of the firm till 1970 when he left them to set up his own Law Office.

Ever since, he has been the Legal Adviser to large Corporations such as Madras Fertilizers Ltd., Southern Petro Chemical Industries Corporation Ltd., GEC Group of Companies in India, FAL Industries Ltd., Switching Technologies Gunther Ltd., K.C.P. Sugars & Industrial Corporation Ltd.

Mr. Reddi is specialising in the field of Income Tax, Sales Tax, Customs and Central Excise. He has appeared in many landmark cases both in the Supreme Court and in the High Court of Madras. Mr. Reddi has good set of Junior Advocates with him.

Mr. Reddi is Director in Switching Technologies Ltd., Aruna Sunrise Ltd and Anusha International Ltd.

Mr. M. Uttam Reddi is associated with the Company as a Director from 1970 onwards.

## Report of the Directors

### REPORT OF BOARD OF DIRECTORS :

Your Directors present the 68<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the financial year ended 31.03.2005.

### PART - I : PERFORMANCE / OPERATIONS

#### FINANCIAL RESULTS:

(Rs. in Lakhs)

	Year ended 31.03.2005	Year ended 31.03.2004
Gross Revenue	4589.88	3261.48
Profit / (Loss) before Interest & Depreciation	412.93	143.70
Interest	135.24	195.65
Profit / (Loss) before Depreciation	277.69	(51.95)
Depreciation	80.56	80.85
Profit / (Loss) before tax	197.13	(132.80)
Profit / (Loss) after taxation	240.75	(113.22)
Balance of Profit & Loss		
Account from Last year	(91.07)	22.15
Balance in Profit & (Loss) Account	149.68	(91.07)

#### DIVIDEND :

Considering the operating performance and also resources required for new activities, no dividend is recommended for the year under review.

#### REVIEW OF OPERATIONS :

Your Company's basic raw materials i.e Expandable Polystyrene Resin, a petroleum based product, prices were volatile through out the year which continued to affect the performance adversely.

#### INSULATION DIVISION :

**a. EPS :** To improve continuous raw material availability, Import sources were developed. Due to reduction in demand in some of the locations, sales volumes for the year under review came down to 716 tons as against 763 tons in the previous year. The basic raw material prices fluctuated through out the year which could not be fully passed on.

#### b. ISOBUILD PANELS :

Volumes in Pharmaceutical applications improved whereas demand for cold storages / food processing industries dropped.

### TRADING DIVISION :

The performance of Exports, Engineering and Chemicals were satisfactory.

### RE-ENGINEERING & FUTURE PLANS:

As informed in the 67<sup>th</sup> Annual General Meeting, the following actions have been taken by your Company during the year under review.

- Unviable EPS and contracting activities at Calcutta have been discontinued and manufacturing facility disposed off. Similarly, loss making EPS manufacturing arrangement at Chennai and AC & R Insulation Contracts in some of the locations have been discontinued.
- Your Company had 4374sq.meters of surplus / unyielding land with 743sq.meters building at Chennai which was sold in October 2004. Part of the sale proceeds were used to fully repay the loans taken from Banks and Financial institutions. These loans were contracted at high rates of interest and with this repayment, the interest cost will come down substantially.
- Your Company has a manufacturing facility at Vashi, Mumbai. To reduce cost of manufacture, a Voluntary Retirement Scheme was announced in November 2004 and 26 workmen opted to retire under this scheme and settled. Further by a continuous review of activities, your Company was able to reduce administrative staff.
- Fixed Assets and Investments have been reviewed for Impairment losses to comply Accounting Standards and the financial results have been compiled after making suitable provisions / charge.
- Company had two rented premises at Mumbai. After the Maharashtra Rent Control Act was amended, your Company was a non-protected tenant since the paid up capital exceeds Rs.1.00 crore. Legal cases were filed, by owners for enhanced rent, mesne Profits and for vacating the properties. Out of court settlements were reached in both the cases. Your Company also purchased new office premises at Mumbai.
- Your Company is actively examining new product lines and also introducing new products from the currently available manufacturing facilities.

With above measures, your Company's performance is likely to improve.



## BEARDSELL LIMITED

### 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, particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo wherever applicable are furnished in Annexure-A.

### PART-II : CORPORATE AFFAIRS

#### CORPORATE GOVERNANCE

Your Directors 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. A detailed report on this forms part of Annexure-B.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- I. In preparation of the annual accounts, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2005 and of the profit and loss of the Company for financial year ended 31st March 2005;
- 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, Director, retires by rotation at this Annual General Meeting, and being eligible, offer himself for re-appointment.

On repayment of loan, IIBI Ltd., withdrew their Nominee Director Mr. R.L. Narasimhan from the Board with effect from 02-09-2004. The Board placed on record the valuable contribution made by Mr. R.L. Narasimhan 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 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(1B) 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 continued to be cordial during the year.

#### FIXED DEPOSITS

Fixed Deposits amounting to Rs.4.09 lacs matured but were not claimed till 31st March 2005. Subsequently, Fixed Deposits totalling to Rs.0.68 lacs 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 Stock 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

Hyderabad  
29th June 2005

P. Punnaiah  
Executive Chairman

## MANAGEMENT DISCUSSIONS & ANALYSIS

### Industry Structure & Development

Company's products are primarily used in Industrial Insulation, Consumer durable packaging, Cold Storages, Pharmaceutical clean rooms etc. Demands in these sectors are growing. However price increase and / fluctuations of basic raw materials for Insulation, Packaging etc. namely Expandable Polystyrene Resin (a petroleum based product) has an adverse impact.

### Outlook on Opportunities and Threats

Pickup in Industrial activity, New projects, Government Policy on cold storage and increased packaging demand from Consumer durable industry is likely to improve your Company's future business. Volatile Fluctuations in basic raw material prices is concerning and is a constraint for improving the margins. However all efforts are made to re-engineer and control the operating and administrative costs to improve margins.

### Segment wise Performance

Insulation division which comprises manufacture of EPS products / Isobuild Sandwich Panels and related Contracting activities is major business segment and accounts for 85.14% of the total revenue amounting to Rs. 2870.68 lakhs.

Trading Segment comprises Chemicals, Motors, Exports and accounts for 14.58% of the total revenue amounting to Rs. 491.79 lakhs.

### 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.

### Financial Performance and Material Development in Human Resources

Financial Performance and Material Development in human resources has been given separately in the Directors Report.

## 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, 2005

### ANNEXURE-A

#### CONSERVATION OF ENERGY

Continuous efforts were made to reduce energy consumption in the manufacturing process.

#### TECHNOLOGY ABSORPTION

##### Research & Development:

Continuous effort is made to minimize wastage in the use of power and fuel.

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

Better utility of the resources to minimize cost and wastage.

#### Technology Absorption, Adoption and Innovation

Company gives utmost importance on innovations in product development, cost reduction, quality improvement and process controls.

#### Foreign Exchange Earnings and Outgo

During the year under review, Foreign Exchange Earnings amounted to Rs.189.25 Lakhs as against Rs.189.82 Lakhs during previous year.

The total Foreign Exchange Outgo during the year under review was Rs.96.85 Lakhs.



## BEARDSSELL LIMITED

### ANNEXURE-B

#### REPORT ON CORPORATE GOVERNANCE

##### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company is committed to Corporate Governance in all its activities and processes required under Clause 49 of the Listing Agreement entered with the Stock Exchange. Company's philosophy on Corporate Governance enshrines the goal of achieving highest level of transparency, accountability, equity, responsibility and fair disclosure in all spheres of its operation to satisfy its objectives to Shareholders and Stakeholders.

##### BOARD OF DIRECTORS :

Company's Board currently comprises of 5 Directors of which 2 are Whole-time Directors.

Non-Executive Directors bring wide-ranging experience and independent judgment to the Board's deliberations and decisions.

Board of Directors of the Company meets at regular intervals for planning, assessing and evaluating all important business.

##### a) Composition:

The information on Composition of the Board, Directors Attendance at Board Meetings held during the year and at the last Annual General Meeting, Directorships in other Companies and Committees of other Companies are as under:

Name of Director	Category	Attendance in previous AGM held on 30-7-04	Attendance in Board Meetings	No. of Directorships held in other Public Limited Companies		Committee position held in other Companies	
				Director	Chairman	Member	Chairman
Mr. P.Punnaiah	Executive Chairman	Present	4	2	Nil	Nil	1
Mr. P.C.D.Nambiar	Independent	Present	3	4	1	1	3
Mr. M.Uttam Reddi	Independent	Present	4	2	1	4	Nil
Mr. V.Thirumal Rao	Independent	Present	3	Nil	Nil	Nil	Nil
Mr. A.V.Ramalingam*	Executive Director	Present	4	1	Nil	Nil	Nil
Mr. R.L. Narasimhan (IIBI Nominee) #	Independent	Present	2	Nil	Nil	Nil	Nil

# Ceased to be Nominee Director w.e.f. 02-09-2004

b) During the Financial Year 2004-2005, four Board meetings were held on the following dates:

28th June 2004, 30th July 2004, 29th October 2004 and 29th January 2005.

c) There are no pecuniary relationship or transactions with non-executive Directors vis-a-vis the Company.

##### AUDIT COMMITTEE:

###### I) Terms of Reference:

The role, terms of reference and authority and powers of this Committee are in conformity with the Listing Agreement. The essential functions of the Audit Committee include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of controls and regulatory compliances. It also reviews with management, Company's financial statements, financial reporting process, disclosure of financial information and observations of auditors before submission to the Board. It recommends the appointment of statutory auditors and their fees.

###### II) Composition and Attendance:

During the Financial Year 2004-2005, four Audit Committee meetings were held on 26th June 2004; 30th July 2004; 27th October 2004 and 28th January 2005.

Composition and Attendance record of the members of the Audit Committee is as under:

Sl. No	Member	Category	No. of meetings attended
1	Mr. M.Uttam Reddi - Chairman	Independant	4
2	Mr. P.C.D.Nambiar	Independant	3
3	Mr. V.Thirumal Rao	Independant	4
4	Mr. A.V.Ramalingan	Executive Director	4



**REMUNERATION COMMITTEE:**

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 2004-05 is given below:**

Sl. No	Director	Remuneration paid (Rs. in lakhs)				
		Salary	Sitting Fees	Perquisites	Retirement Benefits	Total
1	Mr. P. Punnaiah	0.55*	0.04	0.69	—	1.28
2	Mr. A.V.Ramalingan	3.30	—	2.91	0.89	7.10

\* upto 19-08-2004

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

Company paid sitting fees to all Directors except Executive Director, @2000/- for each Board / Audit Committee Meeting. Total sitting fees paid during the year amounted to Rs.50000/-.

**SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Company is having a "Share holders & Investors Grievance Committee" which is responsible for all matters concerning share transfers, transmissions, issue of duplicate Share Certificates and redressal of Investors Grievances. The Committee comprises Mr. P. Punnaiah, Mr. M. Uttam Reddi, Mr. A.V. Ramalingan and Mr. V. Thirumal Rao.

**COMPLIANCE OFFICER:**

Mr. V. V. Sridharan - DGM-Corporate Affairs, was appointed as Compliance Officer of the Company to deal with complaints from all categories of investors viz. shareholders and fixed deposit holders.

During the financial year 2004-05 Company received five enquires/complaints from shareholders and all of them have been resolved by furnishing the requisite information / documents.

**GENERAL BODY MEETINGS :****Details of the last Three Annual General Meetings of the Company are given below:**

Financial Year	AGM	Location	Date	Time
2003-04	67th	Narada Gana Sabha, 314, T.T.K. Salai, Chennai - 600 018	30.07.2004	10.00 A.M.
2002-03	66th	Narada Gana Sabha, 314, T.T.K. Salai, Chennai - 600 018	06.08.2003	10.00 A.M.
2001-02	65th	Narada Gana Sabha, 314, T.T.K. Salai, Chennai - 600 018	29.07.2002	10.00 A.M.

No Postal ballots were used/ invited during the year 2004-05.

**DISCLOSURE :**

There were no materially significant related party transactions during the year having conflict with the interest of the Company.

Company has complied with all requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authority on matters relating to Capital Markets during the last three years.





## BEARDELL LIMITED

### MEANS OF COMMUNICATION :

In compliance with the requirements of Listing Agreements, Company regularly submits un-audited as well as audited financial results to the Stock Exchange. These financial results are normally published in Trinity Mirror - English and Makkal Kural - Tamil.

### MANAGEMENT DISCUSSION AND ANALYSIS :

Management Discussion and Analysis forms part of the Directors Report.

### GENERAL SHARE HOLDERS INFORMATIONS :

#### a) Annual General Meeting

The 68th Annual General Meeting will be held on Friday the 5th August 2005, at 10.00 a.m. at "Mini Hall", Sathguru Gnanananda Hall, Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600 018.

#### b) Financial Calendar

Financial Year of the Company	1st April to 31st March
First Quarter Results	July 2005
Second Quarter & Half-Yearly Results	October 2005
Third Quarter Results	January 2006
Annual Results	June 2006

#### c) Date of Book Closure

22.07.2005 to 05.08.2005 (both days inclusive)

#### d) (i) Shareholding Pattern as on 31st March, 2005:

Category		No. of Shares held	Percentage of Shareholding
<b>A.</b>	<b>Promoter's Holdings</b>		
1.	Promoters		
	- Indian Promoters	1757060	45.84
	- Foreign Promoters	Nil	Nil
2.	Persons acting in Concert	Nil	Nil
	<b>Sub Total</b>	<b>1757060</b>	<b>45.84</b>
<b>B.</b>	<b>Non Promoter's Holdings</b>		
3.	Institutional Investors		
	a. Mutual Funds and UTI	51000	1.33
	b. Bank, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-Government Institutions)	817160	21.32
	c. Foreign Institutional Investors	Nil	Nil
	<b>Sub Total</b>	<b>868160</b>	<b>22.65</b>
4.	Others		
	a. Private Corporate bodies	225858	5.89
	b. Indian Public	976430	25.47
	c. NRIs / OCBs	5660	0.15
	d. Any other	Nil	Nil
	<b>Sub Total</b>	<b>1207948</b>	<b>31.51</b>
	<b>Grand Total</b>	<b>3833168</b>	<b>100.00</b>

## (ii) DISTRIBUTION OF HOLDINGS AS ON 31st MARCH, 2005

NO. OF SHARES HELD	SHAREHOLDERS			
	Number	%	Amount	%
Upto 5000	3206	98.98	6105080	15.93
5001 to 10000	6	0.19	413800	1.08
10001 to 20000	7	0.22	989500	2.58
20001 to 30000	Nil	Nil	Nil	Nil
30001 to 40000	2	0.06	749500	1.96
40001 to 50000	6	0.18	2882500	7.52
50001 to 100000	7	0.22	4467300	11.65
100001 & above	5	0.15	22724000	59.28
<b>TOTAL</b>	<b>3239</b>	<b>100.00</b>	<b>38331680</b>	<b>100.00</b>

**e. Share Transfer Systems:**

Company's shares are in physical form and all valid transfers processed within 30 days from the date of receipt.

**f. Registrar and Share Transfer Agents:**

All Share Transfer work is done in-house. No registrar or share transfer agents have been appointed by the Company.

**g. Listing on Stock Exchange:**

Shares of the Company is listed on the Madras Stock Exchange. Listing fees duly paid for the year 2005-2006.

**h. Market Price Data:**

Shares of the Company were last traded on the Stock Exchange in 1999 at a price of Rs.19/- per share.

**i. 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

**j. Compliance:**

Company has obtained a certificate from its Auditors regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement which is attached to this report.

For and on behalf of the Board

Hyderabad  
29<sup>th</sup> June 2005

P. PUNNAIAH  
Executive Chairman