



<b>CONTENTS</b>	<b>Page</b>
Notice to the Shareholders	3
Report of Directors	5
Auditors Report	16
Balance Sheet	18
Profit and Loss Account	19
Cash Flow Statement	20
Schedules	21

**Directors**

Mr. P. Punnaiah

Mr. M. Uttam Reddi

Mr. P.C.D. Nambiar

Mr. V. Thirumal Rao

Mr. R. Gowri Shanker

Mr. A. Bharat

Mr. A.V. Ramalingan- Executive Director

**Company Secretary**

Mr. K. Murali

**Auditors**

M/s. Deloitte Haskins & Sells

**Bankers**

Bank of India

Andhra Bank

**Registered Office**

47, Graemes Road,

Chennai - 600 006.

Phone : 044-2829 3296 / 2829 0381

Fax : 044-2829 0391

E-mail : [ho@beardsell.co.in](mailto:ho@beardsell.co.in)

Website : [www.beardsell.co.in](http://www.beardsell.co.in)



**BEARDSSELL LIMITED**

---





NOTICE IS HEREBY GIVEN that the Seventy First Annual General Meeting of the Company will be held on Wednesday, the 27<sup>th</sup> August, 2008 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. ADOPTION OF ACCOUNTS**

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

"RESOLVED THAT the Balance Sheet as at 31<sup>st</sup> March 2008, the Profit and Loss Account of the Company for the year ended on that date, together with the Schedules, Balance Sheet Abstract and Company's General Business Profile and Cash Flow Statement for the Year ended 31<sup>st</sup> March, 2008 together with the Directors Report and the Auditors' Report thereon, be and are hereby approved and adopted."

**2. TO DECLARE DIVIDEND**

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

"RESOLVED THAT pursuant to the recommendation of the Board of Directors, Dividend at the rate of Rs. 1.50 (15 percent) per share be paid as Dividend for the year ended 31.03.2008 to those shareholders whose name appears in the register of members on 27<sup>th</sup> August, 2008."

"RESOLVED FURTHER THAT the dividend warrants be posted to the respective shareholders within 30 days of declaration."

**3. APPOINTMENT OF DIRECTORS**

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

a) "RESOLVED THAT Mr. P. Punnaiah, who retires by rotation and being eligible for reappointment be and is hereby appointed as a Director of the Company."

b) "RESOLVED THAT Mr. M. Uttam Reddi, who retires by rotation and being eligible for reappointment be and is hereby appointed as a Director of the Company".

**4. APPOINTMENT OF AUDITORS**

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

"RESOLVED THAT the Auditors of the Company, Messrs. Deloitte Haskins & Sells (DHS), 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  
June 28, 2008

K. Murali  
Company Secretary



Notes :

1. In terms of Clause 49 of the listing agreement with the Stock Exchanges, brief details regarding the Director's reappointment is given below :

- a) The profile of Mr.P. Punnaiah who retires by rotation and being eligible for reappointment as a Director are as under :

Mr. Punnaiah is an experienced industrialist with over 60 years of management and industrial experience and knowledge. Mr. Punnaiah is associated with the Company as a Director since 1985 subsequent to the acquisition of the shares held by M/s. Tootals Ltd., U.K. by Navabharat Ferro Alloys Ltd., Mr. Punnaiah was the Managing Director of the Company from 02-01-1989 till 19-08-1997 and Executive Chairman thereafter till 19-08-2006. He was appointed as an Additional Director w.e.f. 20<sup>th</sup> August, 2006 and as Director at the Annual General Meeting held on 27<sup>th</sup> September, 2006.

Mr. Punnaiah is a Director of Nava Bharat Ventures Ltd., Hyderabad and Prakasam Sugar Complex Ltd., Chennai.

Mr. Punnaiah is interested in the resolution. Mr A. Bharat - Director, relative of Mr. Punnaiah is also interested in the resolution. None of the other Directors are interested.

- b) The profile of Mr. Mallu Uttam Reddi who retires by rotation and being eligible for reappointment as a Director are as under:

Mr. Uttam Reddi founded and manages the Law firm of M/s Uttam Reddi & Co., Mr. Uttam Reddi holds the university first rank in his law degree examination. Mr Uttam Reddi joined the Revenue Service in the year 1949 and rose to be the Deputy Commissioner of Income Tax. While Posted in New Delhi, he was also 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 commenced his law practice in Madras by joining the well - known Law firm of King and Partridge. He was a partner of this firm till 1970 when he left to set up his own law office.

Ever since he has been the Legal advisor to large corporates such as Madras Fertilizers Limited, Southern Petro Chemicals Industries Corporation Ltd., GEC Group Companies in India, FAL Industries Ltd., Switching Technologies Gunther Ltd., K C P Sugars & Industrial Corporation Limited., among others.

Mr. Uttam Reddi specializes 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 Judicature at Madras.

Mr. Uttam Reddi is Director in Aruna Hotels Ltd.

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

Mr. Uttam Reddi is interested in the resolution. Mr. V. Thirumal Rao - Director relative of Mr. Uttam Reddi is also interested in the resolution. None of the other Directors are interested.

2. 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.
3. A Proxy can be in any of the forms set out in Schedule IX of the Companies Act, 1956.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 18<sup>th</sup> August, 2008 to 27<sup>th</sup> August, 2008 (both days inclusive).
5. Members are requested to intimate change, if any, in their addresses immediately.
6. The Company has already transferred the amount of all unclaimed dividends declared upto the period ended 31st March, 1998 to the Investor Education and Protection Fund of the Central Government (as per Section 205 C of the Companies Act, 1956). 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.
7. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

## REPORT OF BOARD OF DIRECTORS

Your Directors present the 71st Annual Report of the Company together with the Audited Accounts for the financial year ended 31.03.2008.

## PERFORMANCE / OPERATIONS

### FINANCIAL RESULTS

(Rs. in Lakhs)

	Year ended 31.03.2008	Year ended 31.03.2007
Gross Revenue	6047.72	5448.02
Profit before interest & Depreciation	460.02	458.54
Interest	23.46	21.16
Profit before Depreciation	436.56	437.38
Depreciation	57.31	63.85
Profit before tax	379.25	373.53
Profit after taxation	235.26	254.66
Balance of Profit & Loss Account from Last year	470.46	286.10
<b>Appropriations :</b>		
Transfer to General Reserve	89.95	25.46
Proposed Dividend on Equity Shares	57.50	38.33
Tax on Dividend	9.77	6.51
Balance Profit carried to Balance Sheet	548.50	470.46

### DIVIDEND

The Board of Directors has recommended, subject to the approval of share holders, a Dividend of Rs.1.50 (15 percent) per Equity share of Rs.10 /- each.

### REVIEW OF OPERATIONS

For the year under review continued buoyancy in the economy and steps taken to improve the efficiency of operation helped your Company to post a profit after tax of Rs. 235.26 Lakhs on a total income of Rs. 6047.72 Lakhs.

### INSULATION DIVISION

#### a. EPS :

Increased demand from end use applications like cold storages, consumer durable packaging etc., and cost management resulted in improved performance.

#### b. ISOBUILD PREFAB PANELS

During the year under review continued demand from Pharmaceuticals and Roofing Applications and the growth in

Cold Storage & Food Processing Industries helped to improve the performance. The Division sold / installed 116698 RMT as against 79398 RMT during the previous year, thus constituting an increase of 47%.

### c. CONTRACTING

The Division made satisfactory progress with the focus on changed business mixes by more direct contracts with end users.

### TRADING DIVISION

Trading Division's performance is satisfactory. Steps are taken for improvement.

### 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.

### FIXED DEPOSITS

Fixed Deposits amounting to Rs. 1.69 Lakhs matured but were not claimed till 31st March, 2008. Subsequently, Fixed Deposits totaling to Rs.0.15 Lakhs have been repaid. Reminders have been sent to the other deposit holders for their instructions.

All Deposits / Interest accrued there on remaining unclaimed for a period of seven years from the date they became due for payment have been credited to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956.

### INSURANCE

All the properties of the Company including Buildings, Plant and Machinery and Stocks have been adequately insured.

### DIRECTORS

Mr. P. Punnaiah and Mr M. Uttam Reddi, Directors, retire by rotation at this Annual General Meeting, and being eligible, offer themselves for reappointment.

### AUDITORS' 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, M/s. Deloitte Haskins & Sells (DHS), retire and are eligible for reappointment. 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.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required by Section 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 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 as on 31<sup>st</sup> March, 2008 and of the Profit of the Company for financial year ended 31<sup>st</sup> March, 2008;
- 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.

#### **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.

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

Information under section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of Directors Report for the year ended 31<sup>st</sup> March, 2008.

#### **RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND CONSERVATION OF ENERGY**

The main focus of the Company's Research and Development effort is on Energy Conservation, process up gradation and environmental preservation.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, Foreign Exchange Earnings amounted to Rs. 246.20 Lakhs as against Rs. 302.45 Lakhs during previous year.

The total Foreign Exchange Outgo during the year under review was Rs. 129.61 Lakhs as against Rs. 44.85 Lakhs during previous year.

#### **EMPLOYEE RELATIONS**

The relations between the employees and the management continued to be cordial during the year.

#### **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.

#### **ACKNOWLEDGMENT**

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

For and on behalf of the Board

R. GOWRI SHANKER  
Director.

A.V. RAMALINGAN  
Executive Director.

Hyderabad  
June 28, 2008

## MANAGEMENT DISCUSSIONS & ANALYSIS

### Industry Structure & Development

The Prefab building elements manufactured by your Company finds applications in Cold Storages, Food Processing Plants, Pharmaceuticals and Roofing Applications. Expanded polystyrene has varied applications in insulation and packaging. Your Company also undertakes contracts with in-house / outsourced materials.

### Outlook on Opportunities and Threats

With increased Industrial Construction and retail business activities and Government of India's thrust and encouraging policies on cold storages with latest technologies for improving post harvest infrastructure, there is likely to be increase in demand for your Company's products.

Fluctuating raw material prices can have negative impact on operations. Major raw materials are :

- Expandable Polystyrene (a petroleum derivative) : Increase in petroleum prices impacts this raw material price.
- Steel : The upward trend in the global steel market has pushed

up the price of steel, a major component in Isobuild Prefab Panels.

### Segment wise Performance

Insulation division which comprises manufacture of EPS products / Prefab Panels and related Contracting activities earned a revenue of Rs. 5343.35 lakhs - 90% of the total revenue.

Trading and others Segment which comprises Chemical, Motors and Exports earned a revenue of Rs. 624.89 Lakhs -10 % of the total revenue.

### 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 Audit Committee reviews the Internal Audit reports and their observations at regular intervals.

### Material Development in Human Resources

Your Company believes that human resources are the main assets of the Company and the Company's Policy is framed in this direction.

## ANNEXURE

### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY

The Company strives towards ensuring transparency and professionalism in all decisions and spheres of operation, achieving excellence in Corporate Governance by conforming to the prevalent mandatory guidelines on Corporate Governance and to enhance shareholder value through sound business decisions driving the Organisation forward without undue restraints along with prudent framework of accountability and financial management.

#### 2. BOARD OF DIRECTORS

Company's Board currently comprises of seven Directors of which one is a Whole-time Director. Non-Executive Directors bring wide-ranging experience and independent judgement 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 the Board Meetings held during the year and at the last Annual General Meeting, Directorships and Committee position held in other Companies are as under:

Name of Director	Category	Attendance in Previous AGM held on 27-08-07	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	Non Executive Promoter	Not Present	2	2	Nil	Nil	1
Mr.M. Uttam Reddi	Non-executive Independent	Not Present	4	1	Nil	1	Nil
Mr.P.C.D.. Nambiar	Non-executive Independent	Present	4	4	1	2	2
Mr.V. Thirumal Rao	Non-executive Independent	Present	7	Nil	Nil	Nil	Nil
Mr.R. Gowri Shanker	Non-executive Independent	Present	6	2	Nil	1	Nil
Mr. A. Bharat	Non-executive Promoter	Not Present	1	Nil	Nil	Nil	Nil
Mr.A.V. Ramalingan	Executive Director	Present	7	1	Nil	Nil	Nil



b) No. of Board Meetings held during the year and dates of Meeting:

During the Financial Year 2007-2008, Seven Board meetings were held on 25/04/2007, 30/06/2007, 30/07/2007, 27/08/2007, 30/10/2007, 05/01/2008 & 31/01/2008.

c) Disclosures regarding appointment and reappointment.

i) **Reappointment of Mr P Punnaiah**

At the ensuing Annual General Meeting Mr.P. Punnaiah, Non-Executive Director, retire by rotation and is eligible for reappointment.

Mr. Punnaiah is an experienced industrialist with over 60 years of management and industrial experience and knowledge. Mr. Punnaiah is associated with the Company as a director since 1985 subsequent to the acquisition of the shares held by M/s. Tootals Ltd., U.K. by Navabharat Ferro Alloys Ltd., Mr. Punnaiah was the Managing Director of the Company from 02/01/1989 till 19/08/1997 and Executive Chairman thereafter till 19/08/2006. He was appointed as an Additional Director w.e.f 20<sup>th</sup> August 2006 and as Director at the Annual General Meeting held on 27<sup>th</sup> September, 2006.

Mr Punnaiah is a Director of Nava Bharat Ventures Ltd., Hyderabad and Prakasam Sugar Complex Ltd., Chennai.

Mr Punnaiah is related to Mr A. Bharat - Director

ii) **Reappointment of Mr. Mallu Uttam Reddi**

At the ensuing Annual General Meeting Mr. M Uttam Reddi, Non - Executive Director, retire by rotation and is eligible for reappointment.

Mr. Uttam Reddi founded and manages the Law firm of M/s Uttam Reddi & Co., Mr Uttam Reddi holds the university first rank in his law degree examination. Mr Uttam Reddi joined the Revenue Service in the year 1949 and rose to be the Deputy Commissioner of Income Tax. While posted in New Delhi, he was also 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 commenced his law practice in Madras by joining the well - known law firm of King and Partridge. He was a partner of this firm till 1970 when he left to set up his own law office.

Ever since he has been the Legal advisor to large corporates such as Madras Fertilizers Limited, Southern Petro Chemicals Industries Corporation Ltd., GEC Group Companies in India, FAL Industries Ltd., Switching Technologies Gunther Ltd., K C P Sugars & Industrial Corporation Limited., among others

Mr. Uttam Reddi specializes 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 judicature at Madras.

Mr. Uttam Reddi is Director in Aruna Hotels Ltd.

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

Mr. Uttam Reddi is related to Mr. V. Thirumal Rao, Director

iii) **Appointment of Mr. K. Murali**

Mr. K. Murali was appointed as the Company Secretary on 11<sup>th</sup> January, 2008 and made Compliance officer of the Company at the Board Meeting held on 31<sup>st</sup> January, 2008.

Mr. K. Murali, aged 45 years, is a first class Commerce Graduate from Madras University. He is an Associate Member of the Institute of Company Secretaries of India (ACS 20089). He has over 25 years of experience in various corporates covering Accounts, Banking, Finance and Secretarial functions.

### 3. **AUDIT COMMITTEE**

**1) 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 Committee include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of controls and regulatory compliances. It also reviews with the 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 2007-2008, five Audit Committee Meetings were held on 25/04/2007, 29/06/2007, 30/07/2007, 30/10/2007 and 31/01/2008.

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

Sl. No	Member	Designation	No. of meetings attended
1	Mr. M. Uttam Reddi - Chairman*	Independent	4
2	Mr. P. C. D. Nambiar	Independent	2
3	Mr. V. Thirumal Rao	Independent	5
4	Mr. A. V. Ramalingan	Executive Director	5
5	Mr. R. Gowri Shanker **	Independent	1

\* Mr. Uttam Reddi was unable to attend the AGM held on 27/08/2007 due to health reasons.

\*\* Appointed as member of the Committee in the Board Meeting held on 05/01/2008

## 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.

### SITTING FEES PAID TO DIRECTORS FOR THE FINANCIAL YEAR 2007-2008

(Rs. In Lakhs)

Sl.No	Directors	Sitting Fees
1.	Mr. P. Punnaiah	0.06
2.	Mr. M. Uttam Reddi	0.24
3.	Mr. P.C.D Nambiar	0.18
4.	Mr. V. Thirumal Rao	0.36
5.	Mr. R. Gowri Shanker	0.21
6.	Mr. A. Bharat	0.03
	<b>TOTAL</b>	<b>1.08</b>

### REMUNERATION PAID TO WHOLE TIME DIRECTOR

(Rs. In Lakhs)

Sl.No	Name	Salary	Money Value of Perquisites	Contribution to Provident Fund and Other Funds	Commission	Total
1.	Mr. A. V. Ramalingan	9.60	0.56	2.69	3.97	16.82

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Company is having a Share holders & Investors Grievance Committee in line with the amended Listing Agreement, which is responsible for all matters concerning the share transfers, transmissions, issue of duplicate share certificates and redressal of Investor's Grievances. The Committee comprises of Mr. P. Punnaiah, Mr. M. Uttam Reddi, Mr. V. Thirumal Rao and Mr. A. V. Ramalingan.

Mr. K. Murali, Company Secretary is the Compliance Officer.

**6. GENERAL BODY MEETINGS**

**Details of the last three Annual General Meetings of the Company are given below :**

Financial Year	AGM	Location	Date	Time
2006-07	70th	Narada Gana Sabha, 314, T.T.K. Salai, Chennai - 600 018	27.08.07	10.00 A.M.
2005-06	69th	Narada Gana Sabha, 314, T.T.K. Salai, Chennai - 600 018	27.09.06	10.00 A.M.
2004-05	68th	Narada Gana Sabha, 314, T.T.K. Salai, Chennai - 600 018	05.08.05	10.00 A.M.

No Postal ballots were used / invited during the year 2007-08.

**7. DISCLOSURE**

- a) There were no materially significant related party transactions during the year having conflict with the interest of the Company.
- b) Company has complied with all requirements of the Listing Agreement with Stock Exchange as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchange or any Statutory Authority on matters relating to Capital Markets during the last three years.

c) **Accounting Treatment**

In the preparation of financial statements, Generally Accepted Accounting Principles and Policies were followed. Mandatory Accounting Standards announced by The Institute of Chartered Accountants of India were followed in the preparation of financial statements.

d) **Board Disclosures - Risk Management**

The main objective of Risk Management is risk reduction and avoidance. It also helps the Company to identify the risks faced by the business and optimize Risk Management Strategies. The Company has a defined Risk Management framework.

e) **Code of Conduct**

The Company adopted a code of Conduct for members of the Board and Senior Management personnel who have all affirmed in writing their adherence to the Code and has also been posted on the website of the Company [www.beardsell.co.in](http://www.beardsell.co.in).

The Declaration to this effect signed by the Executive Director is given at the end of this report.

f) **Proceeds from public issues, rights issues, preferential issues etc.,**

No Money has been raised through public / rights / preferential issues during the year.

g) **Management Disclosures**

Management Discussion and Analysis report is forming part of the Annual Report.

**8. CEO / CFO CERTIFICATION**

The Board has received certificate from Executive Director and Deputy General Manager - Finance that they have discharged the obligations under the Corporate Governance Guideline prescribed by SEBI.

**9. 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 Economic Times – English and Makkal Kural – Tamil.