



# **BEARDELL LIMITED**

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## **Seventy Third Annual Report & Accounts**

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**2009 - 2010**

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# BEARDELL LIMITED

## CONTENTS

	Page
Notice to Shareholders	2
Report of Directors	7
Auditors Report	16
Balance Sheet	18
Profit and Loss Account	19
Cash Flow Statement	20
Schedules	21
Subsidiary Companies	37 - 48
Consolidated Accounts	49 - 67

## Directors

Mr. M:Uttam Reddi  
Mr. P.C.D.Nambiar  
Mr. V.Thirumal Rao  
Mr. R.Gowri Shanker  
Mr. S.V. Narasimha Rao - Executive Director  
Mr. Bharat Anumolu - Managing Director  
Mr. Amrith Anumolu  
Mr. V.J. Singh

## Company Secretary

Mr. K.Murali

## Auditors

M/s. Deloitte Haskins & Sells

## Bankers

Bank of India

## 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)



# BEARDELL LIMITED

**NOTICE IS HEREBY GIVEN** that the Seventy third Annual General Meeting of the Company will be held on Monday, the 27<sup>th</sup> September, 2010 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, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Balance Sheet as at 31<sup>st</sup> March 2010, the Profit and Loss Account of the Company for the year ended on that date, together with the Schedules, Balance Sheet Abstract, the Company's General Business Profile and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2010 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:

- a) "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."
- b) "RESOLVED THAT Mr.R.Gowri Shanker, who retires by rotation and being eligible for reappointment be and is hereby 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. 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"

## AS SPECIAL BUSINESS

## ORDINARY RESOLUTION

### 4. APPOINTMENT OF DIRECTORS

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

"RESOLVED THAT Mr.Amrith Anumolu be and is hereby appointed as an Additional Director of the Company whose period of office will be liable to retire by rotation."

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

"RESOLVED THAT Mr.V.J.Singh be and is hereby appointed as an Additional Director ( to represent LIC of India ) of the Company whose period of office will be liable to retire by rotation."

## SPECIAL RESOLUTION

To consider & if thought fit, to pass with or without modification(s) the following resolutions as Special Resolutions:

### 5. ISSUE OF FULLY CONVERTIBLE EQUITY WARRANTS

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) for the time being in force read with the Memorandum and Articles of Association of the Company and subject to the Listing Agreement entered into by the Company with Stock Exchange and the regulations / rules/ guidelines issued by the Securities and Exchange Board of India (herein after referred to as "SEBI"), such approvals, permissions, sanctions and consents as may be necessary and required under applicable laws, rules, regulations and contracts, and on such terms, conditions, alterations, modifications, approvals, permissions, sanctions and consents, which may be accepted by the Board of Directors of the Company, as the case may be, the consent of the Company be and is hereby accorded to the Board of Directors (which term shall include any duly constituted and authorized committee thereof) to create, issue, offer, allot and deliver in one or more tranches on Preferential

## Notice to the Shareholders

Basis, up to 4,00,000 Nos Fully Convertible Equity Warrants of face value of Rs. 10/- each at a price of Rs.58/- per share (including a premium of Rs.48/- per share) aggregating to Rs.2,32,00,000/- (Rupees two crores thirty two lakhs only) to Promoters with currency not exceeding eighteen months from the date of issue/allotment of the said Warrants or such extended currency as may be permitted under the applicable SEBI Guidelines as amended from time to time, each such Warrant entitling the holder thereof to exercise its option to apply for and be issued and allotted one fully paid-up equity share of face value of Rs.10/- each in the Company at any time which option may be exercised by the holder in one or more tranches and on such terms and conditions as the Board may from time to time, whether on the same terms and conditions as may be deemed appropriate by the Board, both issued at a price which is higher than the minimum specified as per **SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009** ("SEBI ICDR Guidelines") on the relevant date and that shares so issued upon conversion of Warrants shall rank pari-passu in all respects with the existing Equity Shares of the Company.

"RESOLVED FURTHER THAT the Relevant Date in relation to the Fully Convertible Equity Warrants for the purpose of determining the issue price under the SEBI Guidelines for Preferential Issue shall be 28.08.2010 i.e. the date 30 days prior to the date of the Annual General Meeting where the proposed issue is to be considered".

"RESOLVED FURTHER THAT the said Fully Convertible Equity Warrants shall be issued and allotted within a period of fifteen (15) days from the date of passing this Special Resolution provided that where the allotment of the said Fully Convertible Equity Warrants is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the applicable SEBI guidelines as amended from time to time".

"RESOLVED FURTHER THAT an amount of Rs.14.50 per warrant (25% of issue price of Warrant) shall be payable on the date of allotment of the said Fully Convertible Equity Warrants, which shall be adjusted against the price payable subsequently for acquiring the equity shares by exercising the option for conversion with the balance amount being payable at the time of conversion, and the

said amount be forfeited, in case the option to acquire fully is not exercised. However the option to exercise shall not be earlier than six months and not later than 18 months of the issue of Warrants on such other terms as may be decided by the Board from time to time".

"RESOLVED FURTHER THAT the said Fully Convertible Equity Warrants to be issued and allotted upon conversion thereof on the exercise of the said option by the holder thereof shall be subject to a lock in period as per SEBI Guidelines as amended from time to time".

"RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting the said Fully Convertible Equity Warrants to be issued and allotted upon conversion thereof on the exercise of the said option by the holder thereof of the Company, as aforesaid, the Board of Directors, or Committee of Directors duly constituted for this purpose, of the Company be and is hereby authorised to do and perform all such other acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the said Fully Convertible Equity Warrants of the Company as it may, in its absolute discretion, deem fit and proper and also to seek the listing of such securities in one or more Stock Exchanges in India".

### By order of the Board

Chennai  
August 28, 2010

K.Murali  
Company Secretary



# BEARDELL LIMITED

## NOTES

1. In terms of Clause 49 of the Listing Agreement with the Stock Exchange, brief details regarding the Director's reappointment is given below:

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

Mr M Uttam Reddi is a senior Partner of M/s.Uttam Reddi & Co.,

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.

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., KCP Sugars & Industrial Corporation Limited., among others.

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

Mr Uttam Reddi is interested in this resolution.

No other Director except Mr V Thirumal Rao Director relative of Mr Uttam Reddi is interested.

- B) The profile of Mr.R.Gowri Shanker who retires by rotation and being eligible for reappointment as a Director are as under:

Mr.Gowri Shanker is a well-qualified technical and entrepreneurial professional with a distinguished management career leading the technology and operations of multi-million dollar organizations. He holds M.S. Degree in e-commerce from Carnegie Mellon University, M.S. in Industrial Engineering from University of Texas, M.B.A. from University of Chicago and B.Tech in Chemical Engineering from IIT, Madras. He has over 30 years experience with Multinational Companies such as AT & T, Fedex & Holiday Inns in the US and has had leadership roles in several entrepreneurial ventures. He is presently the Managing Director of OKS Pre-Press, Chennai.

Mr Gowri Shanker is associated with the Company as a Director from 2006 onwards.

No other Director except Mr R Gowri Shanker, is interested.

2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special

Business set out in Item no.4 and Item no.5 are annexed here to

3. 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.
4. A Proxy can be in any of the forms set out in Schedule IX of the Companies Act, 1956.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 18th September, 2010 to 27th September, 2010 (both days inclusive).
6. Members are requested to intimate change, if any, in their addresses immediately.
7. 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.
8. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

## EXPLANATORY STATEMENT : Pursuant to Section 173 (2) of the Companies Act, 1956

### Item 4 (a)

As per Article 121 of the Articles of Association of the Company, the Board of Directors in their Meeting held on 12<sup>th</sup> August, 2010 appointed Mr Amrith Anumolu as an Additional Director of the Company and he vacates his office as Director in the forthcoming Annual General Meeting. Notice in writing has been received from a member signifying his intention to propose the name of Mr Amrith Anumolu for appointment as Director of the Company u/s 257 of the Companies Act, 1956

Mr Amrith Anumolu graduated his Bachelor of Science in Electrical Engineering from Virginia Tech and Master education in Industrial Engineering from Georgia Tech. After completing his education he worked in various positions for companies like Ericsson Inc. and Panasonic Corp. His experience ranges from product design and development to business process improvements and re-engineering.

He is currently working as the Inventory and Planning Manager for Habasit America in Atlanta, USA. His experience, knowledge and skill in Engineering field will be immense help to the Company with regard to manufacturing and other activities.

Mr Amrith Anumolu is interested in this resolution.

No other Director except Mr.Bharat Anumolu, Managing Director relative of Mr.Amrith Anumolu is interested.

#### Item 4 (b)

LIC of India proposed Vide their Letter Ref: INV/ ND Cell /JF DATED 12.06.2010 Mr.V.J.Singh, Principal ZTC, as Nominee to represent LIC of India. The Board of Directors in their meeting held on 12th August, 2010 appointed Mr.V.J.Singh as an Additional Director of the Company and he vacates his office as Director in the forthcoming Annual General Meeting. Mr.V.J.Singh joined LIC as a Direct Recruit Officer in the year 1977. The 58-year old Mr.Singh is an M.A. in Economics from Madurai University. He secured 7th Rank in the University at graduation level, holding the first class in B.A. Economics which was a rarity in 1970s.

The important assignments he held were, Marketing Manager of Aurangabad Division, Sr.Divisional Manager of Tirunelveli Division and Regional Manager of the combined heaviest portfolio of Estates and Office Services of Western Zone, Mumbai. Subsequently he held the post of Regional Manager (E&OS) of Southern Zone, Chennai. On his elevation to the cadre of Executive Director, he has taken over charge as Principal, Southern Zonal Training Centre, Chennai.

No other Director except Mr .V.J.Singh is interested.

#### ITEM 5 ISSUE OF FULLY CONVERTIBLE EQUITY WARRANTS

The Company is planning to issue on Preferential Basis 4,00,000 Nos Fully Convertible Equity Warrants of face value of Rs.10/- each at a price Rs.58/- per Share (including premium of Rs.48/-per share) which is higher than the price arrived by the Chartered Accountant in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR" Guide Lines) aggregating to Rs.2,32,00,000/- (Rupees two crores thirty two lakhs only) to promoters, with currency not exceeding 18 months from the date of issue / allotment of the said Warrants as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR" Guide Lines) on the relevant date and that shares so issued upon conversion of Warrants shall rank parri passu in all respects with the existing Equity Shares of the Company.

The information as required under Clause 73 of Chapter VII of SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 for preferential issues are as under:

##### a) Object of the Issue

The Company is implementing a number of enhancements in its production capacity and its cash flow projections indicates that it would have to raise additional debt via Term Loans to finance the capital expenditure including working capital . To keep the burden low the Company proposes to raise capital via issue of Fully Convertible Equity Warrants to the Promoters on Preferential Basis. The necessary resolution under section 81(1A) of the

Companies Act, 1956 is being placed before the Share holders at the ensuing Annual General Meeting for seeking their approval.

##### b) the proposal of the Promoters, Directors or key management personnel of the issuer to subscribe to the offer

Name of the Promoter	No of Fully Convertible Equity Warrants
Mr .Bharat Anumolu Managing Director / Promoter	200000
Mrs.A.Jayasree - Promoter	200000



# BEARDELL LIMITED

## c) Shareholding pattern before and after the offer of 4,00,000 Nos Fully Convertible Equity Warrants:

	Category	BEFORE		AFTER	
		No. of Shares	% of Shares	No. of Shares	% of Shares
<b>A</b>	<b>Promoter's Holdings</b>				
1.	Promoters				
	- Indian Promoters	1863259	48.61	2263259	53.46
	- Foreign Promoters	NIL	NIL	NIL	NIL
2.	Persons acting in Concert	NIL	NIL	NIL	NIL
	<b>Sub Total</b>	<b>1863259</b>	<b>48.61</b>	<b>2263259</b>	<b>53.46</b>
<b>B</b>	<b>Non Promoter's Holdings</b>				
3.	Institutional Investors				
	a. Mutual Funds and UTI	NIL	NIL	NIL	NIL
	b. Bank, Financial Institutions, Insurance Companies (Central / State Govt. Institutions)	817160	21.32	817160	19.31
	c. Foreign Institutional Investors	NIL	NIL	NIL	NIL
	<b>Sub Total</b>	<b>817160</b>	<b>21.32</b>	<b>817160</b>	<b>19.31</b>
4.	Others				
	a. Private Corporate bodies	104528	2.73	104528	2.47
	b. Indian Public	1042241	27.18	1042241	24.62
	c. NRIs / OCBs	5980	0.16	5980	0.14
	d. Any other	NIL	NIL	NIL	NIL
	<b>Sub Total</b>	<b>1152749</b>	<b>30.07</b>	<b>1152749</b>	<b>27.23</b>
	<b>Grand Total</b>	<b>3833168</b>	<b>100.00</b>	<b>4233168</b>	<b>100.00</b>

## d) Proposed time within which the allotment shall be completed:

The allotment of Fully Convertible Equity Warrants will be completed within a period of fifteen days from the date of passing the resolution by the Shareholders at the General Meeting, provided that when the allotment on Preferential Basis is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

## e) The identity of the proposed allottee and percentage of post preferential issue capital that may be held by it: The proposed allottees are as follows:

Name of the Promoter	No of Fully Convertible Equity Warrants
Mr .Bharat Anumolu Managing Director / Promoter	200000
Mrs.A.Jayasree - Promoter	200000

The Company has obtained necessary consent letters from the above allottees.

The Pre-Issue and Post-Issue shareholding pattern of the above allottees are given below:

Name	Pre-issue		After Conversion of Warrants	
	No. of shares	% of share holding	No. of shares	% of share holding
Mr Bharat Anumolu - Managing Director / Promoter	598250	15.61	798250	18.86
Mrs A Jayasree - Promoter	543250	14.17	743250	17.56

## f) Pricing Certificate of the Auditors:

M/s. N. Subramani, Chartered Accountants, Chennai, have issued a certificate as on 28.08.2010 being the relevant date, recommending a price of Rs.57.86 (Rupees fifty seven and paise eighty six only) per share calculated as per CHAPTER VII of 'SECURITIES AND EXCHANGE

BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. They further certify that the proposed Preferential allotment of Equity Warrants is being made in accordance with the requirements contained in SEBI (ICDR) Guidelines for preferential issues. The said certificate shall be placed before the shareholders at the Annual General Meeting and is available for inspection of Members at the Registered Office of the Company during 11.00 a.m. to 4.00 p.m. on any working day up to the date of the Annual General Meeting.

The Board in their Meeting held on 23.08.2010 has authorised Mr. V. Thirumal Rao, Director to approve the price certified by the above Chartered Accountant on the relevant date.

## g) Lock In

The Fully Convertible Equity Warrants to be issued and allotted on Preferential Basis shall be subject to a lock in period as per SEBI (ICDR) Regulations 2009 as amended from time to time.

## h) Change in Management

There will be no change in the Management or control of the Company.

## i) Legal Requirement

As per provisions of Section 81(1A) of the Companies Act, 1956, consent of the shareholders by way of Special resolution is required for issue of Fully Convertible Equity Warrants on preferential basis. Hence the Board recommends the said resolution for the approval of shareholders in the ensuing Annual General Meeting.

## j) Disclosure of Interest

No other Director except Mr Bharat Anumolu- Managing Director and Mr Amrith Anumolu Director, relative of Mr.Bharat Anumolu is interested.

## REPORT OF BOARD OF DIRECTORS

Your Directors present the 73rd Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31.03.2010.

## PERFORMANCE / OPERATIONS

### FINANCIAL RESULTS

(Rs. In Lakhs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
Gross Revenue	5811.50	5282.16
Profit before Interest & Depreciation	565.07	138.63
Interest	12.77	15.02
Profit before Depreciation	552.30	123.61
Depreciation	73.79	57.31
Profit before tax	478.51	66.30
Profit after taxation	320.03	31.00
Balance of Profit & Loss Account from Last Year	579.50	548.50
Balance Profit carried to Balance Sheet	899.53	579.50

## REVIEW OF OPERATIONS INSULATION DIVISION

- EPS**  
Performance of this division was satisfactory and during the year your Company has recorded substantial growth in this sector.
- ISOBUILD PREFAB PANELS**  
The Division sold / installed 82658 RMT as against 93938 RMT during the previous year. Slowdown of Projects, in particular, from Pharmaceuticals, Roofing Applications, Cold Storage & Food processing industries affected the sales. We hope that the subsequent year will show better results.
- CONTRACTING**  
Company's decision to reduce its exposure to AC&R segment resulted in drop in business. We are planning to enter contracting business substantially.

## TRADING DIVISION

Trading Division's performance was affected largely due to slump in textile industry and exports. We were only doing textile exports. With our past experience, we are planning to enter foreign trade in a big way which will contribute significantly to our business.

## CAPITAL ISSUE

The Company is implementing a number of enhancements in its production capacity and its cash flow projections indicates that it would have to raise additional debt via Term Loans to finance the capital expenditure including working capital. To keep the burden low the Company proposes to raise capital via issue of Fully Convertible Equity Warrants upto an extent of Rs.232.00 lakhs to the Promoters on Preferential Basis. The necessary resolution under section 81(1A) of the Companies Act, 1956 is being placed before you at the ensuing Annual General Meeting for seeking your approval.

## 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.1.14 Lakhs matured but were not claimed till 31st March, 2010. Subsequently, Fixed Deposits totaling to Rs 0.23 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 205 C 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.PPunnaiah, Director passed away on 26th February, 2010 and the Board members and employees places on record the excellent support and guidance given by him to the Company's growth.

Mr.M.Uttam Reddi and Mr R Gowri Shanker, Directors, retire by rotation at this Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr.Amrith Anumolu and Mr V J Singh (Nominee of LIC) appointed as Additional Directors of the Company with effect from 12.08.2010.

## AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells (DHS), 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.

## NOTE ON SUBSIDIARY COMPANY MERGER OF SUBSIDIARY COMPANY

Pursuant to order dated 23rd July, 2009 passed by the Hon'ble High Court of Judicature at Madras in the Company Application No.988 of 2009 in Company Application No.551 of 2009, Meeting of Shareholders of BEARDSELL LIMITED was held on 9th September, 2009 at 10.00 A.M. at "Mini Hall", Sathguru Gnanananda Hall, Narada Gana Sabha, 314, T.T.K. Road, Chennai 600018 and the approval for merger of Viraat Granites (P) Ltd. (wholly owned subsidiary) with the Company was obtained. The report of the Chairman was filed in the Madras High Court immediately after the conclusion of the meeting.

Orders awaited from Hyderabad High Court for dissolution without winding up of the Subsidiary Company.





## AUDITORS OF SUSIDIARY COMPANY

The Auditors, M/s. Deloitte Haskins & Sells (DHS), 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.

## 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, 2010 and of the Profit of the Company for financial year ended 31st March, 2010;
- 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 the Board of Directors) Rules, 1988 and forming part of Directors Report for the year ended 31st March, 2010.

## 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

Better utility of Resources, to minimize cost & wastage. Continuous efforts are on to reduce wastage in use of Power and Fuel.

We are trying to go in for some cutting edge technology like solar, etc.

## Foreign Exchange Earnings And Outgo

During the year under review, Foreign Exchange Earnings amounted to Rs.62.88 Lakhs as against Rs.115.33 Lakhs during previous year.

The total Foreign Exchange Outgo during the year under review was Rs.422.97 Lakhs as against Rs.212.57 Lakhs during previous year.

## EMPLOYEE RELATIONS

The relations between the employees and 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

Bharat Anumolu  
Managing Director

Chennai  
August 28, 2010

V. Thirumal Rao  
Director

## MANAGEMENT DISCUSSIONS AND 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.5211.54 Lakhs. 95% of the total revenue.

Trading and others Segment which comprises Chemical, Motors and Exports earned a revenue of Rs. 281.23 Lakhs. 5% 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 confirming 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

Mr.P.Punnaiah, Director passed away on 26th February, 2010 and the Board Members and Employees places on record his valuable contribution to the growth of the company.

Company's Board currently comprises of Eight Directors of which one is a Managing Director. 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 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 27-08-09	Attendance in Board Meetings	No. of Directorships held in Other Public Limited Companies		Committee position held in other Companies	
				Director	Chairman	Member	Chairman
Mr.Bharat Anumolu*	Managing Director	Present	6	Nil	Nil	Nil	Nil
Mr.S.V.Narasimha Rao**	Executive Director	Present	6	1	Nil	Nil	Nil
Mr.P.Punnaiah***	Non Executive Promoter	Not Present	Nil	Nil	Nil	Nil	Nil
Mr.M.Uttam Reddi	Non-Executive Independent	Present	7	Nil	Nil	Nil	Nil
Mr.P.C.D.Nambiar	Non-Executive Independent	Present	4	5	1	2	3
Mr.V.Thirumal Rao	Non-Executive Independent	Present	8	Nil	Nil	Nil	Nil
Mr.R.Gowri Shanker	Non-Executive Independent	Not Present	4	5	Nil	Nil	Nil
Mr.A.V.Ramalingan****	Executive Director	Not Present	1	1	Nil	Nil	Nil
Mr.Amrith Anumolu	Non-executive Promoter	Appointed As an Additional Director w.e.f. 12.08.2010		Nil	Nil	Nil	Nil
Mr.V.J.Singh	Non-executive (Nominee of LIC)	Appointed As an Additional Director w.e.f. 12.08.2010		Nil	Nil	Nil	Nil

\* Appointed as a Managing Director in the Board Meeting held on 20th May, 2009

\*\* Appointed as Executive Director in the Board Meeting held on 29th June, 2009

\*\*\* Cessation due to death on 26th Feb, 2010.

\*\*\*\* Resigned from the Board on 20th May, 2009.