



BEARDSSELL LIMITED



Seventy Fifth Annual Report & Accounts

2011 - 2012



BEARDELL LIMITED

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Directors

Mr. M. Uttam Reddi
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

Chief Financial Officer

Mr. Y. Mukthar Basha

Company Secretary

Mr. K.Murali

Auditors

M/s. Deloitte Haskins & Sells

Bankers

Bank of India
IDBI Bank Ltd.,

Registered Office

47 Graemes Road
Chennai 600 006
Phone : 044 - 2829 3296 / 2829 0381
Fax : 044 - 2829 0391
E-mail : ho@beardsell.co.in
Website : www.beardsell.co.in



BEARDSSELL LIMITED

NOTICE IS HEREBY GIVEN that the Seventy Fifth Annual General Meeting of the Company will be held on Saturday, the 29th September, 2012 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 31st March 2012, the Statement of Profit and Loss of the Company with the Schedules and Cash Flow Statement for the year ended 31st March, 2012 together with the Directors Report and the Auditors' Report thereon, be and are hereby approved and adopted."

2. TO DECLARE A DIVIDEND

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

"RESOLVED THAT pursuant to the recommendation of the Board of Directors, Dividend at the rate of Re.1.00 (10 percent) per share be paid as Dividend for the year ended 31st March, 2012 to those share holders whose name appears in the Register of Members on 19th September, 2012."

"RESOLVED FURTHER THAT the dividend warrants be posted to the respective share holders 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 Resolutions:

- 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."

4. 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 (ICAI Registration Number of the firm is 008072S) 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

SPECIAL RESOLUTION

5. Appointment of Mr. Amrith Anumolu, Director as "Technical Advisor" under section 314(1)(a) for holding office or place of profit.

To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolution.

"RESOLVED THAT pursuant to the approval of the Remuneration Committee and the Board of Directors of the Company and provisions of Section 314(1)(a) and other applicable provisions of the Companies Act 1956 and subject to the approval of Shareholders in the ensuing Annual General Meeting, approval be and is hereby accorded for appointment of Mr Amrith Anumolu being a relative of Mr Bharat Anumolu, Managing Director to hold and continue to hold an office or place of profit as "Technical Advisor" for the period from 11/02/2012 to 31/03/2013."

"RESOLVED FURTHER THAT Mr.Amrith Anumolu, Director will be paid remuneration for rendering the technical services at Rs.5,000/- per working day for a maximum period of 240 days with full reimbursement of travelling and stay expenses subject to deduction of applicable taxes."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts and other things to give effect to the aforesaid resolution.

6 Appointment of M/s Rao & Associates, a law firm (wherein Mr.V.Thirumal Rao, Director is a Partner) as "Legal Advisors" under section 314(1)(a) for holding office or place of profit.

To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolution.

"RESOLVED THAT pursuant to the approval of the Remuneration Committee and the Board of Directors of the Company and provisions of Section 314(1)(a) and

Notice to the Shareholders

other applicable provisions of the Companies Act, 1956 and subject to the approval of Shareholders in the ensuing Annual General Meeting, approval be and is hereby accorded for appointment of M/s. Rao & Associates, a law firm (wherein Mr.V.Thirumal Rao, Director is a Partner) to hold and continue to hold an office or place of profit as "Legal Advisors" with effect from 17th December, 2011."

"RESOLVED FURTHER THAT M/s. Rao & Associates will be paid a remuneration of Rs.55,000/- P.M. subject to applicable taxes."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts and other things to give effect to the aforesaid resolution."

By order of the Board

Chennai
August 13, 2012

K. Murali
Company Secretary

NOTES

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business set out in Item no.5 and 6 annexed here to.
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 20th September, 2012 to 29th September 2012 (both days inclusive).
5. Members are requested to intimate change, if any, in their addresses immediately.
6. Section 205A(5) of the Companies Act, 1956 mandates that Companies should transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). The dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF in accordance with the following schedule

S.No	Financial Year	Date of Declaration of Dividend	% of Dividend	Date of Transfer to unpaid Dividend Account	Date of Transfer to Central Government to Investor Education and Protection Fund
1	2006-2007	27/08/2007	10%	08/09/2007	08/09/2014
2	2007-2008	27/08/2008	15%	06/09/2008	06/09/2015

Share holders are informed that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the company.



7. Details of Directors seeking Re-Appointment at the forth coming Annual General Meeting pursuant to clause 49 of Listing Agreement

a.	Name	Mr.M.Uttam Reddi	Mr.R.Gowri Shanker
b.	Brief Resume		
i	Age	85	56
ii	Qualification	B.A.BL	B.Tech, IIT Madars , MBA University of Chicago
iii	Experience in Specific Functional Area	42	32
iv	Date of Appointment on the Board of the Company (BEARDELL LIMITED)	23/10/1970	27/09/2006
c.	Nature of Expertise in Specific Functional Area	Legal	Information Technology
d.	Name(s) of other Companies in which Directorships held (as per Section 275 and 278 of the Companies Act, 1956)	NIL	Mascon Global Limited - Director
			Alden Pre Press Services Private Limited - Managing Director
			Abinding Business Solutions - Director
			OKS Spantech - Director
			OKS Bio Tech Director
			OKS BPO Director
e.	Name(s) of Companies in which Committee Membership(s)/ Chairman ship (s) held	NIL	NIL
f.	No. of Shares of Rs.10/- each held by the - Director	200 Nos.	NIL
	- his Relatives	NIL	NIL
	- Total	200 Nos.	NIL
g.	Relationship between Directors inter se (As per Section 6 and Schedule 1 A of the Companies Act, 1956)	Mr.V.Thirumal Rao Director	NIL

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 NO.(5)

The Special Resolution relates to holding of office or place of profit by Mr.Amrith Anumolu as "Technical Advisor" Under Section 314(1)(a) of the Companies Act, 1956. The appointment and remuneration was approved by the Remuneration Committee on 11th February, 2012. The Board of Directors in their meeting held on 11th February, 2012 approved the appointment and remuneration @ Rs.5,000/- per Working Day for a maximum period of 240 Days with full reimbursement of traveling and stay expenses with effect from 11/02/2012 to 31/03/2013.

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 will be rendering the following Professional Services :

- o Explore viability of trading general non-perishable merchandise in African countries and advice on technical feasibility studies on marketing Beardsell products and services in countries such as South Sudan, Rwanda etc.,
- o Advice on efficient manufacturing operations logistics supply chain management, quality, safety and overall

factory operations across Beardsell.

- o Assist in developing processes and equipment to automate operations as much as possible.
- o Provide technical advice for new product lines such as Quick Build Panels and its manufacturing operations.

Mr. Amrith Aumolu is interested in the resolution.

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

ITEM NO.(6)

The Special Resolution relates to holding of office or place of profit by Mr. V. Thirumal Rao as Partner of M/s.Rao & Associates, a Law firm Under Section 314(1)(a) of the Companies Act, 1956. The appointment and remuneration was approved by the Remuneration Committee on 11th February, 2012. The Board of Directors in their meeting held on 11th February, 2012 approved the appointment and remuneration with effect from 17th December, 2011 on a Monthly remuneration of Rs.55,000/- (Rupees Fifty five thousand only).

M/s Rao Associates is a Law Firm and handles matters pertaining to Direct / Indirect taxes, Company Law, Import and Export Policy matters, Trade Marks, Patents etc., and also in the areas and issues relating to SEBI Guidelines.

Mr. V. Thirumal Rao is interested in the Resolution.

No other Director except Mr.M.Uttam Reddi, Director relative of

Report of the Directors

REPORT OF BOARD OF DIRECTORS

Your Directors present the 75th Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31.03.2012.

PERFORMANCE / OPERATIONS

FINANCIAL RESULTS

(Rs. In Lakhs)

	Year Ended 31.03.2012	Year Ended 31.03.2011
Gross Revenue	9643.04	7972.62
Profit before interest & Depreciation	639.75	703.34
Interest	125.53	77.64
Profit before Depreciation	514.22	625.70
Depreciation	163.48	104.59
Profit before tax	350.74	521.11
Profit after taxation	235.25	329.12
Surplus in Statement of Profit & Loss from Last Year	1228.65	899.53
Appropriations		
Proposed Dividend on Equity Shares	46.83	-
Tax on Dividend	7.61	-
Balance Profit carried to Balance Sheet	1409.46	1228.65

REVIEW OF OPERATIONS INSULATION DIVISION

- EPS
Performance of this division was affected due to steady increase in raw material price and also due to power cuts resulting in usage of DG sets.
- ISOBUILD PREFAB PANELS
Performance of this Division was good in all Locations.
- CONTRACTING
Contract Division is doing better and should improve further.

TRADING DIVISION

Trading business has improved during the year. We have added export trading also. We hope to substantially increase export trading during the subsequent year.

CAPITAL ISSUE

- Allotment and conversion of Fully Convertible Equity Warrants of Rs.58/- each per Warrant including premium of Rs.48/- to Promoters on Preferential Basis.

The Company allotted 4,50,000 nos. Fully Convertible Equity Warrants on 10th October, 2011 to Mr. Bharat Anumolu, Promoter - Managing Director, (2,25,000 nos) and Mrs.A.Jayasree, Promoter (2,25,000 nos) on Preferential Basis.

- Conversion of Fully Convertible Equity Warrants issued 27th October, 2010 and 10th October, 2011 converted

into Equity Shares as per the details given below.

Warrants issued in favour of	No. of Warrants issued	Issued on	Warrants Converted into Equity Shares @ Rs.58/- Per Share including a premium of Rs.48/- Per Share	Converted into Equity Shares on
Mrs A Jayasree	2,00,000 Nos	27/10/2010	Rs.116.00 Lakhs	31/10/2011
Mr.Bharat Anumolu	2,00,000 Nos	27/10/2010	Rs.116.00 Lakhs	31/10/2011
Mrs A Jayasree	2,25,000 Nos	10/10/2011	Rs.130.50 Lakhs	28/03/2012
Mr.Bharat Anumolu	2,25,000 Nos	10/10/2011	Rs.130.50 Lakhs	28/03/2012

The proceeds were utilized for purchase of Land and Machinery for our factory locations.

- OPEN OFFER FOR PURCHASE OF BEARDSSELL LIMITED'S SHARES:

Pursuant to Regulations 3(2) and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto, the Promoters of the Company made an open offer for purchase upto 12,17,624 Fully Paid-up Equity Shares of Rs.10/- each, representing in aggregate 26% of the Paid-up and Voting Equity Share Capital of Beardsell Limited, for cash, at a price of Rs.58/- (Rupees Fifty Eight Only) per Fully Paid-up Equity Share. The offer opened on 7th June 2012 and closed on 20th June, 2012. The Promoters acquired 8,55,516 Nos equity shares and increased their holding from 57.64% to 75.91%. In order to comply with Clause 40A of the Listing agreement, the promoters sold 44003 shares in the open market on 26th and 27th July, 2012 and reduced their holdings to 74.96%.

FIXED DEPOSITS

Fixed Deposits amounting to Rs.1.75 Lakhs matured but were not claimed till 31st March, 2012. Subsequently, Fixed Deposit totalling to Rs.1.09 Lakhs have been renewed / re-paid. Reminders have been sent to the other deposit holders for their instructions.

All Deposits / Interest accrued thereon 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.P.C.D. Nambiar, Director passed away on 27th May, 2012 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, retires by rotation at this Annual General Meeting, and being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors, Messrs. 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



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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, 2012 and of the Profit of the Company for financial year ended 31st March, 2012;
- 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 ICDR Regulations 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 2012.

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/outsource 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

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

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.21.43 Lakhs as against Rs.15.83 Lakhs during previous year.

The total Foreign Exchange Outgo during the year under review was Rs.889.18 Lakhs as against Rs.1044.52 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 13, 2012

V. Thirumal Rao
Director

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. 9533.21 Lakhs 94.19% of the total revenue.

Trading and others Segment which comprises Chemical, Motors and Exports earned a revenue of Rs. 588.04 Lakhs 5.81 % 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

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 28/09/2011	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	4	Nil	Nil	Nil	Nil
Mr. S.V. Narasimha Rao	Executive Director	Present	7	1	Nil	1	1
Mr. M. Uttam Reddi	Non-Executive Independent	Not Present	4	Nil	Nil	Nil	Nil
Mr. P.C.D. Nambiar *	Non-Executive Independent	Not Present	2	-	-	-	-
Mr. V. Thirumal Rao	Non-Executive Independent	Present	7	Nil	Nil	Nil	Nil
Mr. R. Gowri Shanker	Non-Executive Independent	Present	5	6	Nil	Nil	Nil
Mr. Amrith Anumolu	Non- Executive Promoter	Not present	1	Nil	Nil	Nil	Nil
Mr. V J Singh	Non- Executive Independent	Present	4	Nil	Nil	Nil	Nil

* Cessation due to death on 27th May, 2012.

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

During the Financial Year 2011-2012, Seven Board meetings were held on 12/05/2011, 24/05/2011, 23/06/2011, 12/08/2011, 28/09/2011, 12/11/2011 and 11/02/2012.

c) Disclosures regarding appointment and reappointment.

- i) 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.

- ii) 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 32 years experience with



BEARDELL LIMITED

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.

d) Appointment of Mr. Amrith Anumolu, Director as "Technical Advisor" under section 314(1) (a) of the Companies Act, 1956 for holding office or place of profit.

The appointment and remuneration was approved by the Remuneration Committee on 11th February, 2012. The Board of Directors in their meeting held on 11th February, 2012 approved the appointment and remuneration of Rs.5000/- per working day for a maximum period of 240 days with full reimbursement of traveling and stay expenses with effect from 11/02/2012 to 31/03/2013.

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.

Mr. Amrith Anumolu will be rendering the following professional services.

- ❖ Explore viability of trading general non-perishable merchandise in African countries and advice on technical feasibility studies on marketing Beardsell products and services in countries such as South Sudan, Rwanda etc.,
- ❖ Advice on efficient manufacturing operations, logistics supply chain management, quality, safety and overall factory operations across Beardsell.
- ❖ Assist in developing processes and equipment to automate operations as much as possible.
- ❖ Provide technical advice for new product lines such as Quick Build Panels and its manufacturing operations.

He is appointed as "Technical Advisor", in accordance with the provisions of Section 314(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of the Shareholders in the ensuing General Meeting.

Mr. Amrith Anumolu is interested in the resolution.

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

e) Appointment of M/s Rao & Associates, a law firm (wherein Mr. V. Thirumal Rao, Director is a Partner) as "Legal Advisors" under section 314(1) (a) of the Companies Act, 1956 for holding office or place of profit.

M/s Rao & Associates, a law firm (wherein Mr. V. Thirumal Rao, Director is a Partner) has been appointed as "Legal Advisors" with effect from 17/12/2011 on a monthly remuneration of Rs.55,000/-. The appointment has been approved by the Remuneration Committee and the Board of Directors of the Company Subject to the approval of the Share holders in the ensuing Annual General Meeting pursuant to the provisions of Section 314 (1) (a) of the Companies Act, 1956 .

Mr V Thirumal Rao is interested in this resolution.

3. 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 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 Audit Committee Meeting

During the financial year 2011-2012, Four Audit Committee meetings were held on 12/05/2011, 12/08/2011, 12/11/2011 and 11/02/2012.

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	2
2	Mr. P.C.D.Nambiar*	Independent	2
3	Mr. V.Thirumal Rao	Independent	4
4	Mr. R.Gowri Shanker	Independent	3
5	Mr. S.V.Narasimha Rao	Executive Director	4

* Audit Committee reconstituted on 13/08/2012 due to demise of Mr.P.C.D.Nambiar

4. PREFERENTIAL ISSUE COMMITTEE

During the financial year 2011-2012, three Preferential Issue Committee Meetings were held on 10/10/2011, 31/10/2011 and 28/03/2012.

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

Sl. No	Member	Designation	No. of meetings attended
1	Mr.V.Thirumal Rao	Independent	3
2	Mr.R.Gowri Shanker	Independent	Nil
3	Mr.S.V.Narasimha Rao	Executive Director	3

5. REMUNERATION COMMITTEE MEETING

a) During the financial year 2011-2012, one Remuneration Committee Meeting was held on 11/02/2012. Composition and Attendance record of the members of the Remuneration Committee is as under:

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

* Remuneration Committee reconstituted on 13/08/2012 due to demise of Mr.P.C.D.Nambiar

6. SITTING FEES PAID TO DIRECTORS FOR THE FINANCIAL YEAR 2011-12

(Rs. In Lakhs)

Sl. No	Directors	Sitting Fees
1	Mr.M. Uttam Reddi	0.45
2	Mr.P.C.D Nambiar	0.37
3	Mr.V.Thirumal Rao	1.13
4	Mr.R.Gowri Shanker	0.60
5	Mr. Amrith Anumolu	0.08
6	LIC OF INDIA represented by Mr. V.J.Singh	0.30
	TOTAL	2.93

7. During the Financial year an amount of Rs 0.80 Lakhs has been payable to Mr.Amrith Anumolu, Director in his capacity as Technical Advisor

8. REMUNERATION PAID TO WHOLE TIME DIRECTORS

(Rs. in Lakhs)

Sl. No	Name	Salary	Perquisites and Allowances	Commission	Contribution to Provident Fund and Super Annuation Funds	Total
1	Mr.Bharat Anumolu	12.00	11.20	4.25	4.39	31.84
2	Mr.S.V.Narasimha Rao	8.40	7.27	1.46	2.66	19.79
		20.40	18.47	5.71	7.05	51.63