

Celebrating
50
Years
Beck India

Beck India Ltd.



Partners
in
Customers
Success

Annual Report 2005



Beck India Ltd. is a member of ALTANA Chemie

- 1956 • Beck & Co., a joint manufacturing project launched in collaboration with Mahindra & Mahindra, at Pimpri.
- 1961 • Beck became a Public Limited Company under the name Dr. Beck & Co. (India) Ltd.
- 1965 • Research & Development Centre was installed at Pimpri.
- The company became well established in the field of exports, especially to the former USSR; and received numerous awards for export performance.
- 1967 • 'Koyna', the largest irrigation dam in Western India was badly cracked as a result of the earthquake of 1967. Dr Beck & Co, with its technical expertise successfully repaired the cracks.
- Dr Beck & Co. AG came under the flag of BASF AG, the German chemicals giant.
- 1971 • Dr Beck received recognition from the Dept. of Science and the Govt. of India.
- 1977 • The company's concern for ecological preservation, saw it being the first to commission an effluent treatment plant at the Pimpri factory.

Beck India since 1956

- Milestones

- 2000 • Launch of a wide range of construction chemicals for various civil engineering applications.
- 2003 onwards • Dr Beck became a part of the German Altana group, one of Europe's most profitable chemical companies. One of its operating companies, ALTANA Chemie AG provides innovative, environmentally sound solutions based on specialty products for the electrical industry, coating manufacturers, coating and plastics processors and the electronics industry. The business unit Electrical Insulation of Altana Chemie AG headquartered in Wesel, Germany comprises 9 companies in 6 countries.
- Today Beck is the global leader in insulation and an organisation that nurtures efficiency and goodwill among its staff.
On the market front, the ever efficient and extensive marketing network and strong technical services back-up, enables clockwork precision in distribution of its products.
- The company today produces the widest range of electrical insulating materials to satisfy the ever-changing needs of the most quality conscious customers in electrical insulation systems, as well as construction chemicals... strengthening the Altana philosophy of "WE MAKE IDEAS WORK"...



- 1981 • A new production facility opened at Ankleshwar in Gujarat to cater to the growing demand of wire enamels and varnishes.
- 1989 • The company shares were listed in Mumbai and Pune Stock Exchanges.
- 1994 • Dr Beck & Co entered into Technical Collaboration with BASF Lacke & Farben, for manufacture of CED Coatings for Automotive industry & Container coatings. This division in later years separated to remain a part of BASF.
- 1996 • ISO 9001: 2000 Quality Management System Certification. The company was the first Indian manufacturer of electrical insulation and resin products to receive this certificate.
- 1997-98 • Dr Beck & Co was taken over by the American chemical group, Schenectady International Inc.
- The company received ISO 14000 Environment Management System certification for ecological preservation efforts.



Celebrating
50
Years



To mark the successful completion of 50 years of operations in India, various functions were organized at the Pimpri and Ankleshwar plants in January 2006. The Beck family consisting of present and past employees along with their spouses were present.

Dr. Matthias Wolfgruber President and CEO Altana Chemie AG
and

Dr Wolfgang Schütt President of Altana Electrical Insulation GmbH
specially visited India to grace this historic occasion.

In our annual report we take the pleasure in showcasing photographs of the celebrations.



MD's Message

The year 2006 is indeed a momentous year for Beck India - the Company having completed 50 years of operations in India. In the past decades, Beck India has maintained its leadership as the major provider of insulation systems to a broad spectrum of the Electrical Industry, and today it stands at its peak in terms of sales volume and financial performance.

However, like in many other companies, the past five decades have not been without its trials, tribulations and daunting challenges, which at times threatened the viability of Beck India. The Company however successfully rose out of these difficulties. The future now depends upon our ability to sustain the excellence, which Beck India has always stood for, and continuously adapt to the rapidly changing demands of the business environment in which we operate.

Manu Tandon
Managing Director
Beck India Ltd.



Board of Directors

Dr. Matthias Wolfgruber
Chairman

Dr. Guido Forstbach

Mr. Martin Babilas

Dr. Wolfgang Schütt

Mr. R. K. Kulkarni

Mr. Pradeep Mallick

Mr. S. N. Talwar
(Alternate to Dr. Matthias Wolfgruber)

Mr. P. V. Deshpande
(Alternate to Dr. Wolfgang Schütt)

Mr. S. R. Shetye
(Alternate to Dr. Guido Forstbach)

Mr. Rajeev Bhide
(Alternate to Mr. Martin Babilas)

Mr. M. Tandon
Managing Director

Registered Office

407-A, 'Arcadia', 4th Floor,
195, Nariman Point,
Mumbai 400 021

Corporate Office

'Beck House'
Off Law College Road,
Pune 411 004

Works

147, Bombay-Pune Road,
Pimpri, Pune 411 018

Plot No. 1 (A, B & C),
GIDC Industrial Area,
Ankleshwar 393 002

Regional Offices

Bangalore, Kolkata,
Mumbai, New Delhi

website

<http://www.beckindia.com>

Executive Management

Mr. M. Tandon
Managing Director

Mr. P. V. Deshpande
Director- Marketing

Mr. S. R. Shetye
Director- Manufacturing

Mr. Rajeev Bhide
Director- Finance & Corporate Affairs

Company Secretary & Head legal

Shirish Dabir

Auditors

BSR & Co.
Chartered Accountants

Internal Auditors

Mahajan & Aibara

Solicitors

Crawford Bayley & Co.

Bankers

The Bank of Nova Scotia
Bank of Baroda

Registrars & Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.

CONTENTS**Page**

Directors' Report	02
Management Discussion & Analysis Report	07
Report on Corporate Governance	09
Auditors' Report	15
BalanceSheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Notes to Financial Statements	21-33
Additional Information as required under part IV of Schedule VI to the Companies Act, 1956	34
The Last three decades - A snapshot	35

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Fiftieth Annual Report and the Audited Accounts for the financial year ended on 31 December 2005.

Financial Highlights

(Rs. Millions)

	Year ended 31.12.2005	Year ended 31.12.2004
Income from operations	1219.85	1048.96
Profit before Interest & Depreciation & Tax	229.86	215.47
Depreciation	14.78	13.90
Interest	0.75	0.39
Profit Before Exceptional Items & Tax	214.33	201.18
Provision for tax	75.95	80.65
Net Profit	138.38	120.54
Profit & Loss Account brought forward	102.23	16.34
Profit Available for appropriation	240.61	136.88
Appropriations:		
Interim dividend	-	-
Final Dividend	39.64	19.82
Tax on Dividend	5.56	2.78
Transfer to General Reserve	13.84	12.05
Carried to Profit & Loss Account	181.57	102.23
	240.61	136.88

Dividend

This year marked the completion of 50 years of the Company since inception. On this historic event of the Company's Golden Jubilee, your Directors are pleased to recommend a special dividend of Rs. 2.50 per equity share, in addition to a normal dividend of Rs. 2.50 per equity share (previous year: Rs.2.50 per equity share) aggregating to Rs. 5 per equity share, for the year ended 31 December 2005.

Performance

The sales performance of Rs. 1179 millions for the year ended 31 December 2005 is 16% higher than the sales performance for the previous year ended 31 December 2004 of Rs. 1012 millions. In quantitative terms, a similar comparison reveals a growth in sales volume of about 7%, for the year under review.

The aforesaid growth in sales as well as an improvement in other operational parameters has resulted in an appreciable increase in Profit Before Tax.

Directors

Dr. Guido Forstbach and Mr. Martin Babilas retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

As required under the Listing Agreement, particulars of Directors seeking appointment at the ensuing Annual General Meeting have been attached to the Notice of the meeting.

None of the Directors are disqualified from being appointed as Directors, as specified in Section 274 of the Companies Act, 1956.

Corporate Governance

The Company has taken adequate steps to ensure that all mandatory provisions pertaining to Corporate Governance, as prescribed under the listing agreement of the Stock Exchanges at which the Company is listed, are complied with. A separate Report on Corporate Governance is annexed along with the Auditor's Certificate on its compliance. The Management Discussion and Analysis Report also forms part of this report.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, after due inquiry and on the basis of the information received from the operating management and relying upon the report of the auditors regarding compliance with the Accounting Standards, the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures.
2. the accounting policies have been consistently applied and reasonable and prudent judgement and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31 December 2005 and the Profit for the year ended on that date.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.

Fixed Deposits

During the year the Company has not accepted any Fixed Deposits. As of 31 December 2005, deposits amounting to Rs. 34,000 which though matured, had remained unclaimed. Depositors were accordingly intimated with a request to claim their deposits.

Cost Audit

Dhananjay V. Joshi & Co., Cost Accountants, have been re-appointed for the year 2006 to conduct an audit of the cost accounts maintained by the Company in respect of Synthetic Resins and Varnishes.

Auditors

The Auditors M/s. BSR & Co., Chartered Accountants, Mumbai, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee recommends the re-appointment of M/s. BSR & Co., as Auditors of the Company for the year 2006. The Company has received a letter from retiring auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1 B) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo.

Information as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo, is given in Annexure A to this report.

Particulars of Employees

Information to be provided under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forming part of this report is given in Annexure B.

Industrial Relations

Industrial Relations continued to be cordial during the year under review.

The Board wishes to place on record its appreciation to all employees of the Company for their continued contribution to the performance of the Company.

For and on behalf of the Board

Mumbai

13 April 2006

S. N. Talwar

Director

M. Tandon

Managing Director

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, after due inquiry and on the basis of the information received from the operating management and relying upon the report of the auditors regarding compliance with the Accounting Standards, the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures.
2. the accounting policies have been consistently applied and reasonable and prudent judgement and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31 December 2005 and the Profit for the year ended on that date.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.

Fixed Deposits

During the year the Company has not accepted any Fixed Deposits. As of 31 December 2005, deposits amounting to Rs. 34,000 which though matured, had remained unclaimed. Depositors were accordingly intimated with a request to claim their deposits.

Cost Audit

Dhananjay V. Joshi & Co., Cost Accountants, have been re-appointed for the year 2006 to conduct an audit of the cost accounts maintained by the Company in respect of Synthetic Resins and Varnishes.

Auditors

The Auditors M/s. BSR & Co., Chartered Accountants, Mumbai, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee recommends the re-appointment of M/s. BSR & Co., as Auditors of the Company for the year 2006. The Company has received a letter from retiring auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1 B) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo.

Information as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo, is given in Annexure A to this report.

Particulars of Employees

Information to be provided under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forming part of this report is given in Annexure B.

Industrial Relations

Industrial Relations continued to be cordial during the year under review.

The Board wishes to place on record its appreciation to all employees of the Company for their continued contribution to the performance of the Company.

For and on behalf of the Board

Mumbai

S. N. Talwar

M. Tandon

13 April 2006

Director

Managing Director

Annexure A to the Directors' Report

Additional information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) Following measures were taken to conserve energy:

- Installation of energy efficient variable frequency drives for agitators at Pimpri works.
- Resizing of Primary Pump of Thermopac TPBIO with an energy efficient motor.
- Improvement in bulk storage and material handling of intermediates resulting in energy conservation and enhanced efficiency.
- Replacing Vacuum and Ejector pumps with energy efficient Air operated diaphragm pumps.
- Replacing old forklifts with new energy efficient forklifts having engine emissions compliant norms.
- Implementation of recommendations made during the course of ERDAs Energy Audit.
- Replacing Reciprocating Compressors by energy efficient Screw Compressors at Pimpri works.
- Provision of Variable Speed Drives with PID Controller and Relay Output at Ankleshwar to monitor and control the efficiency of Screw Compressors.
- Replacement of aeration pipe lines in the Effluent Treatment Plants at both Pimpri and Ankleshwar works.
- Installation of new energy efficient equipment during capacity augmentation of certain products at Pimpri works.
- Scope of the Process Control System (PCS7) enhanced at Pimpri and Ankleshwar works, to encompass the new products added through technology transferred from other Altana Chemie Affiliates.
- Replacement of street lighting at Pimpri and Ankleshwar factories with energy efficient luminaries, leading to reduction in lighting loads.

(b) Additional investments and proposals being implemented for reduction of consumption of energy:

- Variable frequency drives for agitators and pumps.
- Replacement of centrifugal blowers with Twin Lobe Compressors in the ETP.
- Replacement of conventional tube light fittings with CFL at factory offices to reduce lighting loads.
- Using Thermic fluid in place of steam for heating and melting.
- Further installation of Above-Ground Tank Farms for efficient material handling and plant operations.
- Replacement of old DG Sets with new energy efficient DG Sets compliant with CPCB Norms, at Pimpri Works and Corporate Office.
- Instrumentation and automation of Pilot Plants at Pimpri Works.

(c) Impact of (a), (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Overall savings in energy consumption resulting in reduction of electricity and fuel per Metric Ton of production.
- Savings on electricity bills by way of incentive, as power factor is maintained at 0.99 to Unity at all sites.

(d) Total energy consumption and energy consumption per unit of production.

Particulars	Year ended 31.12.2005	Year ended 31.12.2004
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased unit (KWH in lakh)		
Total KWH	18.91	19.13
Total amount (Rs.lakh)	83.15	83.74
Rate /KWH (Rs.)	4.40	4.38
(b) Own generation		
i) Through Diesel Generator		
Units (KWH in lakh)	1.49	0.90
Units per ltr. of Diesel Oil	2.44	2.37
Cost / Unit (Rs.)	13.92	11.52
ii) Through Steam turbine/generator		
Units (KWH in lakh)	-	-
Units per ltr. of fuel oil /gas	-	-
Cost / Unit (Rs.)	-	-
2) Coal		
Quantity (Tonnes)	-	-
Total amount (Rs.lakh)	-	-
Average Rate (Rs./MT)	-	-
3) Furnace Oil (LDO)		
Quantity (K.Ltrs.)	319.13	314.80
Total amount (Rs.lakh)	80.40	65.33
Average Rate (Rs./KM3)	25193.49	20752.86
4) Natural Gas		
Quantity (KM3)	323.72	312.31
Total amount (Rs.lakh)	28.81	27.80
Average Rate (Rs./KM3)	8900.99	8901.95
B. CONSUMPTION PER M.T. OF PRODUCTION		
Products: Wire Enamels, Impregnating Varnishes & Synthetic Resins		
Electricity (KWH)	216.47	222.79
Furnace Oil in Ltrs. (LDO)	33.85	35.02
Coal	-	-
Natural Gas	34.34	34.74
Others	-	-

B. TECHNOLOGY ABSORPTION

1. Specific areas in which R& D carried out by the Company.

Research and Development Centre was engaged in the development of new synthetic insulation materials for the winding wire industry and absorption of imported technology for certain secondary insulation products used in electrical industries. Development of coatings for the construction industry was also in focus.

2. Benefits derived as a result of the above R & D.

Certain new products introduced and process improvements conducted are:

- Eco-friendly and less toxic insulating varnishes, which are ROHS compliant, are ready to be commercialised.
- Several products transferred from Group Companies under technology agreements have been scaled up and made available to local customers.
- Cost reduction and improvement in manufacturing processes.