



BNR USYOC LIMITED



**10th Annual Report
2003 - 2004**



BNR UDYOG LIMITED

Board of Directors	: Shri B. N. Rathi - Chairman Shri J. Vikramdev Rao Dr. Sudhir Naik Shri H. N. Rathi Shri S. B. Kabra Shri Kamal Rathi - Managing Director
Auditors	: M/s. Lakshminiwas & Jain, Chartered Accountants, Station Road, Nampally, Hyderabad - 500 001.
Bankers	: HDFC Bank Ltd. Canara Bank Ltd. The A.P. Mahesh Co-op. Urban Bank Ltd.
Registered Office	: 4-5-173, Hashmat Gunj, Sultan Bazar, Hyderabad - 500 095 Ph. : 24757382, 24755760
Corporate Office	: 218, 2nd Floor, Maheshwari Chambers, Somajiguda, Hyderabad - 500 082 Ph. : 23375791, 23375793
Registrar & Share Transfer Agents	: Karvy Computer Share Private Ltd., "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 Ph. : 23312454, 23320751
Stock Exchanges (Listed)	: The Hyderabad Stock Exchange Ltd., 3-6-275, Himayatnagar, Hyderabad - 500 029 The Stock Exchange, Mumbai, Dalal Street, Fort, Mumbai - 400 001



BNR UDYOG LIMITED

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of BNR Udyog Limited will be held on Tuesday, the 31st day of August, 2004, at 4-30 p.m. at Rajasthani Graduates Association (Snatak Bhawan), 5-4-790/1, 1st Floor, Abids, Hyderabad - 500 001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri B. N. Rathie who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri H. N. Rathie who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Auditors who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

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BY ORDER OF THE BOARD,

Place : Hyderabad
Date : 21.07.2004

KAMAL RATHI
Managing Director

NOTES:

1. A member entitled to attend and vote at the Meeting is also entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a Member of the Company.
2. The instrument of proxy in order to be effective shall be deposited at the Registered Office of the Company by not less than 48 hours before the commencement of the Meeting.
3. The Register of members and the Share Transfer Books will remain closed from 16th August 2004 to 31st August 2004 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to notify immediately any change in their address to the Company/Registrar.



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5. Members/Proxies should bring the attendance slip duly filled in alongwith the Annual Report for attending the Meeting.

A brief resume of Shri.B.N.Rathi, and Shri. H.N.Rathi as per clause 49 of the Listing Agreement.

Shri. B.N.Rathi is an Arts Graduate. He is one of the promoter director of the company. He has a vast experience in the field of capital market, banking sector, financial sector etc. Presently he is the chairman of The A.P.Mahesh Co.Operative Urban Bank Ltd. Under his able guidance the company has grown immensely. Hence, his re-appointment as a Director.

Shri. H.N.Rathi is a science graduate. He has a very wide experience in the field of Capital market, Investment and Finance. He is also a promoter director of the company. His experience has helped the company improve in the financial sector. Hence, his re-appointment as a Director.

BY ORDER OF THE BOARD,

Place : Hyderabad
Date : 21.07.2004

KAMAL RATHI
Managing Director

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BNR UDYOG LIMITED

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Tenth Annual Report of your company together with the Audited Statement of Accounts for the year ending 31st March, 2004.

1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2004 are summarised as under :

	(Rs. in Lakhs)	
	<u>2003-04</u>	<u>2002-03</u>
Total Income	144.19	88.89
Total Expenditure	120.22	85.27
Profit before Tax	23.97	3.62
Less : Provision for Taxation (Deferred Tax)	(9.07)	(0.53)
Profit after Tax	33.04	4.15
Balance of Profit b/f	9.19	10.71
Provision for Tax for Previous year	NIL	5.67
Profit available for appropriation	42.23	9.19
Less : Transferred to Reserve Fund	21.00	Nil
Balance carried to Balance Sheet	21.23	9.19

2. OPERATIONS / REVIEW OF PERFORMANCE :

The Performance of the Company was reasonably good for the Financial year 2003-2004. The Medical Transcription Division of the company has been expanded and the company has also started imparting training in Medical Transcription. The company is doing better in Medical Transcription. The company has not undertaken any Construction activity during the Year. The Company hopes to do better in Financial activities.

3. DIRECTORS :

Shri B.N.Rathi and Shri. H.N.Rathi Directors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

4. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Provisions of Sec.217 (2AA) of the Companies Act,1956 Directors of your Company hereby confirm that:

- (i) The Annual Accounts of the Company have been prepared in accordance with applicable Accounting Standards.
- (ii) The Company has been consistently following selected accounting policies and made



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- judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss account of the Company.
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safe guarding assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Annual Accounts have been prepared on a going concern basis.

5. AUDITORS :

M/s Lakshminiwas & Jain, Chartered Accountants retire at the conclusion of the Annual General Meeting and are recommended for re-appointment. The necessary certificate from the Auditors has been received to the effect that their re-appointment if made, would be within the prescribed limits u/s 224 (1B) of the Companies Act, 1956.

6. PARTICULARS OF EMPLOYEES:

None of the employees who are employed throughout the year are covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended from time to time.

7. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION :

The Provisions of the Companies (disclosure of particulars in report of Board of Directors) Rules, 1988 relating to conservation of energy are not applicable and since the company is not engaged in any manufacturing or processing activities, there is no information to be disclosed under this head.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO :

During the year 2003-2004 receipts from Medical Transcription Division of the Company stood at Rs.1,31,54,387/- equivalent to (US \$ 2,89,256.67).

9. LISTING :

The Equity Shares of your Company are listed at The Hyderabad Stock Exchange Ltd. and The Stock Exchange, Mumbai. The requisite Annual Listing Fees of both the Exchanges are paid.

10. FIXED DEPOSIT :

Your Company has not accepted any deposits U/S 58A and as such no amount of Principal or Interest was outstanding on the date of the Balance Sheet.

11. CORPORATE GOVERNANCE :

As per Clause 49 of the Listing Agreement with the Stock Exchanges a separate section on Corporate Governance followed by the Company together with the Certificate from the Auditors of the Company confirming Compliance is set out in the Annexure forming part of this Report.



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12. SEGMENTWISE PERFORMANCE :

Your Company considers Medical Transcription and its related activities as the primary segment for reporting.

13. ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the Government Authorities, Securities and Exchange Board of India, The Hyderabad Stock Exchange Ltd. and The Stock Exchange, Mumbai. Your Directors also acknowledge the continued support given by Business Associates and the sincere and dedicated services of the employees of the Company at all levels. Your Directors also like to express their thanks to the shareholders for the confidence which they reposed in them.

By Order of the Board of Directors,

Place : Hyderabad
Date : 21.07.2004

B. N. RATHI
Chairman





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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Development

BNR Udyog Limited is engaged in Medical Transcription, Construction and Financial activities. The Company has procured good number of clients through the U.S. based company. Apart from the above the company is engaged in training Medical Transcriptionists. Your Directors are confident of further improving business results in the years to come. The Company's earnings in the foreign exchange is steady and encouraging. The Company has not taken any Construction Projects in the current Financial year.

Opportunities & Strength

- Medical Transcription has a growth potential and it is anticipated that industry size will keep on growing every year
- Global companies are outsourcing their work to reduce their operating cost
- Accuracy is the basis of Client confidence
- Dedicated work force

Outlook

Global Companies are outsourcing their work overseas, your Company has an opportunity to diversify into new business activities such as Medical Billing, Coding, Data Entry & Bulk Mailing.

Risk & Concerns

- Medical Transcription industry is totally dependent on manpower. Accuracy is the major criteria and if it comes down below 98.5% Company will loose the clients / business and this will directly effect the profitability of the company.
- Fluctuation in dollar rate and outsourcing may be banned in U.S.
- Introduction of Speech Technology and shortage of manpower.
- In the financial sector, the rate of interest has come down substantially thus effecting the margin of profit.

Internal control system

Your company is having an adequate internal control system. Quarterly Internal Audits, Limited Review by Statutory Auditors and Audit Committee Meetings, ensure the quality of internal checks. There are proper safeguards of assets through internal control system.

Human Resource

One of the foremost intention of the Management is to maintain accuracy level while transcribing the Medical Report. In this direction, your company has opened a training center and started imparting training to fresh graduates interested in the medical transcription field. These Trainees are later absorbed by the company in the regular work.



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CORPORATE GOVERNANCE REPORT

I. Philosophy

The Corporate Governance Code is a professional system framed for ensuring compliances of statutes. It is a system framed to safeguard in the long term the interest of its members, creditors, customers and employees. Your company continues to follow procedure and practice in conformity with the Corporate Governance as per the Listing Agreement. The Management places on record that the mandatory compliances are complied and the various committees are constituted in accordance with provisions as suggested in clause 49 of the Listing Agreement with the Stock Exchanges.

II. Board of Directors

a) Composition

Category	No. of Directors	Non-Executive	Executive
Promoter Directors	3	2	1
Independent Directors	3	3	

b) Total No. of Board Meetings During the Year

	Date
First Meeting	28.04.2003
Second Meeting	21.07.2003
Third Meeting	30.10.2003
Fourth Meeting	19.01.2004

c) Attendance of each Director at the Board Meeting during the year and at Last Annual General Meeting including other Directorship

Name of the Director	Attendance		No. of other Directorship	Committee Membership
	Board Meeting	Last AGM		
Shri B.N.Rathi	4	Yes	5	1
Shri J.Vikram Dev Rao	4	Yes	3	Nil
Dr.Sudhir Naik	3	Yes	2	Nil
Shri H.N.Rathi	4	Yes	2	1
Shri Kamal Rathi	3	Yes	1	Nil
Shri S.B. Kabra	3	Yes	Nil	Nil



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III. Audit Committee Compositions

Name of Member		Category	Attendance
Shri J. Vikram Dev Rao .	- Chairman	- Independent Non-Executive	3
Dr. Sudhir Naik	- Member	- Independent Non-Executive	2
Shri. S.B. Kabra	- Member	- Independent Non-Executive	3
Shri B.N.Rathi	- Member	- Non-Executive	3

During the Financial year three Audit Committee meetings were held on 21.07.2003, 30.10.2003 and 19.01.2004.

The functions of the Audit Committee include

- reviewing with the management the annual financial statements before submission to the Board; focusing primarily on
 - Any changes in accounting policies and practices;
 - Major accounting entries based on exercise of judgement by Management;
 - Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - The going concern assumption;
 - Compliance with accounting standards;
 - Compliance with Stock Exchanges' and legal requirements concerning Financial statements;
 - Any related-party-transactions i.e transactions of the company of material nature with promoters or the management or their subsidiaries or relatives etc, that may have potential conflict with the interests of the company at large;
- reviewing with the management, statutory and internal auditors, the adequacy of the internal control systems;
- reviewing the adequacy of the internal audit function, discussion with the internal auditors about any significant findings and followup thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with the statutory auditors before the audit commence, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- reviewing financial and risk management policies of the company :

IV Remuneration Committee

Shri. J. Vikramdev Rao	-	Chairman
Shri S.B.Kabra	-	Member
Shri H.N.Rathi	-	Member