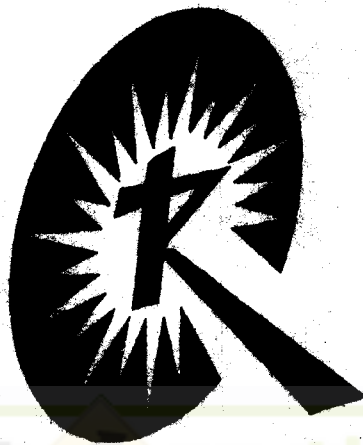




BNR UDYOG LIMITED



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**9th Annual Report
2002 - 2003**



BNR UDYOG LIMITED

Board of Directors	: Shri B. N. Rathie - Chairman Shri J. Vikramdev Rao Dr. Sudhir Naik Shri H. N. Rathie Shri S. B. Kabra Shri Kamal Rathie - 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. : 23397725
Registrar & Share Transfer Agents	: Karvy Consultants Limited, "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034
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 Ninth Annual General Meeting of the Members of BNR Udyog Limited will be held on Monday, the 29th day of September, 2003, at 9-30 a.m. at Snatak Bhawan (Rajasthan Graduate Association), 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, 2003, 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 J. Vikram Dev Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Sudhir Naik 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.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to provisions of Section 257 and other applicable provisions of the Companies Act, 1956, Shri S.B. Kabra be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To consider and if thought fit to pass the following resolution as a Special Resolution with or without modification.

"RESOLVED THAT pursuant to provisions of Section 314(1B) and other applicable provisions of the Companies Act, 1956 Shri Chetan Rathi a relative of Shri B.N. Rathi, Shri H.N. Rathi and Shri Kamal Rathi be and is hereby appointed to hold an office of Profit as Vice-President (Medical Transcription) under the company as per the terms and conditions agreed. He may be paid a monthly remuneration of Rs. 20,000/- (Rupees Twenty Thousand only)."

BY ORDER OF THE BOARD,

Place : Hyderabad
 Date : 21-07-2003

KAMAL RATHI
 Managing Director



BNR UDYOG LIMITED

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 Share Transfer books will remain closed from 16th September, 2003 to 29th September, 2003 (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 / to the Registrar.
5. Members / Proxies should bring the attendance slip duly filled in along with their Annual Report for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SEC 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5:

Shri S.B. Kabra was appointed as an Additional Director at the Board Meeting held on 28th April, 2003 and vacates his office at the Annual General Meeting.

Pursuant to Provisions of Section 257 of the Companies Act, 1956 a Notice has been received from a Member of the Company alongwith a deposit of Rs. 500/- for appointment of Shri S.B. Kabra as a Director of the Company.

None of the Directors is interested in the aforesaid resolution except Shri S.B. Kabra.

Item No. 6 :

Mr. Chetan Rathi has been managing the Medical Transcription Division since its inception. His services in the Medical Transcription field have been of immense help to the company. With a view to reward him suitably it is thought fit to increase his salary to Rs. 20,000/- per month (Rs. Twenty thousand only). In pursuance of Section 314 (1B) of the Companies Act, 1956 his holding of place of profit requires approval of shareholders. Hence, the present resolution.

Except Shri B.N. Rathi, Shri H.N. Rathi & Shri Kamal Rathi none of the Directors is interested or concerned.

A brief resume of Shri J. Vikramdev Rao, Dr. Sudhir Naik and Shri S.B. Kabra as per clause 49 of the Listing Agreement.

Shri J. Vikramdev Rao is a Doctor of Medicine. He is a director of the company since its inception. His presence on the Board is of immense use.

Dr. Sudhir Naik is an eminent cardiologist. His guidance and advices in the Medical Transcription Division are of great use.

Shri S.B. Kabra is a Member of Institute of Chartered Accountants of India. He is a practising Chartered Accountant and his experience and knowledge would be of immense help to the Company.

BY ORDER OF THE BOARD,

Place : Hyderabad
Date : 21-07-2003

KAMAL RATHI
Managing Director



BNR UDYOG LIMITED

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Ninth Annual Report of your company together with the Audited Statement of Accounts for the year ending 31st March, 2003.

1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2003 are summarised as under :

	(Rs. in Lakhs)	
	<u>2002-03</u>	<u>2001-02</u>
Total Income	88.89	65.91
Total Expenditure	85.27	53.51
Profit before Tax	3.62	12.40
Less : Provision for Taxation (Deferred Tax)	(0.53)	(1.16)
Profit after Tax	4.15	13.56
Balance of Profit b/f	10.71	25.60
Provision for Tax for Previous year	5.67	3.16
Deferred Tax adjustment on initial adoption (earlier years)	NIL	25.29
Balance carried to Balance Sheet	9.19	10.71

2. OPERATIONS / REVIEW OF PERFORMANCE :

The Performance of the Company was reasonably good for the Financial year 2002-2003. 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.

3. DIRECTORS :

Shri J. Vikram Dev Rao and Dr. Sudhir Naik, Directors of the company will retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Shri S.B. Kabra is seeking appointment as a Director. He is a Chartered Accountant by Profession and his inclusion as a Director will be of immense help to the Company. He was appointed as an Additional Director at the Board Meeting held on 28th April, 2003.

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 the applicable Accounting Standards.
- (ii) The company has been consistently following selected accounting policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and its Profit and 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 safeguarding the 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.



BNR UDYOG LIMITED

5. AUDITORS :

M/s. Lakshminiwas & Jain, Chartered Accountants retire at the conclusion of the Annual General Meeting and are re-commended 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 is employed throughout the year are covered under section 217 (2A) of the Companies Act, 1956 read with 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 2002-2003 receipts from Medical Transcription Division of the Company stood at Rs. 79,67,309/- (US \$ 1,65,299.01)

9. LISTING :

The Equity Shares of your company are listed at The Hyderabad Stock Exchange Limited 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 deposit 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.

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 Limited, 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 : 21-07-2003

B. N. RATHI
Chairman



BNR UDYOG LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Development

BNR Udyog Limited is presently engaged in Medical Transcription, Construction and Financial activities. The Company has entered into a Memorandum of Understanding with a U.S. based Company for out sourcing. The Company has already procured good number of clients through the U.S. based company. Your Directors are confident of improving business results in the years to come. The Company has not taken any construction projects in the current financial year. The earnings of the company in foreign exchange are steady and encouraging.

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
- Client confidence on accuracy
- 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. Every day is a new day. 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 are 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.



BNR UDYOG LIMITED

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. The Corporate Governance Code has been made applicable to the Company since this year and the Company has been taking all steps to ensure high ethical standards in the business activity while implementing the Corporate Governance Code. The Management places on record that the mandatory compliances are complied with and the various committees are constituted in accordance with the 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	29.04.2002
Second Meeting	30.07.2002
Third Meeting	28.10.2002
Fourth Meeting	25.01.2003

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	-
Dr. Sudhir Naik	4	Yes	2	-
Shri H.N.Rathi	4	Yes	2	1
Shri K.N.Rathi	4	Yes	1	-
Shri K. Venkateswara Rao	*	Nil	Nil	Nil

* Shri K. Venkateswara Rao was co-opted as an Additional Director on 25th January, 2003 and he resigned from the Board on 28.03.2003



BNR UDYOG LIMITED

III. Audit Committee

Shri J. Vikram Dev Rao	- Chairman	- Independent Non-Executive Director
Dr. Sudhir Naik	- Member	- Independent Non-Executive Director
Shri. S.B. Kabra	- Member	- Independent Non-Executive Director
Shri B.N. Rathi	- Member	- Non-Executive Director

The First Meeting of the Audit Committee was held on 21st July, 2003 before the Board Meeting for considering the Audited Annual Accounts of the Company for the year ending 31.03.2003.

The functions of the Audit Committee includes

- 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



BNR UDYOG LIMITED

Details of remuneration of all Directors

Name	Designation	Sitting fee Rs.	Salary & Benefits Rs.
Shri B.N.Rathi	Director	3000	-
Shri J.Vikram Dev Rao	Director	3000	-
Dr.Sudhir Naik	Director	3000	-
Shri H.N.Rathi	Director	3000	-
Shri K.N.Rathi	Mg. Director	-	3,36,000

V. Investor Grievances Committee

Shri B.N.Rathi	-	Chairman
Shri J.Vikram Dev Rao	-	Member
Shri H.N.Rathi	-	Member

Investor Grievance Status Chart

	Received	Resolved
1.Change/Correction of Address	6	6
2. Requests for Demat for CDSL	5	5
3. Non-Receipt of Dividend Warrants	2	2
4. Investor Service Letter	1	1
5. Request for Dematerialisation	1	1
6. Non-Receipt of shares	1	1
7.Transfer of Shares	5	5

Data on Share Transfers

	No.of shares Received	No.of shares Processed	Rejected
Physical	160700	153100	7600
NSDL	108700	108700	Nil
CDSL	229200	229200	Nil

General Body Meetings (last three AGMs)

Date held on	Time a.m.	Venue	No.of Special Resolution passed
26.09.2002	9.30	Snatak Bhavan, RGA Hall	Nil
28.09.2001	10.00	" "	Nil
29.09.2000	10.30	" "	1

Postal Ballot –No special Resolution requiring a postal ballot under section 192 A of the Companies Act, 1956 was placed before the last AGM. Similarly no special resolution requiring a postal ballot is being proposed at the ensuing AGM.