



BHAGYANAGAR WOOD PLAST LIMITED

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11th
Annual Report
1998 - 99

BHAGYANAGAR WOOD PLAST LIMITED

Board of Directors

[As on July 30,1999]

Sri. N. Kishan Reddy

Managing Director

Sri. G. Hemanth Reddy

Whole Time Director

Sri. N. Srinath Reddy

Whole Time Director

Dr. G.S.R.Somayaji

HUDCO Nominee

Sri. K. Rama Rao

APIDC Nominee

Auditors

V.Sridhar & Co.,
Chartered Accountants,
Hyderabad.

Bankers

State Bank of Hyderabad
Commercial Branch,
S. P. Road,
Secunderabad - 500 003.
Andhra Pradesh.

Registered Office

4th Floor, KPR House,
S. P. Road,
Secunderabad 500 003.
Andhra Pradesh.

Works

Nandikandi Village
Sadashivpet Mandal,
Medak District.
Andhra Pradesh.

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BHAGYANAGAR WOOD PLAST LIMITED

NOTICE

Notice is hereby given that the 11th Annual General Meeting of Bhagyanagar Wood Plast Limited will be held at 11 A.M. on Thursday the 30th day of September, 1999 at Sanjeeva Reddy Nagar Community Hall, Sanjeeva Reddy Nagar, Hyderabad, to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit & Loss Account of the Company for the period ended on that date together with reports of Auditors and Directors thereon.
2. To appoint Auditors and authorise the Board to fix their remuneration. Messrs. V. Sridhar & Co., Chartered Accountants, Hyderabad, the retiring Auditors of the Company are eligible for reappointment.
3. To appoint Director in place of Sri N. Srinath Reddy who retires by rotation and being eligible offers himself for re-appointment and to pass the following resolution with or without modifications as Ordinary Resolution:

"Resolved that in pursuance of provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 Sri N. Srinath Reddy be and is hereby appointed as Director of the Company on the following terms of remuneration and that his period of office shall be liable to retirement by rotation".

Salary : Rs.10,000 per month

Perquisites : 1. Telephone at house (excluding personal long distance calls).
2. Provident Fund as per rules of Company
3. Personal Accident Insurance Premium not exceeding Rs.2000/-.

4. Medical Reimbursement for self and family (consisting of self, spouse, dependent children and dependent parents) subject to a maximum of one month's salary over one year or three months' salary over a period of three years.

"Further resolved that the above terms of remuneration shall be effective on and from April.1, 1999."

Sri N Srinath Reddy had been initially appointed on 29.03.1996 with the following remuneration.

Salary : Rs. 6,000 per month

Perquisites : 1. Telephone at house (excluding personal long distance calls).
2. Provident Fund as per rules of Company.
3. Personal Accident Insurance premium not exceeding Rs.2,000/-.

It is proposed to increase his remuneration as set out in the resolution.

His office shall be liable to retirement by rotation.

B. SPECIAL BUSINESS:

4. To appoint Sri N. Kishan Reddy as Managing Director of the Company for a period of 5 years by passing following resolution with or without modifications as Ordinary Resolution:

"**RESOLVED THAT** pursuant to provisions of Sections 198, 269, 309, 311 and other applicable provisions if any, read with and in accordance with the conditions in Schedule XIII of the Companies Act, 1956, Sri N. Kishan Reddy be and is hereby appointed as Managing Director of the Company for a period of 5 years

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commencing from financial year 1999-2000 (01.04.1999 to 31.03.2000) and ending with financial year 2003-2004 (31.03.2004) and he be remunerated as under".

Salary : Rs.10,000 per month

In addition to above, Sri N. Kishan Reddy shall be eligible for the following perquisites:

PERQUISITES

CATEGORY - A

a. Medical Re-imbursement

Expenses incurred on medical treatment of Sri N. Kishan Reddy and his family members subject to a ceiling of 1 month's salary for 1 year or 3 months' salary over a period of 3 years. (Family for this purpose will include Sri N. Kishan Reddy & his wife)

b. Leave Travel Concession:

Once in a year for himself and his wife in accordance with rules of the Company.

c. Club Fees:

Fee to clubs subject to maximum of 2 clubs. These will not include admission and life membership fee.

CATEGORY - B

Contribution to Provident Fund as per rules of the Company.

CATEGORY - C

a. Use a Company's Car for Company's business.

b. Reimbursement of telephone expenses at Residence (this does not include personal long distance calls which, if made, shall be billed separately by the company).

In the event of inadequacy/absence of profits in any year during the tenure of office of the Managing Director, the above remuneration shall be the minimum remuneration payable to the Managing Director, subject to the limits as may be specified in Schedule XIII of the Companies Act, 1956 from time to time".

5. To consider, and if thought fit to pass, with or without modification, the following resolution, as a special resolution, to insert sub-clause 9 in the "Other Objects" of the Memorandum of the Company in pursuance to the Section 17(1) of the Companies Act, 1956.

"Resolved that, pursuant to the provisions of Section 17(1) and other applicable provisions, if any, of the Companies Act, 1956, the "Other Objects" clause (clause III C) of the Memorandum of Association of the Company be altered by adding the following new sub-clause 9 after existing sub-clause 8 thereof".

"To carry on in India or elsewhere the business of an investment company in all its branches and to sell, purchase, exchange, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise to deal in all types of shares, securities, stocks, units bonds, fully convertible debentures, partly convertible debentures, non-convertible debentures, debenture stocks, warrants, certificates, premium notes, mortgages obligation, inter-corporate deposits, call money deposits, public deposits, commercial papers and other similar instruments whether issued by government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, mutual funds and other similar organisations at national, and international level."

6. To consider, and if thought fit to pass, with or without modification, the following resolution, as a special resolution, pursuant to Section 149 (2A) of the Companies Act, 1956.

"Resolved that in pursuance of the provisions of Section 149 (2A) and other applicable provisions of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the Company for

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ANNEXURE TO NOTICE CALLING 11th ANNUAL GENERAL MEETING, DATED JULY 30, 1999

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT 1956 IN RESPECT OF SPECIAL BUSINESS AT POINT 4, 5, 6 AND 7 OF NOTICE CALLING 11th ANNUAL GENERAL MEETING DATED 30.07.1999

Item 4. Sri N. Kishan Reddy has been the Managing Director of the Company for the past five years having been appointed with effect from 01-04-1994. He has been at the helm of affairs for five years now Sri N. Kishan Reddy has been re-appointed as Managing Director at the Board of Directors Meeting held on 27.05.1999 for a further period of 5 years. This appointment is subject to approval of Members in General Meeting.

Hence the resolution for your approval.

Apart from Sri N. Kishan Reddy being the appointee and Sri N Srinath Reddy being his relative, no other Director is interested in the resolution.

Item 5 and 6: In view of revival of stock market the board of directors feel that opportunities that arise can be advantageously utilised for augmenting the resources and profitability of the company by investing the surplus funds out of the internal accruals of the company.

The company proposes to do so by including in the "Other Objects" clause of Memorandum of Association, the object of investment.

According to the provisions of Section 17 of the Companies Act, 1956 the objects clause of the Memorandum of Association can be altered only by the members in general meeting by a special resolution.

Since the above object is proposed to be included in the Other Objects clause of the

Memorandum of Association of the Company, to commence the same and pursue the object permission from the members is required by a special resolution in accordance with the provisions of Section 149(2A) of the Companies Act, 1956.

Hence the resolutions under items 5 and 6 of the Special Business are presented for your approval.

Item 7. The Companies Amendment Act, 1999 has, with effect from 31.10.1998, inserted a new Section 372A merging the provisions relating to inter corporate loans and investments which were earlier contained in Sections 370 and 372 respectively of the said act which have been made inoperative after introduction of the new Section.

Under the new provisions, the Board of Directors of the Company can give loans to or provide guarantee or security for or make investments in other bodies corporate up to a limit of 60% of the paid-up capital and free reserves or 100% of the free reserves whichever is more. Any amounts in excess of the above limits have to be approved by the members in general meeting by special resolution.

The members of the Company at the Extraordinary General Meeting held on 28th November 1996 authorised the Board of Directors to provide Guarantee of a sum of Rs.250.00 lacs to Housing and Urban Development Corporation Limited and a further Rs.250 Lacs guarantee to ICICI Banking Corporation Limited for the term loan and Working Capital assistance respectively extended to Sri Venkateshwara Pipes Limited. The amount of guarantee provided to ICICI Banking Corporation Limited for the working capital limits was enhanced to Rs.450.00 lacs in the 10th Annual General Meeting held on 29th

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September 1998. The above authorisations were given in pursuance of Section 370(1) (b) of the Companies Act, 1956 as it was applicable then.

In addition to the above guarantees which have been authorised by the members in General Meeting the Board in pursuance of the provisions of Section 372 of the Companies Act, 1956 invested an amount of Rs.59.47 lacs in the shares of various companies. This was within the limits prescribed by the Section as it was applicable then.

In view of the amendment made by the Companies (Amendment) Act, 1999 the provisions of Sections 370 and 372 have become inoperative and now the Board of Directors are required to take authorisation under the new Section 372A for the loans or investments made/ proposed to be and also for the guarantees/ securities provided or proposed to be provided. Hence the resolution for your approval.

The particulars required to be set out of the resolution are given hereunder.

Guarantees Provided: The Company has provided guarantee of Rs.250.00 lacs to Housing and Urban Development Corporation Limited and further for Rs.280.00 lacs to ICICI Banking Corporation Limited for the term loan and working capital limits respectively extended to Sri Venkateshwara Pipes Limited (SVPL), a company incorporated under the Companies Act, 1956. The maximum authorised by the members is Rs.250.00 lacs for the term loan and Rs.450 lacs for the working capital limits. SVPL has been provided consultancy/technology for the manufacture of Asbestos Cement Pressure Pipes by the Company and the remuneration for the same is in the form of 2% royalty on net sales of SVPL. During the year 1998-99 the Company has earned Rs.18.29 lacs as royalty from SVPL. The lending institutions have requested for guarantee from the Company for assistance to the project and the Company has provided the same. No other guarantees are proposed to be

made to any company other than to SVPL. The guarantee, if varied, in terms of the limits or in terms of change in the lending institutions to whom the guarantee is provided will be varied within the aforesaid maximum limits.

Investments/Loans: The Company vide the provisions of Section 372 invested in the shares of various companies to the extent of Rs.59.47 lacs. It has also made certain inter corporate deposits. In view of the revival of the stock market the Company now proposes to invest in the marketable securities so as to generate more funds not only for the purpose of augmenting the resources and profitability of the Company but also to meet the repayment of the deferred liabilities as and when they fall due. The investments will help your company to serve the equity share holders better.

The investment are made from the funds available on account of Sales Tax Deferment availed by the Company.

Though the provisions of the Section 372A require that the particulars be given of the bodies corporate in which investments are to be made or loans are to be given, it is submitted that it is proposed to invest the funds in securities listed on stock exchanges and in view of the vast opportunities that come up for investment it is not possible to identify any particular company at this stage. However the investments/loans will be made after judicious consideration by the Board of Directors.

The required permission of the term lending institution will be obtained if and when necessary. The Company has not defaulted to the term lending institution on repayment of loan instalment or interest thereon.

By order of the Board

Secunderabad
July 30, 1999.

G HEMANTH REDDY
Whole Time Director

BHAGYANAGAR WOOD PLAST LIMITED

DIRECTORS' REPORT

To
The Members,

The Directors are pleased to present the Eleventh Annual Report of the Company along with the Audited Balance Sheet as at March 31, 1999 and the Profit and Loss Account for the financial year 1998-99.

FINANCIAL RESULTS AND PERFORMANCE

	Rupees in lacs	
	Current Year	Previous Year
Sales and other Income	1742.10	1496.77
Profit before interest, depreciation and tax	182.75	101.17
Interest	16.27	23.42
Profit before depreciation and tax	166.48	77.75
Depreciation	24.57	19.86
Profit before tax	141.91	57.89
Provision for income tax	---	--
Profit after tax	141.91	57.89

The turnover of the Company increased from Rs. 1496.77 lacs during the financial year 1997-98 to Rs.1742.10 lacs during the financial year under review, an increase of 16.39% over the previous year. The Net Profit of the Company is Rs.141.91 as compared to Rs.57.89 of the previous year. The percentage increase in the Net Profit is 145.12% over the last year.

This is the direct result of the efforts of the management and the employees of the Company towards cost cutting measures that have been initiated during the last two financial years. The production capacities of the plant have also been put to improved usage in the current year as compared to the last year.

The management hopes to maintain the improving trend in the results.

NEW BUSINESS AVENUES

It may be recalled that the members had earlier approved alteration of the Memorandum of Association of the Company by addition thereto the object of software development, etc. The management is exploring this area of the business and all efforts are being made to identify ventures / areas that yield results on the long term basis. Once the activities and areas are identified, the Company would start the same after taking necessary approvals and completing other legal formalities.

DISCLOSURE

The Directors are required to disclose certain information in their report with respect to Technology Absorption, Energy Conservation and Foreign Exchange Earnings and Outgo. These particulars are disclosed in the Annexure to this report.

In respect of the employees, there are no employees on the rolls of the Company whose particulars are required to be disclosed in the report of Directors in pursuance of Section 217(1)(e) of the Companies Act, 1956.

Y2K COMPLIANCE

The Company has incurred Rs.0.15 lacs on upgrading its information systems to make it Y2K compliant. The manufacturing process and none of the machinery / plant of the Company are computerised and hence are not affected by Y2K bug. However, the Company is gearing itself to address any contingencies in this regard.

DIRECTORS

Sri N. Srinath Reddy, Director of the Company retires at the conclusion of the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Sri N.Kishan Reddy has been appointed as the Managing Director of the Company for a further period of Five Years beginning with financial year 1999-2000, by the Board of Directors at the meeting held on May 27, 1999. Necessary resolutions for the approval of the members are being proposed at the ensuing Annual General Meeting.