

# **BHAGYANAGAR WOOD PLAST LIMITED**



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**13<sup>th</sup>**  
**ANNUAL REPORT**  
**2000-2001**

## Bhagyanagar Wood Plast Limited

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### BOARD OF DIRECTORS

Sri. N. Kishan Reddy	Chairman and Managing Director
Sri. G .Raja Reddy	Director
Sri. T. Naveena Chandra	Director
Sri. S. Krishna Prasad	Director
Dr. G.S.R. Somayaji	HUDCO Nominee
Sri. N. Srinath Reddy	Whole Time Director

### AUDITORS

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

### BANKERS

State Bank of Hyderabad  
Commercial Branch,  
Sardar Patel Road,  
Secunderabad - 500 003.

### REGISTERED OFFICE

4TH Floor, KPR House,  
Sardar Patel Road,  
Secunderabad 500 003.

### WORKS

Nandikandi, Nage  
Sadashivp, Mandal,  
Medak District,  
Andhra Pradesh.

### 13TH ANNUAL REPORT 2000 - 2001

## Bhagyanagar Wood Plast Limited

### NOTICE

Notice is hereby given that the 13th Annual General meeting of the members of M/s. Bhagyanagar Wood Plast Limited will be held at 10 A.M. on Saturday, the 29th day of September 2001 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, 2001 and the Profit and Loss account of the company for the year ended on that date together with the reports of the Auditors and the Directors thereon.
2. To appoint Auditors and authorize the Managing Director to fix their remuneration. Messrs. V.Sridhar & Co., Chartered Accountants, Hyderabad the retiring Auditors of the company are eligible for re-appointment.
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 Section 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."

- i. Salary : Rs.10,000 per month.
- ii. Perquisites :
  - a. Telephone at house (excluding personal long distance calls)
  - b. Provident Fund as per rules of the Company.

- c. Personal Accident Insurance Premium not exceeding Rs.2000.
- d. Medical Reimbursement for self and family (consisting of self, spouse, dependent childrens and dependent parents) subject to a maximum of one month's salary over one year or three month's salary over a period of three years.

"Further Resolved that the above terms of remuneration shall be effective on and from April 1, 2001."

No change in remuneration as compared to his earlier appointment is proposed.

#### B. SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following resolution to appoint Sri. G. Raja Reddy as Director of the company

"Resolved that Sri. G. Raja Reddy, who was appointed as an additional Director of the company pursuant to Section 260 of the Companies Act, 1956 read with Article number 118 of the Articles of Association of the company, who holds the office up to the date of the 13th Annual General Meeting and in respect of whom the company has received the notice in writing as per Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director of the company be and is hereby appointed as a Director of the company liable to retire by rotation."

5. To consider and if thought fit to pass with or without modification the following resolution to appoint Sri. T Naveena Chandra, as Director of the company

"Resolved that Sri.T.Naveena Chandra, who was appointed as an additional

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Director of the company pursuant to Section 260 of the Companies Act, 1956 read with Article number 118 of the Articles of Association of the company, who holds the office up to the date of the 13th Annual General Meeting and in respect of whom the company has received the notice in writing as per Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director of the company 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 with or without modification the following resolution to appoint Sri.S. Krishna Prasad as Director of the company

"Resolved that Sri.S. Krishna Prasad who was appointed as an additional Director of the company pursuant to Section 260 of the Companies Act, 1956 read with Article number 118 of the Articles of Association of the company, who holds the office up to the date of the 13th Annual General Meeting and in respect of whom the company has received the notice in writing as per Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director of the company be and is hereby appointed as a Director of the company liable to retire by rotation."

By order of the Board

Place : Secundrabad  
Date : June 28, 2001

**N. Srinath Reddy**  
Whole Time Director

### NOTES

1. A member eligible to attend and to vote at the meeting is entitled to appoint a proxy and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company, not less than 48 hours before the commencement of the meeting.
2. The explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of the Special Business is Annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September 2001 to 28th September 2001 (Both days inclusive).
4. Members are requested to bring their copies of Annual Report to the meeting along with original attendance slips duly filled.
5. Members are requested to notify any change in their addresses to the Company's Regd. Office.
6. To avoid entry of unauthorized persons into the meeting premises, the signature of the members shall be verified with the specimen signature recorded with Company at the entrance of the Venue. Inconvenience to members in this regard is highly regretted. The members are requested to carry their folio number with them.

By order of the Board

Place : Secundrabad  
Date : June 28, 2001

**N. Srinath Reddy**  
Whole Time Director

## **Bhagyanagar Wood Plast Limited**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956**

#### **Item No.4**

Sri. G.Raja Reddy has more than 20 years experience in the Pipes Industry. He has been associated as the Promoter and Managing Director of Bhagyanagar Pipe Industries Limited, a company manufacturing AC Pressure Pipes. He is also experienced in the laying and jointing contract works. As the company is now involved in taking up laying and jointing works the management feels that his experience and knowledge are of immense value and his presence on the Board will benefit the company. Hence his appointment as a Director on the Board.

#### **Item No. 5 & 6**

The company is required to constitute a Committee of the Board of Directors as Audit Committee in pursuance of new section, Section 292A of the Companies Act, 1956. The Board thought it proper to appoint independent persons on the Board to form the Audit Committee. Hence Sri.T.Naveena Chandra, a Chartered Accountant

having over 15 years experience and Sri S.Krishna Prasad, a Finance Consultant with over 20 years experience in Banking, have been appointed on the Board as Directors and together with Sri.G.Raja Reddy they constitute the Audit Committee.

The management recommends their appointment.

Sri G.Raja Reddy, Sri.T.Naveena Chandra and Sri S.Krishna Prasad being the appointees are deemed to be interested in the respective resolution.

Sri.N.Kishan Reddy being relative is deemed to be interested in the resolution appointing of Sri. G. Raja Reddy.

By order of the Board

Place : Secundrabad

Date : June 28, 2001

**N. Srinath Reddy**

Whole Time Director

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## Bhagyanagar Wood Plast Limited

### DIRECTORS' REPORT

To the Members of Bhagyanagar Wood Plast Limited,

The Directors present herewith the Thirteenth Annual Report along with the report of the Auditors on the balance sheet as at March 31, 2001 and the profit and loss account for the financial year 2000-2001.

### FINANCIAL RESULTS AND PERFORMANCE

	Rupees in lacs	
	Current year	Previous year
Sales and other Income	931.33	1310.24
Profit before interest, depreciation and tax	(-) 31.17	118.04
Interest	13.57	17.62
Profit before depreciation and tax	(-) 44.74	100.42
Depreciation	28.72	22.83
Profit before tax	(-) 73.46	77.59
Provision for income tax	--	8.50
Profit after tax	(-) 73.46	69.09
Prior period items	--	27.85
Profit carried to the Balance Sheet	(-) 73.46	41.24
Reserves (Excluding Revaluation Reserve) as at the end of the year	215.37	288.83

### OPERATIONS

As reported earlier, the industry scenario has seen major changes in the year 1999-2000 with the departure by the government from the earlier rate contract system of procurement of pipes. The impact of this change has adversely affected the operations of the company both in terms of turnovers as well as profitability.

The company has faced teething problems in the transition phase from the earlier rate contract system.

However with a view to not only augment the profitability but also explore new markets the company has, in a modest way, started supplies to the private markets in Tamilnadu and Karnataka in addition to Andhra Pradesh with new products like PVC suction pipes etc.

The software division of the company has doubled its gross income from Rs. 8.85 lacs in the previous year to Rs. 17.81 lacs in the current year. However amounts invested towards the development of Products and Tools have affected the profitability of this division.

The management is confident that the products will be well accepted in the markets and once there is a improvement of the software market, the company will definitely improve its performance.

The company is exploring the African and Middle East in addition to the American markets for its software products in addition to onsite consulting. With the experienced and valuable manpower and human resources presently available with the company, the management is confident of achieving fair results in the coming years.

### 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

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to be disclosed in the report of Directors in pursuance of section 217(2A) of the Companies Act, 1956.

### RESPONSIBILITY STATEMENT (Section 217 (2AA) of the Companies Act, 1956)

- a. The accounting standards to the extent applicable to the company have been followed in the preparation of the annual accounts. There are no material departures there-from.
- b. The accounting policies selected by the Board for the purpose of preparation and presentation of the financial statements have been and are being applied consistently and reasonable and prudent the judgements and estimates (wherever applicable) have been made, for the said purpose, so as to give a true and fair view of the affairs of the company as at end of the financial year under review and of the profit for the said year.
- c. 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 for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on going concern basis.

### DIRECTORS

Pursuant to Article 132 of the Articles of Association of the Company read with Section 255 of the Companies Act, 1956, Sri. N. Srinath Reddy, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Sri. G. Hemanth Reddy, Director of the company resigned during the year. The resignation was accepted by the Board at the meeting held on December 29, 2000. The Board of Directors wishes to place on record their appreciation for the service rendered to the company by Sri.G.Hemanth Reddy during his office as Director.

Sri S.R.Acharya, a man of wide ranging interests and experience of nearly three decades in Finance and Management was appointed as an additional director at the meeting of the Board of Directors held on December 29, 2000. Unfortunately he expired on January 25, 2001. The Directors wish to place on record their heart felt condolences and pray that his soul rests in peace.

Sri.G.Raja Reddy was appointed as an Additional Director at the meeting of the Board of Directors held on December 29, 2000. Sri T. Naveena Chandra and Sri S. Krishna Prasad have been inducted into the Board on June 15, 2001.

The members are requested to regularize their appointment.

### AUDIT COMMITTEE

In terms of section 292A of the Companies Act, 1956 an Audit Committee has been formed with Sri.T.Naveena Chandra, Sri.S.Krishna Prasad and Sri.G.Raja Reddy as its members. The committee functioned under the Chairmanship of Sri.T.Naveena Chandra on the following terms of reference.

- a. To discuss and review with Auditors the matters relating to the Internal Control System;

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- b. To ensure compliance with the Internal Control System;
- c. To make recommendations to the Board on matters relating to Internal Control System and Financial Management;
- d. To review the financial information, both half yearly and annual, with the Auditors about their observations, before submission to the Board
- e. To make recommendations to the Board on matters relating to Audit, Audit Observations and Audit Report
- f. To investigate into all the matters covered under section 292A of the Companies Act, 1956 and such other matters as may be referred to the Committee by the Board from time to time.

The Committee reviewed the Annual Accounts for the Financial Year 2000-01 and the reports of the Auditors thereon. The Board has accepted the recommendations of the Committee.

### AUDITORS

Messrs. V. Sridhar & Co., Chartered Accountants, Hyderabad, the Auditors of the

company retire at the conclusion of the ensuing annual general meeting and are eligible for reappointment.

### EMPLOYEES

The company has in the last one year has built up a strong human resource base in its software professionals. The commitment shown by them in the development of the products of the division is commendable.

The employees of the pipes division are being very supportive to the management in difficult times the company is passing through.

### ACKNOWLEDGEMENT

The management wishes to thank State Bank of Hyderabad, the Bankers to the company, the employees of the company and above all the shareholders for the support being extended during these difficult times.

On behalf of the Board

**N.KISHAN REDDY**  
Chairman

Place : Secunderabad  
Date : June 28, 2001

