

# **BHAGYANAGAR WOOD PLAST LIMITED**



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**15<sup>th</sup>  
ANNUAL REPORT  
2002-2003**

## **Bhagyanagar Wood Plast Limited**

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### **BOARD OF DIRECTORS**

(As on August 18, 2003)

Sri. N. Kishan Reddy	Chairman and Managing Director
Sri. N. Srinath Reddy	Whole Time Director
Sri. G .Raja Reddy	Director
Sri. T. Naveena Chandra	Director
Sri. S. Krishna Prasad	Director
Sri.G.Indrasena Reddy	Director

### **AUDITORS**

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

### **BANKERS**

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

### **REGISTERED OFFICE**

5TH Floor, KPR House,  
Sardar Patel Road,  
Secunderabad 500 003.

### **WORKS**

Nandikandi Village  
Sadashivpet Mandal,  
Medak District.  
Andhra Pradesh.

### **15TH ANNUAL REPORT 2002 - 2003**

# Bhagyanagar Wood Plast Limited

## NOTICE

Notice is hereby given that the 15th Annual General meeting of the members of M/s. Bhagyanagar Wood Plast Limited will be held at 10 A.M. on Monday, the 29th day of September 2003 at Nagarjuna Function Hall, Nagarjuna Nagar, Yellareddyguda (backside of Chermas Show Room, Ameerpet) Hyderabad - 500 073 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 2003 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 director in place of Sri.T.Naveena Chandra, Director of the company, who retires by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"Resolved that M/s V. Sridhar & Co., Chartered Accountants, Hyderabad, the retiring Statutory Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and the Managing Director Sri. N. Kishan Reddy, be and is hereby authorized to fix their remuneration in consultation with them".

### B. SPECIAL BUSINESS

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

the company.

"Resolved that Sri. G.Indrasena Reddy, who was appointed as an additional Director of the company at the meeting of the Board of Directors held on July 30, 2003, pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Articles of Association of the company and who holds office up to the conclusion of the ensuing Annual General Meeting and in respect of whom the company has received a notice in writing under 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. Alteration of Articles of Association

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution

"RESOLVED THAT pursuant to provisions of Sec. 31 and other applicable provisions of the Companies Act 1956, The Articles of Association of the company be and is hereby altered as Mentioned hereunder.

Articles 121 (a) of the Articles of Association of the Company be and is hereby Substituted with the following Article.

121 (a) Every Director of the Company except the whole-time directors shall be entitled to receive out of the Company a sitting fee for his services in attending the meetings of the Board or Committees thereof as decided by the Board of Directors subject to the ceiling specified by the Central Govt. under Rule 10 B of the Companies (Central Govt.'s) General Rules and Forms, 1956 from time to time

## Bhagyanagar Wood Plast Limited

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To add the following as article 96 A after article 96

### Postal Ballot

Notwithstanding anything contained in the article of association of the company, the company do adopt the mode of passing a resolution by the members of the company by means of a Postal ballot and/or other as may be prescribed by the Central Government.

To add the following as article 10 A after article 10.

### Issue of capital with differential rights.

10 A. Subject to the relevant provisions of the Companies Act, 1956, the company shall have power to issue equity share capital with differential rights as to dividend and or voting.

By order of the Board  
For **Bhagyanagar Wood Plast Limited**

Place : Secunderabad      **N. Srinath Reddy**  
Date : August 18, 2003      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 Register of Members and Share Transfer Books of the Company will remain closed from September 19th, 2003 to September 29th, 2003 (Both days inclusive).
3. Members are requested to bring their copies of Annual Report to the meeting along with original attendance slips duly filled.
4. Members are requested to notify any change in their addresses to the Share Transfer agents M/S. Satguru Management Consultants Private Limited. Members whose shareholdings are in D-mat form are requested to send the intimation for change of address to their respective depository participant.
5. 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.

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**Explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956:**

**Item No: 4**

Mr. G. Indrasena Reddy was appointed as an Additional Director of the company by the Board of Directors at the meeting held on July 30, 2003.

He has 32 years experience in the field of Construction, Engineering and related activities. The management is confident that his expertise knowledge will be of immense value to the company.

The board recommends his appointment as an independent Director as defined in the Listing Agreement.

None of the Directors are interested in the resolution.

Information required to be furnished as per Clause 49 (VI) (A) of the Listing Agreement.

G. Indrasena Reddy, Director of the company is aged about 58 years and is an Engineering Graduate. He has rich experience of over 32 years in panchayat Raj Department, Government of Andhra Pradesh from which service he retired as Superintendent Engineer.

**Item No.5.**

Consequent to the amendments to the Companies Act, 1956 it is proposed to incorporate the relevant changes in the Articles of the Company relating to issue of Shares with differential voting rights, postal ballot.

According to the provisions of Section 31 of the Companies Act, 1956, alteration of Articles of Association requires special consent by the members of the Company. Therefore the Board of Directors recommend the resolution for your approval.

By order of the Board  
For **Bhagyanagar Wood Plast Limited**

Place : Secundrabad      **N. Srinath Reddy**  
Date : August 18, 2003      Whole Time Director

## Bhagyanagar Wood Plast Limited

### DIRECTORS' REPORT

To the Members of Bhagyanagar Wood Plast Limited,  
Secunderabad.

The Directors present herewith the Fifteenth Annual Report on the affairs of the company along with the report of the Auditors on the accounts of the company for the financial year 2002-03.

### FINANCIAL RESULTS AND PERFORMANCE

The performance of the company is summarised as under;

	Rupees in lacs	
	Current year	Previous year
Sales and other Income	879.11	1102.08
Profit before interest, depreciation and tax	37.13	97.46
Interest	5.04	12.27
Profit before depreciation and tax	32.09	85.19
Depreciation	29.65	29.96
Profit before tax for the current year	2.44	55.23
Profit after tax for the current year	4.53	50.14
Proposed dividend	--	45.23
Profit carried to the Balance Sheet	4.53	4.91
Reserves as at the end of the year	161.01	152.13
Share Capital	565.33	565.33
Earnings per share	0.08	0.89

### MANAGEMENT DISCUSSION, ANALYSIS AND OPERATIONS

#### Outlook for 2004 Financial Year

- To improve the marketing network for the private markets.
- To increase the operations in the software sector such as BPO etc.

The demand for the PVC pipes is mainly from the agricultural sector and from water supply scheme undertaken by the Government. With the improvement in the farming techniques and increased governmental spending in the coming years the market for the products of the Company is expected to be stable.

### INTERNAL CONTROL SYSTEMS

The Company has an effective internal control system in place and this is continually reviewed for effectiveness and is augmented by written policies and guidelines, careful selection of qualified personnel and a strong programme on internal audit. The Company believes that the overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control assessment procedures.

The internal control of the Company is also reviewed by the Audit Committee of the Board periodically, and suggestions and recommendations of the Committee are carried out.

### OPERATIONS

The company again faced a rough patch in its progress in the year 2002-03. The software division, which was expected to do well, did not pick up as anticipated due to the recession in the industry. The overall performance of the company though can be termed satisfactory, in as much as, the company did not incur any losses, the market forces mainly stoppage of direct procurement of PVC Pipes by Government Departments, and the operational bottlenecks faced by the management during the period adversely affected the performance.

The manufacturing facility was shut down during the year for about a month and a half. The employees had to be compensated as they were leaving the company. The cost of employee compensation to the company was to the extent of Rs.9.64 lacs. The operational restructuring that the management had undertaken during the period though cost the company during the accounting year 2002-03, the impact of the same would be seen in the form of reduced costs in the coming years.

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The company has, after careful market study, started during the year 2002-03, HDPE Pipe manufacturing and efforts are on to market the product. The operations on this front are expected to increase and yield good results to the company in the coming years.

Though the company was passing through troubled times, it has been able to with stand the same due to the strong commitment of the key employees. The management is confident of improving its performance in the year to come.

### 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.

### 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

Sri. T. Naveena Chandra, Director of the company retires by rotation at the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.

Sri. G. Indrasena Reddy was appointed as an Additional Director of the company at the meeting of the Board of Directors held on July 30, 2003. A resolution for his appointment as an independent director on the Board of the company is being proposed for the approval of the members in the annual general meeting.

### CORPORATE GOVERNANCE.

As required under clause 49 of the Listing Agreement, a Report on corporate Governance is annexed and form part of the Directors Report.

### 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 maintained friendly and cordial relations with its employees during the year. There are no employees on the rolls of the company whose particulars are required to be disclosed in the report of the Directors pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

### ACKNOWLEDGEMENT

The Board of Directors place on record their appreciation of the support extended to the company by State Bank of Hyderabad, the Bankers to the company, customers, employees of the company and to all the shareholders.

On behalf of the Board

Place : Secunderabad,  
Date : August 18, 2003

**N.KISHAN REDDY**  
Chairman

# Bhagyanagar Wood Plast Limited

## ANNEXURE TO DIRECTORS' REPORT

for the Financial Year 2002-03.

	Current year	Previous year
<b>A. CONSERVATION OF ENERGY</b>		
Electricity		
Units Purchased	4,47,907	8,69,399
Total cost (Rupees) gross	22,53,236	38,15,127
Rate per unit (Rupees)	5.03	4.38
Own Generation		
Units Generated	—	68,046
Total Cost	—	3,48,400
Rate per unit (Rupees)	—	5.12

Energy Conservation measures taken and impact thereof;

No substantial investments have been made in this year in this regard.

### B. TECHNOLOGY ABSORPTION

Not applicable to our company.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings US Dollars 25,923 from Software Exports (Previous year US Dollars 1,29,425)

Foreign Exchange Outgo US Dollars 6,030 (Previous Year - 5,800) towards travelling.

On behalf of the Board

On behalf of the Board

Place : Secunderabad,  
Date : August 18, 2003

**N.KISHAN REDDY**  
Chairman



# Bhagyanagar Wood Plast Limited

## REPORT ON CORPORATE GOVERNANCE

Corporate governance reporting became mandatory for the company with effect from the year 2002-03 as per the requirements of the Listing agreement. The company has successfully implemented the requirements, which are reported hereunder for the information of the shareholders.

### BWPL 's Corporate Governance philosophy:

BWPL is committed to good corporate governance. The fundamental objective of BWPL's Corporate Governance is enhancement of the long-term shareholder value, while protecting the interest of other stakeholders.

### Board of Directors:

Mr. N.Kishan Reddy is the Chairman of the Board of Directors of the company.

The composition of the Board of Directors and other details required in this regard are as under.

Sl. No.	Name of Director	Category	No of Other Directorships	Membership in other committees
1.	Sri N. Kishan Reddy	Chairman & Managing Director	2	NIL
2.	Sri G. Raja Reddy	Non - Executive Director	2	NIL
3	Sri N. Srinath Reddy	Executive Director	NIL	NIL
4	Sri.T. Naveena Chandra	Independent Non- Executive Director	3	3
5	Sri S. Krishna Prasad	Independent Non- Executive Director	NIL	NIL
6	Sri G.Indrasena Reddy	Independent Non- Executive Director.	NIL	NIL

### Note:

- An Independent Director is a director who apart from receiving directors remuneration, does not have any material pecuniary relationship or transactions with the company, its promoters or its management or its subsidiaries, which in the judgment of the Board may affect their independence of judgement.
- Number of directorships include directorships held in public limited companies and subsidiaries of public limited companies and excludes directorships held in private limited companies and overseas companies.

### Attendance of Directors at Board meetings and Annual general meetings.

The Board of Directors of the Company met five times during the financial year ended on 31.03.2003. Dates of these meetings are 17/05/2002 31/07/2002:17/08/2002:31/10/2002 and 31/01/2003.