

BHAGYANAGAR WOOD PLAST LIMITED



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**16th
ANNUAL REPORT
2003-2004**

Bhagyanagar Wood Plast Limited

BOARD OF DIRECTORS

(As on 30th July, 2004)

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

AUDITORS

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

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BANKERS

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

REGISTERED OFFICE

V Floor, KPR House,
Sardar Patel Road,
Secunderabad 500 003.

WORKS

Nandikandi Village
Sadashivpet Mandal,
Medak District.
Andhra Pradesh.

16TH ANNUAL REPORT 2003 - 2004

Bhagyanagar Wood Plast Limited

NOTICE

Notice is hereby given that the 16th Annual General meeting of the members of M/s. Bhagyanagar Wood Plast Limited will be held at 10 A.M. on Wednesday, the 29th day of September 2004 at Nagarjuna Function Hall, Nagarjuna Nagar, Yellareddyguda (back side of Chermas show room), Ameerpet, Hyderabad - 500073, 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 2004 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. S. Krishna Prasad, Independent 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 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 commencing from financial year 2004-2005 (01.04.2004 to 31.03.2005) and ending with financial year 2008-2009 (31.03.2009) and he be remunerated as under"

SALARY

Rs.10,000/- per month

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:

Subscription to clubs subjects 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.

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- 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".

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

Place : Secunderabad **N. Srinath Reddy**
Date : July, 30, 2004 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 22nd, 2004 to September 29th, 2004 (Both days inclusive) for the purpose of Annual General Meeting.
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 De-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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ANNEXURE TO NOTICE CALLING 16TH ANNUAL GENERAL MEETING DATED JULY 30, 2004.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT 1956 IN RESPECT OF SPECIAL BUSINESS AT POINT 4 OF NOTICE CALLING 16TH ANNUAL GENERAL MEETING DATED 30.07.2004.

Item No.4.

Sri. N. Kishan Reddy has been the Managing Director of the company for the past ten years having been appointed with effect from 01.04.1994. He has been managing the affairs of the company for ten years. He has been re-appointed as Managing Director at the Board of Directors Meeting held on 31st March, 2004, for a further period of 5 years

with effect from 1st April 2004 subject to the approval of shareholders. He is presently drawing remuneration as set out in the resolution and no change in the terms of the present appointment proposed.

Your Directors recommend the resolution for your approval.

Except Mr. N. Kishan Reddy, Managing Director and Mr. N. Srinath Reddy, Director none of the other Directors of the company are in any way concerned or interested in the resolution.

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

Place : Secunderabad **N. Srinath Reddy**
Date : July, 30, 2004 Whole Time Director

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING REAPPOINTMENT OF DIRECTORS.

Name of the Director	:	Mr. N.Kishan Reddy
Date of Birth	:	02-09-1948
Date of Appointment	:	01-04-1994
Special Expertise	:	Technical and General management
Qualifications	:	Diploma in Civil Engineering.
Director Ships of other Companies as on 31st March 2004	:	Sri Venkateswara Pipes Limited Bhagyanagar Finance and Leasing Limited. Vinisoft (India) Private Limited.

Name of the Director	:	S. Krishna Prasad
Date of Birth	:	22-07-1955
Date of Appointment	:	15-06-2001
Special Expertise	:	Finance and Banking
Qualifications	:	MSc. Physics
Director Ships of other Companies as on 31st March 2004	:	NIL.

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

N. Srinath Reddy
Whole Time Director

Place : Secunderabad
Date : July, 30, 2004

Bhagyanagar Wood Plast Limited

DIRECTORS' REPORT

To the Members of Bhagyanagar Wood Plast Limited,
Secundrabad.

The Directors present herewith the Sixteenth 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 2003-04.

FINANCIAL RESULTS AND PERFORMANCE

The performance of the company is summarised as under;

Rupees in lacs

	Current year	Previous year
Sales and other Income	937.42	879.11
Profit before interest, depreciation and tax	52.88	37.13
Interest	7.74	5.04
Profit before depreciation and tax	45.14	32.09
Depreciation	29.49	29.65
Profit before tax for the current year	15.65	2.44
Profit after tax for the current year	2.59	4.53
Profit carried to the Balance Sheet	2.59	4.53
Reserves as at the end of the year	167.94	161.01
Share Capital	565.33	565.33
Earnings per share	0.004	0.008

MANAGEMENT DISCUSSION, ANALYSIS AND OPERATIONS

Outlook for 2005 financial Year:

- To launch new product and improve marketing network
- To firm up the cost control and efficiency improving measures.

Operations

In the current year, sales from operations and other income raised to Rs.937.42 lakhs as against Rs.879.11 lakhs in the previous year, registering a modest growth of 6.63 percent. The company during the year made efforts to market the HDPE Pipes, due to which income from sales of HDPE pipes increased to Rs.61 lakhs as against Rs.2 lakhs in the previous year.

Income from software division, decreased to Rs.15 lakhs as against Rs.121 lakhs during the previous year, this is due to completion of work with existing clients and non-addition of new clients during the year.

The Company during the year reshuffled the existing credit policy by reducing credit period allowed to customers and increasing cash sales, which has improved working capital efficiency of the company and resulted in reduction in debt collection costs. This policy having been introduced in the middle of the year and is expected to show better results in the subsequent financial years.

The year also saw an increase in raw material costs, which could not be fully absorbed by the increase in selling prices. However by achieving higher production, enhanced operating efficiencies and overall cost reduction measures, your company was able to maintain its performance. The company is trying to introduce a new product i.e. PVC Column Pipes for submersible pumps in the state of Gujarat & Tamilnadu during the year 2004-2005 which is expected to yield good results in the coming years.

Internal control systems

The company has proper and adequate internal control system commensurate with the size and complexity of the organisation. The internal control is supplemented by an extensive programme of internal audits, review by management. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

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

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 therefrom.
- 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. Prudent 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.

year 2004- 2005 by the Board of Directors at the meeting held on March 31, 2004. Necessary resolution seeking approval of the members for his re- appointment has been included in the notice for the ensuing Annual General meeting.

Sri. S. Krishna Prasad, Director of the company retires by rotation at the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.

CORPORATE GOVERNANCE

Pursuant to 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, the employees and customers of the company and to all the shareholders.

On behalf of the Board

DIRECTORS

Sri N. Kishan Reddy has been appointed as Managing Director of the company for a further period of five years beginning with financial

Place : Secunderabad,
Date : July 30, 2004

N.KISHAN REDDY
Chairman

Bhagyanagar Wood Plast Limited

ANNEXURE TO DIRECTORS' REPORT

for the Financial Year 2003-04.

	Current year	Previous year
A. CONSERVATION OF ENERGY		
Electricity		
Units Purchased	6,66,724	4,47,907
Total cost (Rupees) gross	31,09,585	22,53,236
Rate per unit (Rupees)	4.50	5.03

Energy Conservation measures taken and impact thereof;

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

B. TECHNOLOGY ABSORPTION

Not applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings: US Dollars 14,482 from Software Exports (Previous year US Dollars 25,923)

Foreign Exchange Outgo : NIL (Previous Year - 6,030) towards travelling.

On behalf of the Board

Place : Secunderabad,
Date : July 30, 2004

N.KISHAN REDDY
Chairman

Bhagyanagar Wood Plast Limited

REPORT ON CORPORATE GOVERNANCE

BWPL 'S CORPORATE GOVERNANCE PHILOSOPHY

BWPL is committed to good corporate governance. The company has always focussed on good corporate governance, which is a key driver of sustainable corporate growth and powerful medium to serve the long-term value creation. Corporate governance strengthen investors trust and ensures a long-term partnership, and to protect the interest of other stakeholders by way of transparency, accuracy and accountability.

BOARD OF DIRECTORS

Mr. N.Kishan Reddy is 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	3	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 director's 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 judgment.
- 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 financial year on 23:06:2003, 30:07:2003, 30:10:2003, 30:01:2004 and 31:03:2004.