

**CORPORATE GOVERNANCE REPORT****BWPL'S CORPORATE GOVERNANCE PHILOSOPHY**

BWPL is committed to good corporate governance. The company has always focused 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 ensure a long term partnership, and to protect the interest of other stakeholders by way of transparency, accuracy and accountability.

**BOARD OF DIRECTORS**

Sri 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.

| <b>Sl. No</b> | <b>Name of Director</b>    | <b>Category</b>                       | <b>No of Other Directorships</b> | <b>Membership in Other committees</b> |
|---------------|----------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| 1.            | Sri. N. Kishan Reddy       | Chairman & Managing Director          | 3                                | 3                                     |
| 2.            | Sri. N. Srinath Reddy      | WholeTime Director                    | 2                                | Nil                                   |
| 3.            | Sri G. Raja Reddy          | Non – Executive Director              | 2                                | 2                                     |
| 4.            | Sri. T. Naveena Chandra    | Independent Non – Executive Director  | 4                                | 1                                     |
| 5.            | Sri S. Krishna Prasad      | Independent Non – Executive Director. | Nil                              | 2                                     |
| 6.            | Sri. P. Jagadeeshwar Reddy | Independent Non-Executive Director    | Nil                              | Nil                                   |

Note:

- a. 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 judgment.
- b. 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.

## BHAGYANAGAR WOOD PLAST LIMITED

### ATTENDANCE OF DIRECTORS AT BOARD MEETING AND ANNUAL GENERAL MEETINGS

The Board of Directors of the company met 4 times during financial year on 31-05-2010, 21-08-2010, 30-10-2010 and 31-01-2011

### DIRECTORS ATTENDANCE IN BOARD AND ANNUAL GENERAL MEETING

| Name of the Director     | No. of Board meetings held | No. of Board Meetings attended | Attendance at the last Annual General Meeting |
|--------------------------|----------------------------|--------------------------------|---|
| Sri.N.Kishan Reddy       | 4                          | 4                              | Yes   |
| Sri.G.Raja Reddy         | 4                          | 4                              | Yes   |
| Sri.N.Srinath Reddy      | 4                          | 4                              | Yes   |
| Sri.T.Naveena Chandra    | 4                          | 4                              | Yes   |
| Sri.S.Krishna Prasad     | 4                          | 4                              | Yes   |
| Sri.P.Jagadeeshwar Reddy | 4                          | 4                              | Yes   |

### REMUNERATION OF DIRECTORS

Details of Remuneration paid/payable to directors

| Director                 | Relationship With other Director of the Company | Loans from the Company | Sitting fees | Salary and perks | Commis-sion | Total |
|--------------------------|---|------------------------|--------------|------------------|-------------|-------|
| Sri.N.Kishan Reddy       | Father-In-Law To Sri N. Srinath Reddy           | NIL                    | NIL          | NIL              | NIL         | NIL   |
| Sri.G.Raja Reddy         | NONE  | NIL                    | 3,000        | NIL              | NIL         | 3,000 |
| Sri.N.Srinath Reddy      | Son-In-Law to Sri. N. Kishan Reddy              | NIL                    | NIL          | NIL              | NIL         | NIL   |
| Sri.T.Naveena Chandra    | NONE  | NIL                    | 4,500        | NIL              | NIL         | 4,500 |
| Sri.S.Krishna Prasad     | NONE  | NIL                    | 4,000        | NIL              | NIL         | 4,000 |
| Sri.P.Jagadeeshwar Reddy | NONE  | NIL                    | 2,500        | NIL              | NIL         | 2,500 |

## BHAGYANAGAR WOOD PLAST LIMITED

### AUDIT COMMITTEE

The committee met 4 times during the year 2010-11 on the following dates 31-05-2010, 21-08-2010, 30-10-2010 and 31-01-2011

The constitution of the committee and the attendance of each member of the said committee are as under.

| <b>Name of the Director</b> | <b>Designation</b> | <b>No of meetings held</b> | <b>No of meetings Attended</b> |
|-----------------------------|--------------------|----------------------------|--------------------------------|
| T. Naveen Chandra           | Chairman           | 4                          | 4                              |
| Sri.G.Raja Reddy            | Member             | 4                          | 4                              |
| Sri.S.Krishna Prasad        | Member             | 4                          | 4                              |

The terms of reference of the Audit Committee include the following:

1. To review the quarterly, half-yearly and annual financial results of the Company before Submission to the Board.
2. To oversee the financial reporting process and disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.
3. To hold periodic discussions with the statutory auditors and internal auditors of the Company Concerning the accounts of the company, internal control systems, scope of audit and observations of the auditors/internal auditors.
4. To make recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.
5. To recommend the appointment and removal of external auditor, fixation of audit fee and also approval of fee for any other services by the auditors.
6. To investigate into any matter in relation to items specified in section 292A of the Company Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice in necessary.
7. To make recommendations to the Board on any matter relating to the financial management of the company.

## BHAGYANAGAR WOOD PLAST LIMITED

### INVESTORS' GRIEVANCE COMMITTEE

| Name of the Director | Designation   | No of meetings Held | No of meetings attended |
|----------------------|---|---------------------|-------------------------|
| Sri.G.Raja Reddy     | Chairman<br>Non-Executive                           | 3                   | 3                       |
| Sri.N.Kishan Reddy   | Member<br>Executive Director                        | 3                   | 3                       |
| Sri.S.Krishna Prasad | Member<br>Non – Executive<br>(Independent Director) | 3                   | 2                       |

During the year 2010-11, no complaints were received from Shareholders and Investors. There are no pending complaints and transfers as on the date of the report.

### GENERAL MEETINGS

The location and time of the Annual General Meetings held during the last 3 years are as follows

| No of AGM Special    | Date       | Time | Venue                             | No of |
|----------------------|------------|------|-----------------------------------|-------|
| <b>Resolutions</b>   |            |      |                                   |       |
| <b>Passed</b>        |            |      |                                   |       |
| 20 <sup>th</sup> AGM | 30-09-2008 |      | Nagarjuna Function hall, Ameerpet | NIL   |
| 21 <sup>st</sup> AGM | 30-09-2009 |      | Nagarjuna Function hall, Ameerpet | NIL   |
| 22 <sup>nd</sup> AGM | 30-09-2010 |      | Nagarjuna Function hall, Ameerpet | NIL   |

### DISCLOSURES

- During the year, there were no transaction of material nature has been entered into by the Company with directors or management and their relative's etc, that may have a potential conflict with the interests of the company. The Register of contracts containing transactions in which directors are interested is placed before the Board regularly.
- There were no instances of non-compliance on any matter related to the capital Markets, during the last three years.

## BHAGYANAGAR WOOD PLAST LIMITED

### MEANS OF COMMUNICATION

The quarterly, half-yearly and annual results of the company are regularly submitted to the stock exchanges wherever the shares of the company are listed and the same are published in leading newspapers.

### GENERAL SHAREHOLDER INFORMATION

- a. 23rd Annual General meeting
  - Date: 24-09-2011
  - Time: 10.00 A.M
  - Venue: Nagarjuna Function hall, Nagarjuna Nagar, Hyderabad
- b. Book Closure Date: 22<sup>nd</sup> September, 2011 to 24<sup>th</sup> September 2011 (both days inclusive)
- c. Listing on stock Exchanges: Bombay Stock Exchange, Hyderabad Stock Exchange.
- d. Stock code: The Bombay Stock Exchange Limited – Bhagya Wood (514442).
- e. Market Price Date – High/ Low during each month of the financial year – Not actively traded.
- f. Name and address of the share transfer agents:  
Sathguru Management Consultants Pvt. Ltd,  
Plot No.15, Hindi Nagar,  
Punjagutta, Hyderabad – 500 034.

g. Distribution of Shareholding as on 31.03.2011:

| Sl. No. | Rupees           | No of Shareholders | %of Share holders | No of Shares | Percentage of Share Holding |
|---------|------------------|--------------------|-------------------|--------------|-----------------------------|
| 1.      | 1-5000           | 5178               | 89.90             | 9165080      | 16.21                       |
| 2.      | 5001- 10000      | 286                | 4.97              | 23266790     | 4.12                        |
| 3.      | 10001 – 20000    | 144                | 2.50              | 2204920      | 3.90                        |
| 4.      | 20001 – 30000    | 48                 | 0.83              | 1220590      | 2.16                        |
| 5.      | 30001 – 40000    | 20                 | 0.35              | 707720       | 1.25                        |
| 6.      | 40001 – 50000    | 14                 | 0.24              | 667640       | 1.18                        |
| 7.      | 50001 – 100000   | 25                 | 0.43              | 1672500      | 2.96                        |
| 8.      | 100001 and above | 45                 | 0.78              | 38567760     | 68.22                       |
| Total   |                  | 5760               | 100.00            | 56533000     | 100.00                      |

h. Dematerialization of shares:

As on 31<sup>st</sup> March, 2011, 41532550 shares being 73.47% of the total number of shares are in dematerialization form

i. Share transfer system:

Share transfer requests in physical form are processed within 30 days from the date of receipt. The requests for dematerialization of shares are confirmed within 15 days from the date of receipt.

## **BHAGYANAGAR WOOD PLAST LIMITED**

To expedite the share transfer process in the physical segment, authority has been delegated to the share transfer committee which comprises of:

Sri. N. Kishan Reddy – Managing Director

Sri.G.Raja Reddy – Director.

Share transfers/transmission approved by the said committee are placed at the Board meeting from time to time.

J. Address for correspondence:

The company's Registered office is situated at V Floor, KPR House, S.P. Road, Secunderabad - 500 003.

k. Shareholders correspondence may be directed to M/s. Satguru Management Consultants Pvt.Ltd, Plot No.15,Hindi Nagar, Punjagutta, Hyderabad- 500 034.

### **CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT**

As provided under Clause 49 of the Listing Agreement relating to Corporate Governance with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial Year 2010-11.

#### **For Bhagyanagar Wood Plast Limited**

Sd/-  
N. Kishan Reddy  
Managing Director

Sd/-  
N. Srinath Reddy  
Whole time Director

Secunderabad. August 17, 2011.

**ANNEXURE TO THE DIRECTORS REPORT**

**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To

The Members of Bhagyanagar Wood Plast Limited,  
Secunderabad.

We have examined the compliance of conditions of Corporate Governance by Bhagyanagar Wood Plast Limited, (hereinafter referred to as the company) for the year ended 31<sup>st</sup> March 2011 as stipulated in Clause 49 of the Listing Agreements of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the Conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, as required under Sub-clause I (A) of Clause of 49 of the Listing Agreement.

We state that in respect of investor grievance received during the year ended 31<sup>st</sup> March, 2011 no investor grievances are pending against the Company exceeding one month as per records maintained by the company which are presented to the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For V. Sridhar & Co.,  
Chartered Accountants

Sd/-  
Vemulapati Sridhar  
Proprietor  
Secunderabad, August 17, 2011

**Auditors' Report**

To the Members of Bhagyanagar Wood Plast Limited  
Secunderabad.

1. We have audited the attached balance sheet of Bhagyanagar Wood Plast Limited, as at 31<sup>st</sup> March, 2011, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to the comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none



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of the directors is disqualified as on 31<sup>st</sup> March 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011.
  - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For V. Sridhar & Co.,  
Chartered Accountants,

Sd/-  
Vemulapati Sridhar  
Proprietor  
Membership No: 202337  
Secunderabad. August 17,2011.