



## BOARD OF DIRECTORS

G Mangilal Surana	-	Chairman
Narender Surana	-	Managing Director
Devendra Surana	-	Managing Director
O Swaminatha Reddy	-	Director
R Surender Reddy	-	Director
Kamlesh Gandhi	-	Director
Narender Munoth	-	Executive Director
N Krupakar Reddy	-	Whole-time Director
D Venkatasubbiah	-	Director

## STATUTORY COMMITTEES

### AUDIT COMMITTEE

O Swaminatha Reddy	-	Chairman
G Mangilal Surana	-	Member
R Surender Reddy	-	Member
Kamlesh Gandhi	-	Member

### REMUNERATION COMMITTEE

R Surender Reddy	-	Chairman
O Swaminatha Reddy	-	Member
D Venkatasubbiah	-	Member

### SHAREHOLDERS' GRIEVANCE COMMITTEE

G Mangilal Surana	-	Chairman
Narender Surana	-	Member
Devendra Surana	-	Member

### CHIEF FINANCIAL OFFICER

Surendra Bhutoria

### COMPANY SECRETARY

Sridevi Madati

### BANKERS

State Bank of India  
HDFC Bank Limited  
Bank of Bahrain & Kuwait, B.S.C.  
Corporation Bank

### STATUTORY AUDITORS

Sekhar & Co.,  
Chartered Accountants  
133/4, R. P. Road,  
Secunderabad - 500 003.

### INTERNAL AUDITORS

Luharuka & Associates  
Chartered Accountants  
5-4-187/3&4, Soham Mansion,  
2nd Floor, Above Bank of Baroda  
M G Road, Secunderabad - 500 003.

## REGISTRARS & TRANSFER AGENTS

KARVY Computer Share Private Limited,  
Karvy House, 46, Avenue 4,  
Street No1, Banjara Hills,  
Hyderabad - 500 034.

## WORKS

### Copper Division

(Auto Electric, Refrigeration & Solar Components)

- i. **India Extrusion**  
P/9/131/1, I.D.A.,  
Nacharam, Hyderabad,  
India- 500 076.
- ii **Harinam Wires**  
Industrial Development Area,  
Nacharam, Hyderabad,  
India - 500 076.
- iii **Bhagyanagar India Limited**  
Plot No. P-9/14,  
Road No. 6, IDA Nacharam,  
Hyderabad, India - 500 076.

### Telecom Division

Bhagyanagar India Limited  
Plot No. 61,  
Pilerne Industrial Estate,  
Panajim, Goa  
India- 403 001.

### Non-Conventional Energy

Kapatgudda, Gadag District,  
Karnataka,  
India

### REGISTERED OFFICE:

Bhagyanagar India Limited  
5th Floor, Surya Towers,  
S.P. Road, Secunderabad  
India - 500 003  
Tel: +91 40 27845119, 27841198  
Fax : +91 40 27818868  
E-mail: info@surana.com, surana@surana.com





## CONTENTS

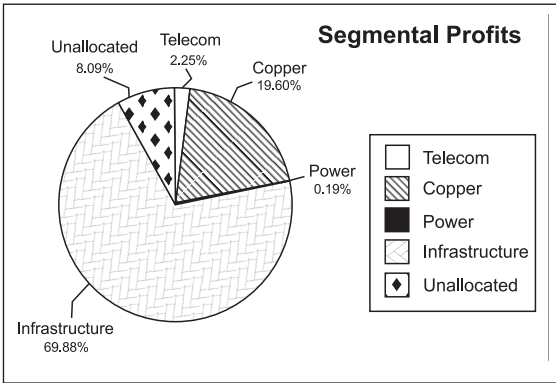
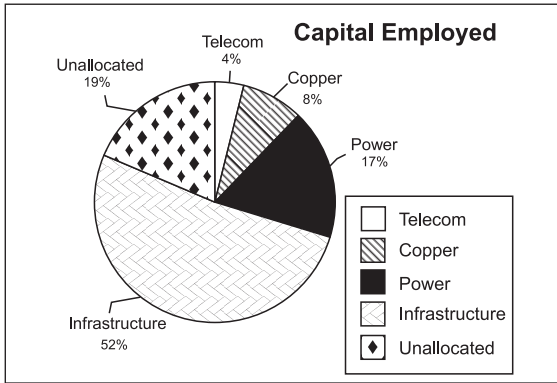
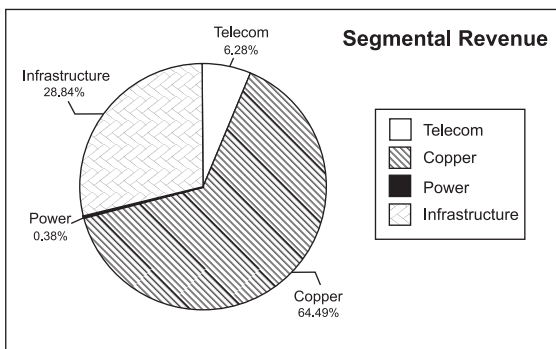
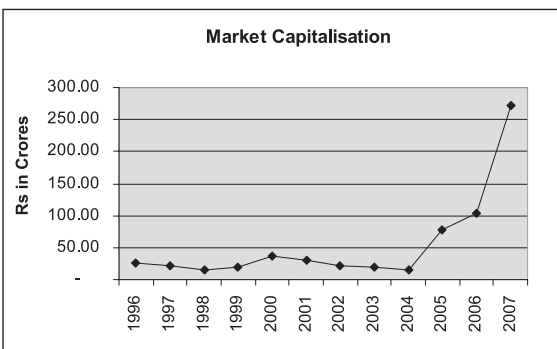
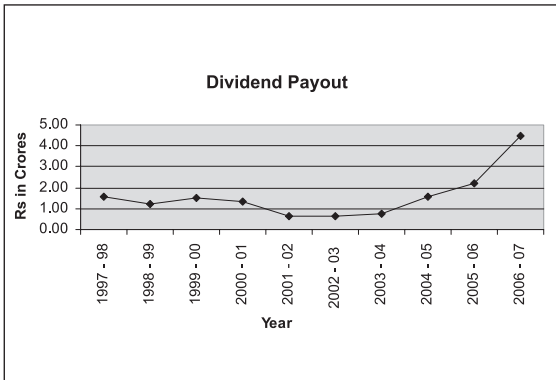
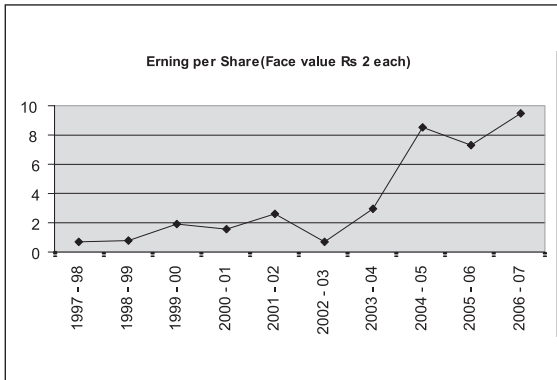
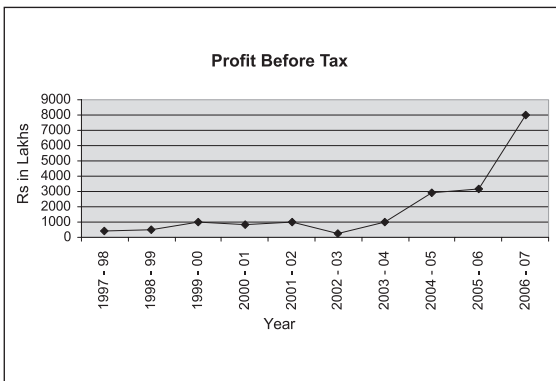
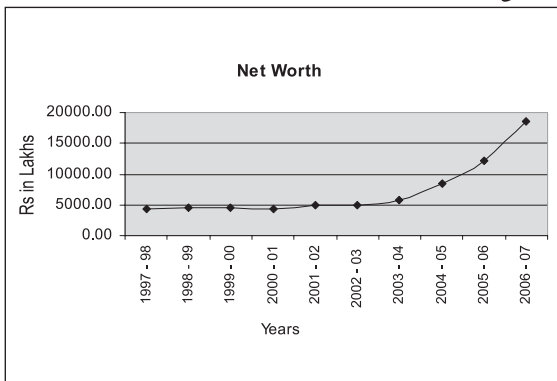
A Journey To Growth.....	04
Financial Highlights 10 Years' Record .....	05
Notice of 22nd Annual General Meeting .....	06
Directors' Report .....	12
Report On Corporate Governance .....	18
Management Discussion And Analysis .....	28
Auditors' Report .....	34
Balance Sheet .....	37
Profit & Loss Account .....	38
Cash Flow Statement .....	39
Schedules .....	41
Significant Accounting Policies .....	50
Segmental Reporting .....	59
Balance Sheet Abstract .....	60

## CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report .....	61
Balance Sheet .....	62
Profit & Loss Account .....	63
Cash Flow Statement .....	64
Schedules .....	62
Significant Accounting Policies .....	76



# A Journey to Growth...





## *Financial Highlights ~ 10 Years' Record*

(Rs in Lakhs)

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
Turnover	23,843	17,233	13,882	9,650	4,832	15,168	17,323	15,750	12,191	12,796
Total Income	24,833	18,264	14,963	10,119	5,319	15,360	17,418	15,860	12,267	12,889
Profit Before tax	8,041	3,145	2,958	1,028	229	977	805	973	517	386
Profit After tax	7,017	2,596	2,696	943	222	884	555	733	380	323
Equity dividend %	30%	30%	25%	12%	10%	10%	20%	20%	16%	16%
Equity Share Capital	1,490	740	630	630	630	642	677	752	964	964
Reserve & Surplus	17,161	11,448	7,734	5,217	4,361	4,253	3,622	3,743	3,522	3,322
Net Worth	18,651	12,188	8,364	5,848	4,991	4,896	4,299	4,496	4,486	4,286
Gross Fixed Assets	12,798	7,098	7,066	7,594	6,494	5,588	5,073	4,975	4,696	4,569
Net Fixed Assets	8,252	2,602	2,579	3,005	2,188	1,573	1,382	1,695	1,767	2,161
Total Assets	29,006	13,005	9,812	9,634	6,421	6,509	6,248	6,304	5,700	5,929

**Note: Turnover of Financial Year 2006-07 & 2005-06 is exclusive of Excise duty & Inter-Unit Sales**



## NOTICE OF 22nd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the members of BHAGYANAGAR INDIA LIMITED, will be held on Thursday, the 27th day of September, 2007 at 10.30 A.M. at 3rd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003, to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended 31st March, 2007, along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2007.
3. To appoint a Director in place of Shri Narender Munoth who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri N. Krupakar Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Sekhar & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri Narender Surana, be re-appointed as Managing Director of the Company for a period of 5 years from 18.01.2007, i.e., upto 17.01.2012, on the salary and perquisites as detailed below:

#### I. SALARY:

Rs. 5,00,000/- per month in the scale of Rs. 5,00,000 -50,000- 7,00,000/- per month

#### II. PERQUISITES:

In addition to salary as above, Shri Narender Surana shall be entitled to perquisites as under:

### Category 'A'

#### i) Housing:

Shri Narender Surana shall be entitled to house rent allowance equal to 50% (fifty percent) of the salary. In case accommodation for Shri Narender Surana is provided by the Company, the expenditure incurred by the Company on hiring accommodation will be subject to a ceiling of 50% (Fifty percent) of the salary of Shri Narender Surana. Expenditure on furnishing, electricity, water, gas at actuals shall in addition be payable by the Company to Shri Narender Surana.

#### ii) Medical Reimbursement:

Expenses actually incurred for Shri Narender Surana and his family shall be reimbursed subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

#### iii) Leave Travel concession:

For Shri Narender Surana and his family once in a year incurred in accordance with any rule specified by the Company.

#### iv) Club Fees:

Fees of clubs subject to a maximum of two clubs, provided no life membership or admission fee shall be paid.

#### v) Personal Accident Insurance:

**Premium not to exceed Rs.1,000/- per annum.**

Explanation: For the purpose of Category 'A', family means the spouse, dependent children and dependent parents of the Managing Director.

Overall Limit: The monetary value of perquisites listed in Category 'A' at 2(i), (ii), (iii), (iv) and (v) above shall not exceed an amount equal to the annual salary.

### Category 'B'

#### i) Provident and Superannuation Fund:

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. This will not be included in the computation of the ceiling on perquisites.



ii) **Gratuity:**

Gratuity payable shall not exceed one half month's salary for each completed year of service.

**Category 'C'**

i) **Provision of Car and Telephone:**

Shri Narender Surana shall be entitled to a motor car for use on Company's business and telephone at residence. However, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to Shri Narender Surana.

**III. COMMISSION:**

In addition to salary and perquisites as above, Shri Narender Surana shall be entitled to commission at the rate of 1% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

**IV. MINIMUM SALARY:**

Where in any financial year, during the currency of tenure of Shri Narender Surana, the Company has no profits or its profits are inadequate, the Company shall pay to Shri Narender Surana remuneration by way of salary and perquisites not exceeding the limits specified herein under Part -II Section II of Schedule -XIII of the Companies Act, 1956 including any statutory modifications thereof for the time being in force.

**V. OTHER BENEFITS:**

i) Shri Narender Surana shall be entitled to reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's Business.

ii) He will not be eligible for any sitting Fees for attending the Company's Board/Committee Meetings.

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri Devendra Surana, be re-appointed as Managing Director of the Company for a period of 5 years

from 18.01.2007, i.e., upto 17.01.2012, on the salary and perquisites as detailed below:

**I. SALARY:**

Rs. 5,00,000/- per month in the scale of Rs. 5,00,000 -50,000- 7,00,000/- per month

**II. PERQUISITES:**

In addition to salary as above, Shri Devendra Surana shall be entitled to perquisites as under:

**Category 'A'**

i) **Housing:**

Shri Devendra Surana shall be entitled to house rent allowance equal to 50% (fifty percent) of the salary. In case accommodation for Shri Devendra Surana is provided by the Company, the expenditure incurred by the Company on hiring accommodation will be subject to a ceiling of 50% (Fifty percent) of the salary of Shri Devendra Surana. Expenditure on furnishing, electricity, water, gas at actuals shall in addition be payable by the Company to Shri Devendra Surana.

ii) **Medical Reimbursement:**

Expenses actually incurred for Shri Devendra Surana and his family shall be reimbursed subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

iii) **Leave Travel concession:**

For Shri Devendra Surana and his family once in a year incurred in accordance with any rule specified by the Company.

iv) **Club Fees:**

Fees of clubs subject to a maximum of two clubs, provided no life membership or admission fee shall be paid.

v) **Personal Accident Insurance:**

Premium not to exceed Rs.1,000/- per annum.

Explanation: For the purpose of Category 'A', family means the spouse, dependent children and dependent parents of the Managing Director.

Overall Limit: The monetary value of perquisites listed in Category 'A' at 2(i), (ii), (iii), (iv) and (v) above shall not exceed an amount equal to the annual salary.



**Category 'B'**

**i) Provident and Superannuation Fund:**

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. This will not be included in the computation of the ceiling on perquisites.

**ii) Gratuity:**

Gratuity payable shall not exceed one half month's salary for each completed year of service.

**Category 'C'**

**i) Provision of Car and Telephone:**

Shri Devendra Surana shall be entitled to a motor car for use on Company's business and telephone at residence. However, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to Shri Devendra Surana.

**III. COMMISSION:**

In addition to salary and perquisites as above, Shri Devendra Surana shall be entitled to commission at the rate of 1% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

**IV. MINIMUM SALARY:**

Where in any financial year, during the currency of tenure of Shri Devendra Surana, the Company has no profits or its profits are inadequate, the Company shall pay to Shri Devendra Surana remuneration by way of salary and perquisites not exceeding the limits specified herein under Part -II Section II of Schedule -XIII of the Companies Act, 1956 including any statutory modifications thereof for the time being in force.

**V. OTHER BENEFITS:**

i) Shri Devendra Surana shall be entitled to reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's Business.

ii) He will not be eligible for any sitting Fees for attending the Company's Board/Committee Meetings.

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT Pursuant to the provisions of Section 314(1B) and other applicable provisions if any of the Companies Act 1956 and Subject to the approval of Shareholders, the salary of Smt. Namrata Surana, Manager (Public Relations), wife of Shri. Devendra Surana, Managing Director be enhanced from Rs.9850/- to Rs.25,000/- per month in the scale of Rs. 25,000 - 5,000 - 50,000 with effect from January'2007.

FURTHER RESOLVED that in addition to her monthly remuneration she shall also be entitled to performance bonus, leave encashment and reimbursement of medical expenses in accordance with the Rules of the Company subject to a maximum of Rs.5,00,000/- p.a."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 293(1) (a) and other applicable provisions of the Companies Act, 1956 the Board of Directors of the Company be and are hereby authorised to enter into a joint venture/ SPV or a development agreement with any other Company/ Party including acceptance of Foreign Direct Investment for construction of an IT Park on the Company's Jelly Filled Telephone Cables Unit situated at Plot No.A2 & A3, Block No. III, S.No. 1, Uppal, Hyderabad - 500 039 or otherwise sell, lease or dispose off whole or part of the above mentioned unit to any interested party on such terms and conditions as the Board may deem fit.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to sign, seal and deliver deeds, conveyances, contracts, assignments, undertakings or any other instrument that may be incidental or necessary including authorizing any Director/ Officer of the Company for the purpose of execution of this resolution."

By Order of the Board  
for BHAGYANAGAR INDIA LIMITED

SRIDEVI MADATI  
COMPANY SECRETARY

Place : Secunderabad  
Date : 23rd July, 2007





**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered office of the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2007 to 27.09.2007 (both days inclusive).
3. Dividend on shares @ 30% as recommended by the Board of Directors, if declared by the Company at the meeting, will be paid subject to the provisions of Section 205A of the Companies Act, 1956, to those shareholders whose names appear on the Register of Members of the Company as on 21.09.2007 or to their mandates, to the extent eligible, and also to the beneficial owners of equity shares held in electronic form on the same date as per the details furnished by the Depositories for this purpose.
4. The Securities and Exchange Board of India (SEBI) and the Department of Company Affairs have made it mandatory for all the listed companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders' account, elimination of loss of instruments in transit or fraudulent encashment etc. Currently, the facility is available at locations specified by RBI. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with the name of the shareholder on the Dividend Warrant. In view of the above :
  - i. Shareholders holding shares in Physical Form and desirous of availing the facility are requested to complete the ECS Form attached to this Annual Report and forward the same to the Company at its registered address.
  - ii. Shareholders holding shares in Dematerialised Form are requested to provide the Bank details to their Depository participants for incorporation in their records. The Depository in turn would also forward the required information to the Company.

5. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, Dividends for the Financial Year ended 31st March, 2000 which remain unclaimed for a period of seven years, has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 (c) of the Companies Act, 1956.

It may be noted that no claim shall lie in respect of the Unclaimed Dividend transferred to the Investor Education and Protection Fund. Therefore Members who have not encashed the Dividend Warrant(s) so far for the Financial Year 2000-01 and subsequent Financial Years are requested to make their claim to the Company at its Registered Office.

Information in respect of the due date for transfer of such unclaimed dividend to the said fund is given below:

For the Financial Year	Date of Declaration	Due for Transfer on
2000-01	17.08.2001	14.09.2008
2001-02	27.09.2002	24.10.2009
2002-03	20.09.2003	26.10.2010
2003-04	28.09.2004	27.10.2011
2004-05	01.07.2005	30.07.2012
2005-06	07.08.2006	06.09.2013

The Company's Equity shares are listed at The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051, and the Company has paid the Listing Fees to the said Stock Exchanges.

7. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
8. The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Businesses set out above is annexed herewith.



9. Members holding shares in physical form, may write to the Company's share transfer agents for any change in their address and bank mandates, members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to despatch dividend warrants at their correct addresses.
10. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at M/s KARVY Computer Share Private Limited, Karvy House, 46, Avenue 4, Street No1, Banjara Hills, Hyderabad - 500 034.
11. Please note that, any queries pertaining to Accounting related aspects, may be posted / handed over to the Company Secretary at the Registered Office of the Company at least 48 hours before the Annual General Meeting, so that the same could be clarified to the shareholders at the Annual General Meeting.

---

## EXPLANATORY STATEMENT

### ITEM NO 6:

Shri Narender Surana was re-appointed as Managing Director by the Board of Directors at their meeting held on 18.01.2007 for a period of 5 years ending 17.01.2012, as per Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956

As per the provisions of Schedule XIII of the Companies Act, 1956 approval by a resolution of the Shareholders in the General Meeting is required for re-appointment of the Managing Director. The remuneration committee at their meeting held on 12.01.2007 has approved the remuneration payable to Shri Narender Surana.

Your Directors recommend the resolution for your approval.

None of the Directors except Shri G.Mangilal Surana, Shri Narender Surana and Shri Devendra Surana are concerned or interested in the said resolution except as members.

### ITEM NO. 7

Shri Devendra Surana was re-appointed as Managing Director by the Board of Directors at their meeting held on 18.01.2007 for a period of 5 years i.e., upto 17.01.2012, as per Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956

As per the provisions of Schedule XIII of the Companies Act, 1956 approval by a resolution of the Shareholders in the General Meeting is required for re-appointment of the Managing Director. The remuneration committee at their

meeting held on 12.01.2007 has approved the remuneration payable to Shri Devendra Surana.

Your Directors recommend the resolution for your approval.

None of the Directors except Shri G.Mangilal Surana, Shri Narender Surana and Shri Devendra Surana are concerned or interested in the said resolution except as members.

### ITEM NO. 8

Taking into consideration the past experience of over 8 years of Smt Namrata Surana, Manager (Public Relations) and in view of the increased responsibility with increase in business activities of the Company and the relentless efforts and time devoted by her in contributing to the success of the organization and current industry standards in the pay scale, the payment of salary to Smt Namrata Surana has been revised by the Board of Directors at their meeting held on 18.01.2007.

Pursuant to the provisions of Section 314(1B) and other applicable provisions if any of the Companies Act 1956 the approval of the members is therefore sought for revision in the salary of Smt Namrata Surana as set out in the resolution.

Your Directors recommend the resolution for your approval.

None of the Directors except Shri G.Mangilal Surana, Shri Narender Surana and Shri Devendra Surana are concerned or interested in the said resolution except as members.

The Directors recommend the resolution for your approval.



**ITEM NO. 9**

The Jelly Filled Telephone Cable unit of the Company, situated at plots No. A2 & A3, IDA Uppal, Hyderabad is no longer viable due to the declining demand for Jelly Filled Telephone Cables. In view of this the Company applied and received approval from the IT & C.Department permitting the construction of IT Park in the area of 11.75 Acres covering the above Unit.

Out of the above 11.75 Acres , the Company sold 5.75 Acres to M/s Himadri Enterprises Pvt Ltd for a total consideration of Rs.53.0 Crores on 18.01.07. The Company intends to construct an IT Park on the residual undertaking and has also acquired an adjacent plot of land admeasuring 1.2 Acres from M/s Ampro Industries Pvt Ltd, which gives locational advantage to the Company. The Company has also received building approvals from APIIC and has commenced the work.

In view of the huge capex requirement for the above project and various attractive offers being received by the Company your directors feel it to be beneficial and in the interest of the Company to either enter into a Joint Venture/

Development agreement for the construction of an IT Park or to sell or otherwise dispose of the whole or part of balance land of the JFTC unit at Uppal, Hyderabad along with the adjacent plot of land purchased by the Company inorder to augment funds in order to strengthen the Company's financial position and to meet its growth objectives.

Your Directors recommend the resolution for your approval.

None of the Directors are concerned or interested in the said resolution except as members.

The Directors recommend the resolution for your approval.

By Order of the Board  
for **BHAGYANAGAR INDIA LIMITED**

**SRIDEVI MADATI**  
COMPANY SECRETARY

Place : Secunderabad  
Date : 23rd July, 2007



## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 22nd Annual Report of your Company together with the Audited Balance Sheet as at 31st March 2007 and Profit and Loss A/c for the year ended 31st March, 2007.

### FINANCIAL RESULTS:

The performance of the Company during the year has been as under: (Rs. in Lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
Sales and other Income	24832.65	18264.19
Profit before Depreciation and Interest	8757.23	3479.39
DEDUCT :		
Depreciation	299.20	248.24
Interest	417.29	77.36
Profit for the year	8040.74	3153.80
Prior period Adjustments	Nil	(8.73)
Provision for Taxation : Current Tax	1075.00	540.00
Fringe Benefit Tax	8.50	7.50
Deferred Tax	(61.05)	1.10
Profit after Tax	7017.12	2595.70
Income Tax in respect of earlier years	1.16	0.67
Surplus brought forward from previous year	4689.25	3346.80
Balance available for appropriation	11706.37	5942.59
APPROPRIATION:		
Dividend	447.00	222.20
Excess provision of Dividend for earlier year	0.19	Nil
Tax on Dividend	75.97	31.13
Transfer to General Reserves	5166.53	1000.00
Balance c/f to Balance Sheet	6017.07	4689.25
<b>TOTAL</b>	<b>11706.37</b>	<b>5942.59</b>

### OPERATIONS:

The Income from Operations is Rs. 23843.12 Lakhs as against Rs. 17232.62 Lakhs for the corresponding previous year indicating a growth of 38.36%. The Profit Before Tax is Rs. 8040.74 Lakhs as against Rs. 3153.80 Lakhs for the previous year indicating a growth of 154.95%. The Profit After Tax is Rs. 7017.12 Lakhs as against Rs. 2595.78 Lakhs for the corresponding period in the previous year indicating an increase of 170.34%. The Company could achieve higher turnover due to increase in revenues from Copper Division and Infrastructure / Real Estate related activities. The Basic Earnings Per Share for the year-ended 31.03.2007 is Rs.9.46 as against Rs. 3.50 for the corresponding previous year ended 31.03.2006

### INCREASE IN AUTHORISED CAPITAL

During the year under review the Company has increased its Authorised Share Capital from Rs. 15,00,00,000/-

(Rupees Fifteen Crores Only) to Rs. 25,00,00,000/- (Rupees twenty five Crores Only) for which the members gave their approval in the Annual General Meeting held on 07.08.06.. Consequent to Bonus Issue and Preferential Issue during the year, the Paid up Capital has increased to Rs 14,90,00,000/- from Rs. 7,40,00,000/- in the previous year.

### CHANGE OF NAME

During the year under review, the Company changed its name to Bhagyanagar India Limited from Bhagyanagar Metals Limited in view of the diversified business activities, for which the members gave their approval in the Annual General Meeting held on 07.08.06. Accordingly the Company has altered its Memorandum and Articles of Association.

### BONUS ISSUE:

During the year under review your Company has issued Bonus Shares in the ratio of 1:1 Equity shares of Rs.2/-



each for every one Equity share of Rs.2/- each on 08.09.06 for which the members gave their approval in the Annual General Meeting held on 07.08.06. The said shares were admitted to dealings on the National Stock Exchange Limited and Bombay Stock Exchange Limited on 10.10.2006 and 26.10.2006 respectively.

#### **ISSUE OF FCCB:**

Your Directors would like to inform you that during the year under review your Company has raised US\$ 15 million through an issue of Foreign Currency Convertible Bonds (FCCBs) on 10th Oct'2006 for which the members gave their approval in the Extraordinary General Meeting held on 16.06.06. The bonds are listed on Luxembourg Stock Exchange. The Bond holders have an option of either converting the bonds into shares of the Company at a conversion price of Rs 44.00 /- per share within 18 months of the issue or at a reset price to be fixed at the time of conversion thereafter within 5 years (US\$ conversion rate at Rs.45.96/- per US\$) or to redeem the bonds after 5 years with an yield to maturity of 8% p.a. to be compounded semi annually.

#### **PREFERENTIAL ISSUE:**

The Company has issued and allotted 5,00,000 fully paid up equity shares of face value of Rs.2/- each at a price of Rs.40/-(including premium of Rs.38) to M/s Bennett, Coleman & Co. Ltd on 28.12.2006 for which the members gave their approval in the Extraordinary General Meeting held on 20.12.2006, to augment the long term resources of the Company and for raising funds for its expansion & Diversification plans. The said shares were admitted to dealings on the National Stock Exchange Limited and Bombay Stock Exchange Limited on 09.03.2007 and 13.03.2007 respectively.

#### **FUTURE PLANS:**

The Copper products segment of the Company is promising good growth with increase in the demand of Auto & Solar Heaters components and the segment is targeting a year on year growth of about 20% In order to keep pace with the booming Infrastructure sector, your Company forayed into Real estate and Construction industry through its various subsidiaries and is focusing mainly on Housing and Construction of IT Parks. Presently the Company is executing the contracts worth Rs.380 crores and is making efforts to secure more contracts in Financial Year 2007-08.

#### **DEMERGER**

In the present scenario of business, the Board feels the necessity to restructure the diversified business activities by de-merging the Auto Components, Refrigeration & Solar

Components and Telecom business into a separate Company and to continue the Real Estate, Infrastructure & Non Conventional Energy business in the present Company or in such other manner as deemed beneficial by the Board and Stakeholders. The segregation of divisions will enhance value for shareholders and will allow a focused strategy in operations, which would be in the best interest of stakeholders of the Company. The board has appointed an agency to make a detailed study of the proposal and to prepare a draft Scheme of Arrangement.

#### **NEW PROJECT INITIATIVES:**

Your Directors have the pleasure of informing you that during the year under review your Company has made the following new project initiatives:

##### **New Copper Products:**

Your Company has added two more copper products Copper Solar Fin's & Copper Bus Bars in its copper products range. Copper Solar Fin's are used in Solar Water heaters . Copper Bus Bars are utilized in Electrical industry and production of the same is expected to commence by September'2007.

##### **Housing Project at Gachibowli.**

Your Company through its subsidiaries Bhagyanagar properties Ltd and Scientia Infocom India Ltd has acquired 25 Acres of land at Gachibowli, Hyderabad on which the Company is planning to construct housing project. The Company has appointed the architects and has undertaken the preliminary project work.

##### **Land in Sri City SEZ near Chennai:**

The Company has acquired 50 Acres of land in a Sri City multi product SEZ, at Tada near Chennai on lease from Satyavedu Reserve Infracity pvt ltd., which has received formal approval from Ministry of Commerce & Industry, Govt of India.

##### **Construction Business:**

Your Company has ventured into the Construction business through its subsidiaries and is focusing mainly on Construction of IT Parks and Housing Projects.

##### **Wind Power Project:**

Your Company has successfully commissioned the Wind Power Project with an installed capacity of 9 MW in 2 phases on 30.09.06 and 30.03.07 by installing 7 Wind Turbine Generators at Kapatguda, Gadag District in Karnataka. Your Company has entered in to Power Purchase Agreement for a period of 20 years with Hubli Electricity Supply Company & Gulbarga Electricity Supply Company for sale of electricity generated.



**SUBSIDIARIES:**

Your Directors are pleased to inform you that, during the year under review the Company has incorporated or acquired the following Subsidiary Companies:

Sl. No.	Name of the Company	Date of Incorporation/ Acquisition	Line of Activity
1.	Bhagyanagar Properties Ltd	25th April, 2006	Construction, Real Estate & Infrastructue and other related Activities.
2.	Bhagyanagar Metals Ltd.	25th September, 2006	Manufacture and dealings in the products of ferrous and non-ferrous metals.
3.	Scientia Infocom India Ltd	14th August, 2006	IT and Telecom Infrastructure, Real Estate and other related Activities.
4.	Bhagyanagar Infrastructure Ltd	7th July, 2006	Construction, Real Estate & Infrastructue and other related Activities.

**CONSOLIDATED FINANCIAL STATEMENTS:**

The Consolidated Financial Statements incorporating the operations of the Company and its subsidiaries are attached herewith in this Annual Report. The Ministry of Corporate Affairs while exercising its power under Section 212 (8) of the Companies Act, 1956 has exempted the Company from publishing the Annual Report of all its subsidiaries vide letter no. 47/344/2006-CL-III dated 8th February, 2007. However, the accounts of the subsidiary companies and the detailed related information will be made available to the investors of the Company and its subsidiaries on request and are also available for inspection at Registered Office of the Company.

**DIVIDEND :**

Considering the performance during the year under review, your Directors recommended a Dividend @ 30% amounting to Rs. 447.00 lakhs for the year ended 31st March 2007. This will entail an outflow of Rs. 522.97 (inclusive of tax thereon). Your Directors also inform that applications for conversion of FCCBs received upto the date of closure of the Register of Members of the Company would be processed and the resulting shares arising out of the said conversion of FCCBs, would also be eligible for dividend, as recommended by the Board and approved by the members at the ensuing Annual General Meeting of the Company.

**RESERVES:**

During the year the Company has transferred an amount of Rs.5166.53 lacs to General Reserves.

**FIXED DEPOSITS:**

The Company had not accepted or invited any Deposits and consequently no Deposit has matured / become due for re-payment as on 31st March 2007.

**DIRECTORS:**

In order to comply with Section 256 of the Companies Act 1956 and Articles of Association of the Company Shri. Narender Munoth and Shri.N.Krupakar Reddy, Directors of the Company will retire by rotation at the ensuing Annual General meeting and being eligible, offers themselves for re-appointment.

The brief particulars of the Directors seeking appointment / re-appointment at this Annual General Meeting is being annexed to the Annual Report.

**AUDITORS:**

M/s. Sekhar & Company, Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting are eligible for re-appointment. The Company is in receipt of confirmation from M/s Sekhar & Company that in the event of their re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting, such re-appointment will be in accordance with the limits specified in Sub-section (1B) of Section 224 of the Companies Act, 1956.





## INSURANCE

The Properties and Assets of your Company are adequately insured.

## ISO 9001-2000 CERTIFICATION:

Your Company continues to hold ISO 9001-2000 Certification by meeting all the requirements of Certification from time to time.

## DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956 :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

- a) That in the preparation of the accounts for the financial year ended 31st March, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year and of the Profit or Loss account of the Company for the year under review;
- c) That the Directors have taken proper and sufficient care 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) That the Directors have prepared the accounts for the Financial Year ended 31st March 2007 on a 'going concern' basis.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, forms part of this Report and is annexed hereto.

## CORPORATE GOVERNANCE:

The Company has implemented the procedures and adopted practices in conformity with the Code of

Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance.

## CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC:

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998, are provided in the Annexure forming part of this Report.

## PARTICULARS OF EMPLOYEES:

Information relating to particulars of Employees who are drawing more than Rs.24,00,000/- per annum which is required to be disclosed under Section 217(2A) of the Companies Act 1956 read with The Companies (Particulars of Employees) Rules 1975 are provided in the Annexure forming part of this Report.

## APPRECIATION:

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

## ACKNOWLEDGEMENTS:

The Board desires to place on record its sincere appreciation for the support and co-operation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors, Registrar and Transfer Agents and all others associated with the Company. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

for and on behalf of the Board of Directors

Place : Secunderabad  
Date : 23rd July, 2007

G. MANGILAL SURANA  
CHAIRMAN



## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 2006

Name	Age	Qualifications	Date of Employment	Designation	Remuneration in Rupees	Experience	Last Employment held
Shri.Narender Surana	47 yrs	B.E (chem)	24.01.87	Managing Director	44,55,931	20 yrs	First Employment
Shri. Devendra Surana	42 yrs	B.E (Mech) PGDBA	15.11.88	Managing Director	72,12,544	18 yrs	First Employment
Shri.Narender Munoth	56 yrs	B.Com	02.04.87	Executive Director	27,57,311	20 yrs	First Employment

### Note:

- (i) The appointment is contractual, other terms and conditions are as per Company's Rule.
- (ii) Gross remuneration includes Salary, HRA, Perks, PF and Commission on Profits in terms of Schedule XIII to the Companies Act, 1956.
- (iii) Shri Narender Surana is related to Shri G.M.Surana, Chairman and Shri Devendra Surana, Managing Director of the Company.
- (iv) Shri Devendra Surana is related to Shri G.M.Surana, Chairman and Shri Narender Surana, Managing Director of the Company.

for and on behalf of the Board of Directors

Place : Secunderabad  
Date : 23rd July, 2007

**G. MANGILAL SURANA**  
CHAIRMAN





## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

### 1. CONSERVATION OF ENERGY :

- (i) Energy Conservation measures : Maximum Demand (MD) Controller has been utilized to bring down maximum demand in the factory. This has led to reduction on MD charges as well as increase in incentive for higher loan factors resulting in substantial cost saving.
- (ii) Total energy consumption and energy consumption per unit of production : The Company has not made any additional investments and has not proposed any amount for reduction of consumption and consequent impact on cost of production of goods

### 2. TECHNOLOGY ABSORPTION : Efforts made in Technology Absorption as per Form B

#### FORM B

(Disclosure of particulars with respect to Technology Absorption)

#### A. Research and Development (R & D) :

1. Specific areas in which R & D is carried out by the Company : —
2. Benefits derived as a result of the above R & D : —
3. Future plan of action : Manufacture of Automotive Components with high Copper content
4. Expenditure on R & D : As there is no significant amount that has been spent, the same has not being shown separately

#### B. Technology absorption, adaptation and innovation :

The Company is making all out efforts for improving productivity, product quality and reducing consumption of scarce raw materials and fuels.

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Activities relating to exports and initiatives taken to increase export products and services and export plans : NIL

Total Foreign Exchange used and earned :

Used : Rs 1573.56 Lakhs

Earned : Rs 24.49 Lakhs

for and on behalf of the Board of Directors

Place: Secunderabad  
Date : 23rd July, 2007

G. MANGILAL SURANA  
CHAIRMAN



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance:

Corporate Governance is more a way of Business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the same should be aligned with the expectations of stakeholders. In this direction, the Board of Directors of your Company is committed to adopt good corporate governance practice as a part of the corporate culture, a way of its Corporate life and a kind of self-disciplinary code designed to serve the ultimate goal of making the Company a value driven Organization.

### 2. Board of Directors (Board):

#### a) The Board of Directors of the Company as on 31st March, 2007 consists of :

- 4 Independent Non-executive Directors;
- 4 Executive Directors;
- 1 Non-Executive Director.

#### b) Attendance Record for 2006-07:

Sl. No	Name of the Director	Category	Meetings attended	Attendance at last AGM on 07.08.06	Remarks
1	G Mangilal Surana	Non-executive	7	Present	–
2	Narender Surana	Executive	6	Present	–
3	Devendra Surana	Executive	7	Present	–
4	O Swaminatha Reddy	Independent, Non-executive	7	Present	–
5	R Surender Reddy	Independent, Non-executive	6	Present	–
6	Narender Munoth	Executive	7	Present	–
7	D Venkatasubbiah	Independent, Non-executive	8	Present	–
8	N Krupakar Reddy	Executive	4	Present	–
9*	Kamlesh Gandhi	Independent, Director	4	Absent	–

#### c) Number of other Directorships, Committee Membership(s) & Chairmanship(s) :

Sl. No.	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	G Mangilal Surana	9	1	1
2	Narender Surana	22	1	None
3	Devendra Surana	28	1	None
4	O Swaminatha Reddy	16	2	4
5	R Surender Reddy	10	7	4
6	Narender Munoth	None	None	None
7	D Venkatasubbiah	None	None	None
8	N Krupakar Reddy	None	None	None
9	Kamlesh Gandhi	8	None	None



d) **Number of Board Meetings held and the date on which held:**

A total of 8 Board Meetings were held during the year as against the minimum requirement of 4 meetings. The maximum gap between any two Board Meetings was not more than four months at any time.

The dates on which the Board meetings were held are:

18.05.2006	13.06.2006	29.07.2006	07.08.2006
29.09.2006	27.10.2006	20.11.2006	18.01.2007

e) **Pecuniary relationship or transactions of Non-Executive Director:**

Apart from receiving Directors Remuneration, Non-Executive Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgement of the Director.

3. **Audit Committee :**

The Company's Audit Committee comprises of the following Directors all of whom are Non-Executive, the majority being Independent Directors:

1. Shri O Swaminatha Reddy - Chairman
2. Shri G Mangilal Surana - Member
3. Shri R Surender Reddy - Member
4. Shri Kamlesh Gandhi - Member

Smt.Sridevi Madati, Company Secretary, is acting as Secretary to the Audit Committee.

The terms of reference stipulated by the Board to the Audit Committee includes review of the following:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by Management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- the annual financial statements before submission to the board for approval, with particular reference to following with the Management:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by Management
  - iv. Significant adjustments made in the financial statements arising out of Audit findings
  - v. Compliance with listing and other legal requirements relating to financial statements
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft Audit Report.
- Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.



- Reviewing, with the Management, performance of statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal Audit function, if any, including the structure of the internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with Internal Auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Company continued to derive immense benefit from the deliberation of the Audit Committee comprising three Non-Executive and Independent Directors. As Shri O.Swaminath Reddy who is heading the Audit Committee as Chairman having rich experience and professional knowledge in Finance, Accounts and Company Law, the members always added the value for the Company. Minutes of each Audit committee are placed before the Board and discussed in the meeting.

During the year, the Audit Committee Meetings were held on the following dates:

09.05.2006	13.06.2006	29.07.2006	27.10.2006	18.01.2007
------------	------------	------------	------------	------------

**Attendance Record - 2006-2007**

Sl No	Name of the Director	No. of Meetings Attended
1	Shri O Swaminatha Reddy	5
2	Shri G Mangilal Surana	5
3	Shri R Surender Reddy	5
4*	Shri Kamlesh Gandhi	1

\* Shri Kamlesh Gandhi has been inducted in the Audit Committee on 27.10.2006

The Statutory Auditors and Internal Auditors of the Company have also attended the above meetings on invitation. The recommendations made by the Audit Committee from time to time have been followed by the Company. The Chairman of the Audit Committee has attended the Annual General Meeting to answer the queries raised by the Shareholders regarding Audit and Accounts.

**4. Remuneration Committee**

a) Composition, Name of the Chairman and Members:

1. Shri R Surender Reddy - Chairman
2. Shri O Swaminatha Reddy - Member
3. Shri D Venkatasubbiah - Member

b) The terms of reference stipulated by the Board to the Remuneration Committee are as follows:

To formulate a remuneration policy and approve the remuneration or revise the remuneration payable to the Managing/Whole time Directors. The remuneration policy of the Company is directed towards motivating and retaining the senior officers of the Company by rewarding performance.

c) Attendance during the year: The Remuneration Committee had met twice on 8th May, 2006 and 12th January, 2007 and all the members of the Committee were present at the meeting.



**5. Remuneration of Directors:**

The Company pays sitting fees to all the Non-executive Directors at the rate of Rs.1,500/- for each meeting. The details of Sitting Fees paid to the Non-executive Directors for attending Board Meetings and Committee meetings during the Financial Year 2006-07 are as follows:

Sl. No.	Name of Director	Sitting Fees paid (Rs.)
1	Shri G Mangilal Surana	18000
2	Shri O Swaminatha Reddy	18000
3	Shri R Surender Reddy	16500
4	Shri D.Venkatasubbiah	12000
5	Shri Kamlesh Gandhi	7500
	<b>Total</b>	<b>72000</b>

The remuneration paid to the Executive and Whole-time Directors during the year 2006-2007 are :

Name of Director	Salary & Bonus Rs.	H R A Rs.	Commission Rs.	Perks Rs.	Total Rs.
Narender Surana	11,29,032	5,64,516	26,36,691	1,25,692	44,55,931
Devendra Surana	29,66,774	14,83,387	26,36,691	1,25,692	72,12,544
Narender Munoth	9,72,581	4,20,000	13,64,730	-	27,57,311
N K Reddy	1,44,300	-	-	-	1,44,300
<b>TOTAL</b>	<b>52,12,687</b>	<b>24,67,903</b>	<b>66,38,112</b>	<b>2,51,384</b>	<b>1,45,70,086</b>

**6. Shareholders Grievance Committee:**

The Shareholders Grievance Committee constituted by the Board of Directors and comprising of Shri.G.M.Surana (Chairman), Shri Narender Surana and Shri Devendra Surana, inter-alia oversee the transfer of shares and redressal of shareholders / investors grievances and complaints regarding non-receipt of Dividends, Annual Reports, etc.

The Board has designated Smt.Sridevi Madati, Company Secretary, as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 54. There are no outstanding complaints as on 31st March 2007.

The Committee has received 40,881 Shares for Transfers and 750 Shares for Transmission out of which 37,375 Shares and 750 Shares respectively were approved and the balance was rejected. The committee has also received and approved 10452757 and credited 10443526 Shares for conversion of physical shares into Dematerialisation during year under review. There were no transfers or transmissions or de-mat requests pending as on 31st March 2007.

**7. General Body Meetings:**

a) Location and time for the last 3 years General Meetings were:

Year	Locations	Date	Time
2005-2006 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	20th December, 2006	2.30 P.M.
2005-2006 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	7th August, 2006	10.15 A.M.
2005-2006 EGM	3rd Floor, Surya Towers,S.P.Road, Secunderabad - 500 003.	16th June, 2006	2.30 P.M.
2004-2005 AGM	3rd Floor, Surya Towers,S.P.Road, Secunderabad - 500 003.	1st July, 2005	10.15 A.M
2004-2005 EGM	3rd Floor, Surya Towers,S.P.Road, Secunderabad - 500 003.	5th February, 2005	10.30 A.M.
2003-2004 AGM	3rd Floor, Surya Towers,S.P.Road, Secunderabad - 500 003.	28th September, 2003	10.30 A.M



**8. Disclosures:**

Disclosures on materially significant related party transactions, i.e., transactions of the Company of material nature with the Promoters, the Directors or the Management, their subsidiaries, Group Companies or relatives etc., that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

There were no strictures or penalties imposed on the Company by Stock Exchanges or Securities Exchange Board of India (SEBI) or any other statutory authority for non-compliance of any matter related to Capital Markets, during the last 3 years.

**9. Means of Communication:**

Half yearly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Quarterly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Newspapers in which published	"Business Standard" - English "Andhra Bhoomi" - Telugu
Website where the results and other official news releases are displayed	<a href="http://www.surana.com">http: www.surana.com</a>

**10. Management Discussion and Analysis Report:**

A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

**11. General Shareholders Information:**

Annual General Meeting	:	Date : 27.09.2007 Time : 10.30 A.M Venue : III Floor, Surya Towers, S.P.Road, Secunderabad - 500 003
Financial Calendar	:	April 1st to March 31st
Date of Book Closure	:	21.09. 2007 to 27.09.2007 (both days inclusive)
Dividend Payment Date	:	01.10.2007
Listing on Stock Exchanges	:	1. The Bombay Stock Exchange Ltd., Mumbai 2. National Stock Exchange of India Limited
Stock Code	:	512296 on BSE BHAGYNAGAR on NSE
ISIN Number for NSDL & CDSL	:	INE458B01028



**Market Price Data**

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr '06	63.70	28.30	63.40	28.50
May'06	95.45	59.05	95.00	58.60
Jun'06	70.90	49.35	70.50	48.05
Jul'06	–	–	68.00	57.20
Aug'06	–	–	80.10	61.00
Sep'06	73.45	32.53	73.50	32.80
Oct'06	35.45	29.00	36.00	30.40
Nov'06	39.60	31.25	35.45	30.60
Dec'06	40.40	30.50	40.20	30.65
Jan'07	41.45	36.10	43.25	36.20
Feb'07	51.40	38.00	51.65	35.10
Mar'07	40.00	31.00	40.20	33.00

Registrars & Transfer Agents : Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to

M/s KARVY COMPUTER SHARE PRIVATE LIMITED,  
Karvy House, 46, Avenue 4, Street No 1, Banjarahills,  
Hyderabad - 500 034.  
Phone # +91-40-23420816  
Fax # -91-40-23420814  
Email ID : mailmanager@karvy.com  
Website : <http://www.karvy.com>

**12. Share Transfer System:**

Pursuant to the guidelines issued by the Securities and Exchange Board of India, vide circular number D&CC/FITTC/CIR-15/2002 dated 27.12.2002 regarding 'Appointment of Common Agency for Share Registry Work', the Board of Directors have appointed M/s KARVY COMPUTER SHARE PRIVATE LIMITED, as Share Transfer Agents.

The R & T Agent process the Physical Share Transfers and the Share Certificates are returned to the shareholder within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. All share transfers are approved by the Share Transfer Committee, which meets every fortnight.

As per the guidelines issued by SEBI, the R & T Agent is also offering transfer-cum-Demat facility, wherein after the share transfer is affected an option letter containing the details of the shares transferred is sent to the transferee. Any transferee who wishes to de-mat the shares may approach the Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the option letter, generate a Demat Request and send the same to the R & T Agent. On receipt, the R & T Agent confirms the request.

Any transferee not intending to dematerialize his shares need not exercise the option and the R & T Agent shall dispatch the share certificate after 30 days from the date of the Option Letter.

All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 15 days of receipt.

**13. Issue of Equity Shares on Preferential Basis:**

The Company has issued and allotted 5,00,000 fully paid up equity shares of a face value of Rs.2/- each at a price of Rs.40/- (including a premium of Rs. 38/-) to which the Shareholders gave their approval in Extra General Meeting dated 20.12.2006.



14. Shareholding Pattern as on 31st March, 2007:

Category	No of Shares	Percentage
Promoters	32925538	44.20
Resident Individuals	16245976	21.81
Promoters Bodies Corporate	7977128	10.71
Foreign Institutional Investors	6727710	9.03
Overseas Corporate Bodies	4607406	6.18
Bodies Corporates	2894638	3.88
Indian Financial Institutions	2248688	3.02
Non-Resident Indians	293088	0.39
HUF	262549	0.35
Government	176700	0.24
Clearing Members	128539	0.17
Mutual Funds	11000	0.01
Banks	1040	0.001
<b>TOTAL</b>	<b>74500000</b>	<b>100.00</b>

15. Distribution of Share holding as on 31st March 2007:

No of EquityShares held	Number of Shareholders	% of Shareholders
1 - 5000	10124	92.78
5001 - 10000	414	3.8
10001 - 20000	185	1.69
20001 - 30000	50	0.46
30001 - 40000	24	0.22
40001 - 50000	15	0.14
50001 - 100000	33	0.30
100001 & above	67	0.61
<b>Total</b>	<b>10912</b>	<b>100</b>

16. Dematerialisation of shares & Liquidity

The trading in Company's shares is permitted only on dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scrip-less trading, the Company has enlisted its shares with NSDL and CDSL.

17. Share Dematerialisation Records:

The Company had received and confirmed de-mat requests for 10452757 shares and credited 10443526 shares during the period from April 1, 2005 to March 31, 2007.

The total percentage of the shares of the Company in dematerialized form as on 31st March, 2007 is 97 %

18. Outstanding Foreign Currency Convertible Bonds:

The Company has issued and allotted 150 zero coupon Unsecured Foreign Currency Convertible Bonds (FCCB) due 2011, of US\$100,000 each for an aggregate value of US\$ 15 million with a conversion price of Rs.44/- to which the Shareholders gave their approval in Extraordinary General Meeting dated 20.12.2006.

19. Secretarial Audit:

The Company gets the Secretarial Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Secretarial Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the Company 's shares are Listed.





**20. Plant Locations :**

<b>India Extrusion</b> P/9/131/1, I. D. A., Nacharam, Hyderabad - 500 076	<b>Bhagyanagar India Limited</b> (Goa Unit), Plot No.61, Pilerne industrial Estate, PanajiGoa - 403 001.
<b>Bhagyanagar India Limited</b> Plot No. P-9/14,Road No.6, IDA Nacharam, Hyderabad - 500 076.	<b>Wind Power Division</b> Kapatguda, Gadag District, Karnataka.
<b>Harinam Wires.</b> I.D.A., Nacharam, Hyderabad - 500 076.	

**21. Address for Correspondence :**

Sl. No.	Shareholders Correspondence for	Addressed to
1.	Transfer / Dematerialiation / Consolidation / Split of shares, Issue of Duplicate Share Certificates, Non-receipt of dividend/ Bonus shares, etc., change of address of Members and Beneficial Owners and any other query relating to the shares of the Company.	<b>KARVY COMPUTER SHARE PVT. LTD.</b> Kary House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 Phone # +91-40-23420816 Fax # - 91-40-23420814 E.mail : mailmanager@karvy.com Website : www.karvy.com
2.	Investor Correspondence / Queries on Annual Report, Revalidation of Dividend Warrants, Sub-Division, etc.	<b>Sridevi Madati</b> Company Secretary  <b>Bhagyanagar India Limited</b> , 5th Floor, Surya Towers, S.P. Road, Secunderabad - 500 003. Ph Nos. 27845119/66320700 E-mail : cs@surana.com investorservices_bil@surana.com Website : www.surana.com

**22. Depository Services :**

For guidance on Depository Services, Shareholders may write to the Company or to the respective Depositories :

<b>National Securities Depository Ltd</b> Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel : 091-022-24972964-70 Fax : 091-022-24972993 / 24976351 Email : info@nsdl.co.in.	<b>Central Depository Services (India) Ltd</b> Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai - 400 023 Tel : 091-022-22723333 Fax : 091-022-22723199 Email : investors@cdislindia.com
---	--

**23. Nomination Facility :**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.



**24. Code of Conduct for the Board & Senior Management Personnel:**

The Company has laid down a Code of Conduct at the Meeting of the Board of Directors held on 5th Feb'05 for all its Board Members and Senior Management Personnel of the Company. The Code of Conduct has been posted in the website of the Company. The said members will be affirming compliance with the Code on Annual basis.

**25. Company's Policy on prevention of insider trading:**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Smt.Sridevi Madati, Company Secretary had been appointed as the Compliance Officer for this purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

**Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:**

Name of Director	NARENDER MUNOTH	N.KRUPAKAR REDDY
Expertise in specific functional areas	He has got about 25 years of experience in the Industry and presently he is the Executive Director of the company handling the Purchases, Material Procurement looking after Factory Operations of India Extrusion.	He has got about 23 years of experience in running the industry. Presently incharge of operations of Jelly Filled Telephone Cables
Date of Birth	03.05.1953	01.07.1956
Qualification	B.Com	B.Com
List of Other Companies in which Directorship is held as on 31st March, 2007.	Nil	Nil
Chairman/Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2007	Nil	Nil



---

## AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE

To the Members of  
Bhagyanagar India Limited,  
Secunderabad.

We have examined the compliance of conditions of Corporate Governance by Bhagyanagar India Limited for the year ended 31.03.2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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.

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.

**G. Ganesh**  
Partner  
Membership No : 211704

For and Behalf of  
**Sekhar & Co**  
Chartered Accountants

Place : Secunderabad  
Date : 23rd July, 2007

---

## DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

Pursuant to the Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th Oct' 2004, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2006-07.

**NARENDER SURANA**  
MANAGING DIRECTOR

Place : Secunderabad  
Date : 23rd July, 2007



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS SEGMENTS

Bhagyanagar India Ltd the flagship Company of Surana Group is one of the oldest industrial houses in India which has diverse business streams such as Copper products, Jelly Filled Cables (JFTC), and Real Estate & Infrastructure. This year the company has forayed in the wind power generation segment with the installation of 7 Wind Turbine Generators with a total capacity of 9 MW at Kapatguda, Karnataka.

#### 1.1 Copper Products:

One of the core area of the company's business is manufacture of Copper products. Copper division of the Company caters to the needs of various Original Equipment Manufacturers (OEMs) and auto component industry. The company has an installed capacity of 15000MT in the copper product division .

The Company is presently engaged in the manufacture of copper rods, copper foils, copper pipes, copper Sheets, annealed bare copper Strips, paper insulated copper conductors and insulated copper coils (Field Coils). The products of the company are mainly used in telecommunication, power and distribution, transformer, heat exchangers, switchgear and low range transformers, solar Panels and auto ancillary. The company is major supplier to Lucas TVS, MICO and many other leading OEMs.

#### 1.2 Jelly Filled Telephone Cables:

The company started this division in the year 1993-94 and it set up the plant for the first time in the country without any foreign collaboration. The company has manufacturing facility at Goa and manufactures cables from the range of 5 pairs to 800 pairs. The latest technology and testing facilities have led to the units being recognized and approved by the BSNL, MTNL, Indian Railways (IR) and other private Telecom Service providers.

#### 1.3 Real Estate/Infrastructure Business:

In the year 2002 anticipating the boom in Real Estate & Infrastructure sector the company started to invest the surplus liquidity from its core business in acquiring real estate properties and infrastructure related project with a long-term view to become an infrastructure player.

### 1.4 Non Conventional Energy Division:

During the year under review, the Company has forayed into the non conventional energy sector with a wind power project with an installed capacity of 9 MW at Kapatigudda, Karnataka State. The phase-I of the project was commissioned in Sep'06 and the phase-II of the project was commissioned in Mar'06. This project is eligible for carbon credits and also for taxation benefits under Sec. 80I(A) of Income Tax Act.

## 2. INDUSTRY ANALYSIS

### 2.1 Copper and Copper Products:

The industry can be classified into two broad categories, manufacturers of refined copper (copper cathodes) and manufacturers of copper products. In India, the three main manufacturers of refined copper are Hindalco Industries, Sterlite Industries and Hindustan Copper. Different types of copper products include copper wires, copper bars & rods, copper foils, copper cooking/heating apparatus, copper springs, copper sheets & strips, copper powder & bakes, copper tubes & pipes and other copper products such as drawing pins, staple pins, nails, etc.

The Copper industry is highly dependent on the performance of and demand for products like power and telecommunication cables, transformers, generators, radiators and other ancillary components. Hence, its growth is closely linked to the country's economic and industrial growth. Although the industry is capital and power intensive, entry barriers are moderate. These basically relate to economies of scale, access to ore supplies and environmental issues.

Since the company is supplying copper components to Original Equipment Manufacturers (OEMs) and other auto component manufacturers and to electrical components manufacturer (product range primarily comprises of transformers), the abovementioned two segments are analyzed as under:

#### a. Electrical Equipments & Generators, Transformers & Switchgears

With around US\$100 bn investments envisaged in power generation, transmission, distribution, rural electrification and upgrading of existing



distribution networks, the demand for the copper products is expected to grow. Demand is also expected to grow with an increase in industrial investments.

Generators, transformers and switchgears are the main products in the electrical machinery industry. Other products are capacitors, electrical motors, transmission lines etc. Electrical machinery is mainly used in the power generation and distribution industry. Hence, demand for electrical machinery depends to a great extent on the capacity additions in the power generating industry which is posing a promising growth in the years to come.

#### **b. Auto Component and Ancillaries Industry**

The Indian automobile ancillary sector is transforming itself from a low volume, highly fragmented one into a competitive industry, backed by competitive strengths, technology and transition up the value chain. The Indian automotive industry has two underlying competitive advantage - engineering skills and continuous improvement capabilities, which have resulted in the present growth of the Indian automotive Component Industry.

**The demand for automotive components is typically generated by:**

- Indian OEMs such as Tata Motors, Maruti Udyog Limited, Mahindra and Mahindra, Ashok Leyland;
- global OEMs having manufacturing facilities in India such as General Motors, DaimlerChrysler, Ford, Honda, Toyota and Hyundai;
- export demand from global OEMs and top tier auto component suppliers; and
- domestic replacement demand.

The OEM market is estimated to account for around 70 per cent of demand and the replacement and exports market accounts for 20 per cent and 10 per cent of the demand, respectively. The bulk of the components required by the Indian automobile industry are manufactured locally. As far as OEMs are concerned, the demand for auto components depends largely on the performance of the automobile sector.

#### **2.2 Jelly Filled Telecom Cables:**

JFTC demand has suffered as a result of the increasing deployment of wireless networks and popularity of

mobile services and the decline in the rollout of and demand for wireline services. Over the last 5 years (2001-06), the JFTC industry has shrunk at a compounded rate of 27 per cent every year. The size of the JFTC industry has reduced to Rs 7.4 billion in 2005-06 from around Rs 34.0 billion in 1998-99.

It is expected that the business scenario for JFTC producers, battling with huge unused capacities (over 90 per cent of the industry capacity is lying idle) and weak demand, to continue to remain unfavourable. Cumulative JFTC demand during 2005-06 and 2009-10 is forecast to be at around 560 lckm (as against 1,660 lckm during the period 2000-01 to 2004-05), which translates into an average demand of 112 lckm annually.

JFTC demand in each of the years during this period would primarily depend on the order flow from BSNL, the largest buyer of JFTC, and rollout plans of private operators such as Reliance Infocomm and Bharti Tele-Ventures Limited.

#### **2.3 Real Estate and Infrastructure:**

The Indian economy continues to surge ahead. The strong economic growth has augured well for the Indian real estate market. Almost 80% of real estate developed is IT Parks & Residential space and the rest comprises of offices, hotels, malls and entertainment avenues. Technology sector and the outsourcing story coupled with the demographic shift characterized by rising disposable incomes and increased consumer spending has changed the face of commercial real estate market in India. It has been estimated that there is a demand for approximately 75-85 mn.sq.ft. of IT space over the next five years. The housing boom, despite marginal firming up of interest rates on housing loans, continued its fourth successive year of price rise. 2006 witnessed a sharp price increase, with price rises ranging from 20-50% depending upon cities and locations within the cities.

India possesses the elements of very strong demand growth on the housing market in the coming decades. In a very conservative (and unlikely) scenario in which the average household size remains constant at the present-day level, the backlog of demand cannot be unwound and no shifts in quality take place, each year some 4.7 million housing units would have to be completed up to 2030. This figure is based on additional demand of roughly 2.7 million housing units and annual replacement demand of roughly 2 million dwellings (Source: Deutsche Bank Research Report May, 2006).



2.4 Wind Power:

India consumes about 3.7% of the world's commercial energy and is ranked as the fifth largest consumer of energy in the world in terms of energy demand; this being despite having one of the lowest per capita energy consumption in the world. Continued economic development and increasing population are pushing up the demand for energy at a higher rate than additions in generation capacity. India's incremental energy demand for the next decade is projected to be among the highest in the world, spurred by sustained economic growth, rise in income levels and increased availability of goods and services. With a gross domestic product (GDP) growth target of 8% set for the next few years, the energy demand is expected to grow at 5.2% annually. It has been estimated that to support the government's GDP growth

targets, the electricity sector alone will have to increase supply by 10% annually.

With the rising price of fossil fuels and increasing environmental concerns, renewable energy — particularly wind power — seems to be back in favour. The major benefit of wind energy is that it is renewable — unlike fossil fuels such as coal and oil. Secondly, it is a clean energy source so there are no emissions of carbon dioxide, sulphur dioxide and other pollutants. The major problem with wind-power is the low load factors of 20-30% and not so great reliability because of unpredictable wind patterns.

India has an installed capacity of 6270.0 MW as on Dec'2006 which places it fourth in ranking globally. Achievements in wind power installation for the past two years have been phenomenal. The addition during 2004-05 was 1111.00 MW and that in 2005-2006 as 1746.30 MW.

3. RISK ANALYSIS & MITIGATION

Risk Factors	Risk Mitigants
<b>3.1 JFTC Division</b>	
As a result of low capacity utilisation in the JFTC industry, the Company faces stiff competition from other players in the industry. Further due to abolishment of import duty on JFTC, the situation is likely to further worsen.	The industry is likely to consolidate in the near future, with only few players emerging out of it. The Company has got lower depreciation on its properties, and lower financial costs, which help the company to protect its margin despite the competition. Also, expecting the downtrend in the sales of JFTC, the Company has been diversifying its product portfolio and has entered into real estate, and now in wind power.
<b>3.2 Copper Division</b>	
The telecom sector is the major customer segment accounting for 35-40% for copper industry. With the increasing shift from fixed line to wireless mode of communication, there is a threat for demand growth for copper from this segment.	The demand for copper from telecom industry is decreasing. However, the company is planning to capitalize on the high growth in the auto component and electrical component sector. The company has entire range of copper products used in automobiles and long term tie ups with OEMs. This will reduce its dependence on the telecom industry.
BIL's claims to diversify its business into manufacture and supply of copper products to automobile segments. It is to be examined whether the company has entered into long term contracts with automobile OEMs/auto ancillary for sale of copper products.	Generally, the OEMs do not enter into long-term contracts for automobile parts. The contracts are given every quarter. The contracts are awarded on the basis of the quality of the products and on the ability of the company to meet delivery schedule. When the OEMs are satisfied with the quality and timely delivery, they develop a long-term relationship with the supplier, by awarding the contract to the same supplier. BML has been manufacturing auto parts of high quality and due to the improvement in process, increased labour productivity, improvised technology, it has continuously been able to meet its delivery schedules. Due to this, it has developed long term relationships with major OEMs. Though there is no formal long term contract, BML has been the supplier to Lucas TVS, MICO for the past ten years. BML also has the entire range of copper products used in automobiles, which is an added advantage for OEMs.



**3.3 REAL ESTATE & INFRASTRUCTURE:**

Risk Factors	Risk Mitigants
Rehabilitation & Resettlement (R&R)	Lands selected by the company are those which do not require R&R.
Failure / delay in obtaining applicable permits	The company has significant experience in handling these types of project. Considerable care has been taken while selecting the land and ensured that the land is free from any encumbrances and no delay is encountered in this front.
Funding Risk	The company is a financially strong company and enjoys good relations with the banker with no history of default. Hence getting debt sanctioned for the developments is not a major concern. Moreover the funds from its existing operations are also satisfactory.
Project Cost Risk	For each of its project the company appoints reputed Project Management consultant to mitigate any such risk. Suitable contingency factors are also assumed for various cost components. Hence, it may be assumed that minimal risk is associated with the increase in project cost.
Occupancy risk	Before selecting any land for development the company does a detailed survey which give's the company an insight while selecting the site and purpose for its development.
Price Risk	As far its residential/commercial projects are concerned, the Company is cost conscious while developing its land bank. Currently in Hyderabad City, due to IT/ITES boom demand for real estate is robust. Therefore, the risk of significant fall in the next two to three years can also be considered as low.

**3.4 WIND POWER:**

Risk Factors	Description	Risk Mitigants
No Wind Or Less Wind Situation	Flow of wind is a natural phenomenon beyond the control of any one. Deviation of wind speed than the projected could effect generation data of WEG.	To ensure that wind change pattern is minimum, sites for setting up wind farms are identified by the developers based on studies of wind data compiled by Centre for Wind Energy Technology (C-WET), Chennai so as to ensure that wind change pattern is minimum.
Grid Availability	The Grid Capacity may not be adequate to handle the quantum of power generated.	Proper Evacuation System should be checked by competent engineers having in depth knowledge of transmission system prior to finalization of site, for WEGs.(B) The State Power Regulators are taking care that adequate evacuation system is created by the developers at the time of putting up of wind farm. This has been made mandatory. Status to be checked before placement of order.(C) Power Purchase Agreements are approved by the Regulators only when developers have agreed for complying this mandatory provision. Provision needs to be checked.
Machine Availability	Machine does not function as guaranteed by manufacturer resulting in reduction in machine availability.	The WTG supplier i.e. Suzlon has been selected after careful examination of their past performance. The supplier is responsible for the operation & maintenance of the WTG's supplied. An O&M team of Suzlon is available at the site all the time monitoring the performance of the machinery and any defect is rectified immediately.





#### 4. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate Internal Control Systems and Procedures with regard to purchase of Stores, Raw Materials including Components, Plant and Machinery, equipment, sale of goods and other assets. The company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

The company has an Internal Audit System commensurate with its size and nature of business. M/s Luharuka & Associates, a firm of Chartered Accountants, are acting as Internal Auditors of the Company. Periodic reports of Internal Auditors are reviewed in the meeting of the Audit Committee of the Board. Compliance with laws and regulations is also ensured and confirmed by the Internal Auditors of the company. Standard operating procedures and guidelines are issued from time to time to support best practices for internal control.

#### 5. BUSINESS OUTLOOK

##### 5.1 Copper Products:

The Copper division of the Company is performing steadily and will continue to be the major revenue generator. With the copper prices moving north with no signs of looking backward the Company is looking forward for a year growth of around 20% from this division.

##### 5.2 Jelly Filled Cables Division:

The Demand for Cable is expected to decrease in future. Mitigating this to some extent is lower incidence of sales tax and income tax, low component of depreciation on the plants in Goa and low marginal financial cost to the Company. For the current financial year the Company has already acquired orders worth Rs. 30 crores and is anticipating a turnover of around Rs. 40 crores. The Company is gradually reducing dependence on jelly filled cables and is shifting its focus on other divisions.

##### 5.3 Real Estate & Infrastructure:

The Company has increased its focus on Real Estate & Infrastructure division and is posed to contribute more to the revenues of the Company. Presently, the Vepagunta Housing Project and Construction contracts are under execution.

#### 5.4 Wind Power:

At Present the Wind Power Project with the present capacity of 9.0 MW will continue to contribute steady revenue of about 7 crores annually. To mitigate the risk the Company has entered into a Power Purchase Agreement with HESCOM and GESCOM for sale of electricity generated for a period of 20 years.

#### 6. FINANCIAL PERFORMANCE & OPERATIONAL PERFORMANCE :

##### A. Financial Condition :

##### Capital Structure :

The Equity Share Capital of the Company which was Rs.7,40,00,000/- comprising of 3,70,00,000 Equity Shares of Rs.2/- each fully paid as on 31.03.06 has been enhanced to Rs. Rs.14,90,00,000/- comprising of 7,45,00,000 Equity Shares of Rs.2/- each fully paid, on issue of Bonus Shares in the ratio of 1:1 on 08.09.06 and on subsequent allotment of 5,00,000 fully paid up Equity Shares of a face Value of Rs.2/- each at a price of Rs. 40/- (including a premium of Rs. 38/-), on preferential basis to Bennett Coleman & Co., Ltd at the EGM dt.18.12.06

##### Reserves and Surplus :

The Reserves and Surplus of the Company as on 31.03.07 stand at Rs. 17161.26 lakhs as compared to Rs. 11448.27 lakhs in the previous year.

##### Fixed Assets :

During the year, the Company added Rs. 6335.62 lakhs in Fixed Assets.

##### Inventories :

Inventories, as on 31<sup>st</sup> March, 2007, amounted to Rs. 584.53 lakhs as against Rs. 1898.77 lakhs in the previous year.

##### Sundry Debtors :

Sundry debtors amounted to Rs.1769.69 lakhs as on 31<sup>st</sup> March, 2007 as against Rs. 1976.73 lakhs in the previous year. These debtors are considered good and realisable.

##### Cash and Bank Balances :

'Cash and Bank balances' with Scheduled Banks amounting to Rs. 2153.20 lakhs as against Rs. 748.22 lakhs in the previous year which include amounts deposited with banks as Security.





*Loans and Advances :*

'Loans and Advances' amount to Rs. 11329.72 Lakhs as against Rs. 2434.27 lakhs in the previous year.

*Current Liabilities :*

'Sundry Creditors' represent the amount payable to vendors for supply of goods. 'Advances received from customers' denote monies received for the delivery of future services. 'Other Liabilities' denote amounts accrued for various other operational expenses.

**B. Operational Results :**

*Turnover :*

During the year 2006-2007, the turnover of the Company was Rs.23843.13 lakhs as compared to Rs. 17232.63 lakhs in the previous year.

The Income from other Sources as on 31<sup>st</sup> March, 2007 was Rs. 989.52 lakhs as compared to Rs. 1031.57 lakhs in the previous year.

*Expenditure :*

During the year, the Company incurred expenses amounting to Rs.16074.97 lakhs as compared to Rs. 14784.80 lakhs in the previous year.

*Depreciation :*

The Company has provided a sum of Rs. 299.20 lakhs towards depreciation for the year as against Rs. 248.24 lakhs in the previous year.

*Provision for Tax:*

The Company has provided a current tax of Rs. 1075.00 lakhs and deferred tax liability of Rs (61.05) lakhs for the year 2006-2007.

*Net Profit :*

The Net Profit of the Company after tax is Rs. 7017.12 lakhs as against Rs. 2595.78 lakhs in the previous year.

*Earnings Per Share :*

The Earnings Per Share of the Company as on 31<sup>st</sup> March, 2007 is Rs. 9.46 ps for Face Value of Rs.2/- as against Rs. 3.50 ps per share for Face Value of Rs.2/- in the previous year and the Diluted EPS (On conversion of FCCB) as on 31<sup>st</sup> March, 2007 is Rs. 8.61 ps.

**HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:**

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide the necessary human resource development and training opportunities to equip them with skills, which would enable them to adapt to contemporary technological advancements. The Company is also maintaining a residential colony for its senior employees.

Industrial relations during the year continues to be cordial and the Company is committed to maintain good industrial relations through negotiations, meetings etc.

As on 31<sup>st</sup> March, 2007, the Company has a total strength of 241 employees.

**CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the company's objectives and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.



## AUDITORS' REPORT

To  
The Members of Bhagyanagar India Limited  
(formerly Bhagyanagar Metals Limited)

1. We have audited the attached Balance Sheet of Bhagyanagar India Limited (formerly Bhagyanagar Metals Limited) as at March 31, 2007 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. 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 auditing standards generally accepted in India. These 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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also 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 for our opinion.
  3. As required by Companies (Auditor's Report) Order, 2003 (as amended) (henceforth referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (henceforth referred to as the Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
  4. Further to our comments in the annexure referred to above we report that :
    - a. 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;
    - b. In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns from the branches ;
- c. 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 Act.
  - d. On the basis of the written representation received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Act.
  - e. Without qualifying our opinion, we draw your attention to Note 4 of Schedule 20 B - Notes to Accounts to the Financial Statements. The management is of the view that the liability to pay premium on redemption is contingent, the ultimate outcome of that matter cannot be presently determined and no provision for any liability that may result in future including creation of Reserve for redemption has been made in financial statements.
  - f. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India -
    - i. In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2007;
    - ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For Sekhar & Co.  
Chartered Accountants

CA.G.Ganesh

Partner

Membership No: 211704

Secunderabad,  
16th May, 2007



## Annexure referred to in paragraph [3] of our report of even date

Re: Bhagyanagar India Limited (Formerly: Bhagyanagar Metals Limited)

1. a. The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets.
- b. All fixed assets have not been physically verified during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- c. During the year the company has disposed off certain fixed assets such as part of Factory Land and some assets of Infrastructure segment. According to the information and explanations given to us, we are of the opinion that sale of such assets has not affected the going concern status of the company.
2. a. The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business
- c. The company is maintaining proper records of inventory. The discrepancies notices on verification between the physical stocks and the book records were not material.
3. a. The Company has not granted any loans to companies covered in the register maintained under section 301 of the Act. Hence we are not required to report on sub-clauses b, c and d of this clause of the Order.
- b. The company has not taken any loans from companies covered in the register maintained under section 301 of the Act. Hence we are not required to report on sub-clauses f and g of this clause of the Order.
4. In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
5. a. According to the information and explanations given to us, by the management, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However we are unable to comment on certain transactions for specialized items for which comparative prices are not available due to the nature of goods and peculiar nature of transactions.
6. The Company has not accepted deposits which fall under section 58A and 58AA of the Act and the rules made there under from the public, hence we have not reported on the relevant reporting requirements of the Order.
7. An outside firm of Chartered Accountants has carried out the Internal Audit of the Company. In our opinion the system of Internal Audit is commensurate to nature and size of the company and the nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a. The Company regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.



Further, since Central Government has till date not prescribed the amount of cess payable under section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- b. According to the information and explanations given to us and the records of the company produced before us and examined by us, there are no dues of wealth tax, service tax, excise duty, customs duty and cess, which have not been deposited on account of any dispute. The particulars of sales tax, as at 31st March 2007, which has not been deposited on account of dispute are as follows.

Name of Statute	Nature of dues	Amount under dispute not yet deposited	Periods to which the amount relates	Forum where the dispute is pending.
Andhra Pradesh General Sales Tax Act	Sales Tax	Rs.3.81 Lacs	1994-95	Sales Tax Appellate Tribunal Hyderabad
	Total	Rs.3.81 Lacs		

10. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. We are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. In our opinion, the company is not a dealing in or trading in shares, securities debentures and other investments. Accordingly the provisions of the clause 4(xiv) of the Order are not applicable to the company.
15. According to the information and explanations given to us, the company has not given guarantees for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are prima-facie prejudicial to the interest of the company.
16. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment. However without qualifying we wish to bring to your notice that certain short term loans which were also given for capital expenditure was used for the same.
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has unsecured 'Zero Coupon Convertible Bonds due 2011' which was issued during the year and outstanding on the date of Balance Sheet. No security or charge is required to be created on these bonds.
20. We have verified that the end use of money raised by issue of 'Zero Coupon Convertible Bonds due 2011' is as disclosed in the notes to the financial statements. (Refer note 4 of schedule 20 B to financial statements). The amount raised by preferential issue is also as disclosed in notes to financial statements (Refer note 1 of schedule 20 B to financial statements)
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Sekhar & Co.  
Chartered Accountants

CA.G.Ganesh  
Partner

Membership No: 211704

Secunderabad,  
May 16,2007



**BALANCE SHEET AS ON 31<sup>st</sup> MARCH 2007**

(Amount in Rupees)

	Sch.No	As on 31.03.2007	As on 31.03.2006
<b>Sources of Funds</b>			
Share capital	1	149,000,000	74,000,000
Reserves and Surplus	2	1,716,125,748	1,144,827,075
Share-Holders Funds		1,865,125,748	1,218,827,075
<b>Loan Funds</b>			
Secured loans	3	203,975,749	–
Unsecured loans	4	831,492,078	81,705,891
<b>Total</b>		<u>2,900,593,575</u>	<u>1,300,532,966</u>
<b>Application of Funds</b>			
<b>Fixed Assets (At cost)</b>			
Gross Block	5	1,279,794,801	709,784,013
Less Depreciation		<u>454,582,098</u>	<u>449,603,927</u>
Net Block		825,212,703	260,180,086
Capital Work-In-Progress		29,670,648	–
Investments (At cost)	6	107,162,140	121,560,588
<b>Current Assets, Loans and advances</b>			
Inventories	7	58,452,749	189,876,931
Sundry debtors	8	176,969,581	197,673,598
Cash & Bank Balances	9	215,320,282	74,821,558
Other Current Assets	10	519,486,810	405,557,300
Loans & Advances	11	1,132,972,459	243,427,228
		<u>2,103,201,881</u>	<u>1,111,356,615</u>
<b>less Current Liabilities &amp; Provision</b>			
Liabilities	12	124,215,227	110,457,773
Provisions	13	52,546,770	79,583,550
		<u>176,761,997</u>	<u>190,041,323</u>
<b>Net Current Assets</b>		<u>1,926,439,884</u>	<u>921,315,292</u>
Net Deferred Tax Assets/(Liability)	14	12,108,200	(2,523,000)
Notes to Accounts and Significant Accounting Policies	20		
<b>Total</b>		<u>2,900,593,575</u>	<u>1,300,532,966</u>

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date

For Sekhar & Co  
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh  
Partner  
(M. No: A211704)

G.M. Surana  
Chairman

Narender Surana  
Managing Director

Devendra Surana  
Managing Director

Place : Secunderabad, India  
Date : May 16, 2007

Surendra Bhutoria  
Chief Financial Officer

Sridevi Madati  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2007**

(Amount in Rupees)

	Sch.No.	For the Year ended 31.03.2007	For the Year ended 31.03.2006
<b>Income</b>			
Gross income from operations	15	2,683,435,660	2,028,044,506
Less: Excise duty		299,123,222	304,782,104
Net Income from Operations		2,384,312,438	1,723,262,402
Other Income	16	98,952,357	103,156,936
<b>Total</b>		<b>2,483,264,795</b>	<b>1,826,419,338</b>
<b>Expenditure</b>			
Materials	17	1,397,260,177	1,317,023,019
Expenses	18	210,281,411	161,456,955
Interest & Financial Charges	19	41,729,014	7,736,067
Depreciation		29,920,021	24,823,549
<b>Total</b>		<b>1,679,190,623</b>	<b>1,511,039,590</b>
Profit for the year		804,074,172	315,379,748
Prior Period Adjustment		-	(872,592)
Profit before Taxation		804,074,172	314,507,156
Provision for Taxation			
- Current year		107,500,000	54,000,000
- Deferred Tax		(6,105,000)	110,402
- Fringe Benefit Tax		850,000	750,000
- Tax adjustments of previous years		116,854	67,831
Profit after Taxation		701,712,318	259,578,923
Balance B/F from Previous year		468,925,039	334,679,666
Amount Available for appropriation		1,170,637,357	594,258,589
Add: Excess provision of Dividend of earlier years		19,984	-
Proposed Dividend		44,700,000	22,220,000
Additional Tax on Dividend		7,596,770	3,113,550
Transfer to General Reserve		516,653,580	100,000,000
Surplus Carried to Balance Sheet		601,706,991	468,925,039
Earning Per Share - Basic		9.46	3.50
Earning Per Share - Diluted (on conversion of FCCB)		8.61	3.50
EPS is based on weighted average no of shares			
Notes to Accounts and Significant Accounting Policies	20		

The Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date

For Sekhar & Co

Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh

Partner

(M. No: A211704)

G.M. Surana

Chairman

Narender Surana

Managing Director

Devendra Surana

Managing Director

Place : Secunderabad, India

Date : May 16, 2007

Surendra Bhutoria  
Chief Financial Officer

Sridevi Madati  
Company Secretary



## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2007

(Amount in Rupees)

PARTICULARS	2006-07	2005-06
<b>A. Cash flow from operating Activities</b>		
Net Profit before tax as per annexed profit and loss account	804,074,172	315,379,748
Adjustments for :		
Depreciation	29,920,021	24,823,549
Unrealised gain of Foreign Exchange	(32,550,000)	-
Realised Gain of Foreign Exchange	193,011	-
Lease rents Amortised	265,960	152,630
Bad Debts Written Off & Provision for Bad Debts	4,471,076	1,130,780
Balances / Provisions no longer required written back	(10,870,216)	(5,249,562)
Profit on Sale of Investments(Net)	(709,537)	(40,000,617)
Profit on Sale of Assets	(529,385,152)	(493,249)
Interest Paid	41,729,014	7,736,067
Interest Received	(54,519,487)	(46,646,025)
Dividends Received	(10,142,403)	(9,403,691)
Operating Profit before working Capital Changes	242,476,459	247,429,630
<b>(Less)/ Add Adjustments for Working Capital Changes</b>		
Inventories	131,424,182	(63,143,080)
Loans and Advances	(171,801,476)	(162,866,665)
Other Current Assets	(113,929,510)	
Sundry Debtors	16,232,941	21,626,992
Trade Payables and other Liabilities	21,269,125	(4,534,312)
Advance from Customers	8,168,631	(35,418,168)
<b>Cash Generated from Operations</b>	133,840,352	3,094,397
Income Tax & Fringe Benefit Tax Paid	(118,065,525)	(41,441,517)
Taxes of earlier years	(4,243,854)	(67,831)
Prior Period Adjustments	-	(122,309,379)
<b>Net Cash (used in)/from operating Activities (A)</b>	11,530,973	(38,414,951)
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(633,562,528)	(29,028,020)
Sale of Fixed Assets	574,669,097	1,367,871
Purchase of Mutual Funds & Other Investments	(2,239,309,446)	(168,080,000)
Sale of Mutual Funds & Other Investments	2,254,893,035	102,553,492
Dividend Received	10,142,403	9,403,691
Interest Received	54,519,487	46,646,025
Changes in Capital Work in Progress	(29,670,648)	-
Loans to Joint Ventures and Subsidiaries	(757,431,230)	
<b>Net Cash (used in)/from Investing Activities (B)</b>	(765,749,830)	(37,136,941)



## CASH FLOW STATEMENT (Contd.,)

(Amount in Rupees)

PARTICULARS	2006-07	2005-06
<b>C. Cash flow from financing Activities</b>		
Proceeds from Issue of Share Capital	20,000,000	148,158,720
Proceeds from FCCB (net realised)	678,321,369	—
FCCB Issue Expenses charged to Securities Premium Account	(31,663,058)	—
Proceeds form Short term Loans(Net)	353,975,749	—
Repayment of Long Term Loans	(54,063,813)	(62,322,351)
Interest Paid	(41,729,014)	(7,736,067)
Dividend Paid	(25,241,985)	(17,966,144)
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>899,599,248</b>	<b>60,134,158</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>145,380,391</b>	<b>(15,417,734)</b>
Cash and Cash Equivalents Opening Balance	69,939,891	85,357,625
Cash and Cash Equivalents Closing Balance	215,320,282	69,939,891
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>145,380,391</b>	<b>(15,417,734)</b>

### Notes:

- The above cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India .
- Previous Year Figures have been regrouped wherever necessary to conform to the current year's Classification.
- Cash and Cash equivalents aggregating to Rs.167.22 Millions (Rs.23.97 Millions) are not readily available for free use by the Company.It comprises of unpaid dividend Rs.0.70 Millions (Rs.0.63 Millions). Balance in Margin Accounts Rs.26.94 Millions (Rs.22.82 Millions). Accured Interest on bank deposits Rs.3.43 Millions (Rs.0.52 Millions). Balance in overseas deposits, usage of which is restricted by FEMA 1999 Rs.136.22 Millions.The Figure in brackets indicate Previous Year figures
- Notes to Accounts(Schedule 19) form an integral part of Cash Flow Statement
- Cash and Cash equivalents Rs.215.32 Millions(Previous Year Rs.69.94 Millions) are net of Book Overdraft Nil (Previous Year (Rs.4.88 Millions ) in Current Account as in Schedule 11 to Balance Sheet

In terms of our report of even date

**For Sekhar & Co**  
Chartered Accountants

For and on behalf of Board of Directors

**G. Ganesh**  
Partner  
(M. No: A211704)

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad, India  
Date : May 16, 2007

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary





**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Amount in Rupees)

	As on 31.03.2007	As on 31.03.2006
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each (Previous year 7,50,00,000 Equity shares of Rs.2 each)	250,000,000	150,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
7,45,00,000 (Previous Year 3,70,00,000) Equity shares of Rs 2 each fully paid-up Includes 3,70,00,000 Shares allotted as bonus on capitalisation of Securities Premium account during the Year 2006-2007	149,000,000	74,000,000
<b>2 RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last account	450,000,000	350,000,000
Add: Transferred from Capital Redemption Reserve	33,346,420	-
Add: Transferred from Profit & Loss Account	516,653,580	100,000,000
Balance at the year end	<u>1,000,000,000</u>	<u>450,000,000</u>
<b>Capital Reserve</b>		
Balance as per last account	16,676,523	16,675,523
Balance at the year end	<u>16,676,523</u>	<u>16,676,523</u>
<b>Capital Redemption Reserve</b>		
Balance as per last account	33,346,420	33,346,420
Less: Transferred to General Reserves	(33,346,420)	-
Balance at the year end	<u>-</u>	<u>33,346,420</u>
<b>Share Premium account</b>		
Balance as per last account	175,879,092	38,695,093
Add: Received on preferential issue	19,000,000	137,184,000
Less: Utilised for Issue of Bonus Shares	(74,000,000)	-
Less: Utilised for Expenses for Issue of FCCB (net of taxes)	(23,136,858)	-
Balance at the year end	<u>97,742,234</u>	<u>175,879,093</u>
<b>Profit &amp; Loss account</b>		
Surplus as per account annexed	601,706,991	468,925,039
	<u>1,716,125,748</u>	<u>1,144,827,075</u>
<b>3. SECURED LOANS</b>		
From Banks		
Cash Credit	3,975,749	-
Term Loans from Banks	200,000,000	-
(See Note 3 of Notes to Accounts Sch 20B)	<u>203,975,749</u>	<u>-</u>
<b>4. UNSECURED LOANS</b>		
Deferred Sales Tax	27,642,078	81,705,891
Unsecured Term Loan from Bank	150,000,000	-
Foreign Currency Convertible Bonds (1,50,00,000 US\$ @ INR 43.59 per Bond)	653,850,000	-
	<u>831,492,078</u>	<u>81,705,891</u>
Due within a year	150,000,000	12,975,549



**SCHEDULE 5 - FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.2006	Additions during the year	Deletions / Adj. year	Cost as on 31.03.2007	Upto 31.03.2006	For the year	Deletions/ year	Upto 31.03.2007	As on 31.03.2007	As on 31.03.2006
1. a. Free-Hold Land	36,401,724	139,207,855	60,000	175,549,579	-	-	-	-	175,549,579	36,401,724
b. Lease-Hold Land	3,853,700	10,800,000	265,960	14,387,740	-	-	-	-	14,387,740	3,853,700
2. a. Buildings	54,188,519	-	23,721,095	30,467,424	30,959,155	1,992,252	16,727,282	16,224,125	14,243,299	23,229,362
b. Buildings (Infra)	166,587,875	-	38,527,875	128,060,000	23,622,299	6,626,569	7,357,660	22,891,208	105,168,792	142,965,576
3. Plant & Machinery	387,634,655	11,024,202	259,425	398,399,432	348,629,821	10,642,437	245,629	359,026,630	39,372,803	39,004,822
4. Wind Power Plant	-	463,496,535	-	463,496,535	-	6,643,500	-	6,643,500	456,853,035	-
4. Elec. Installation	23,859,438	1,344,317	-	25,203,755	21,941,948	732,351	-	22,674,299	2,529,456	1,917,489
5. Office Equipment	8,015,699	488,673	-	8,504,372	5,270,695	522,679	-	5,793,374	2,710,998	2,745,005
6. Vehicles	20,123,965	6,474,505	717,399	25,881,071	12,125,491	2,198,924	611,280	13,713,135	12,167,936	7,998,474
7. Furniture & Fixtures	5,070,811	317,250	-	5,388,061	3,301,314	372,994	-	3,674,308	1,713,753	1,769,496
8. Computer	4,045,631	409,191	-	4,454,822	3,751,195	188,315	-	3,939,510	515,312	294,438
9. Library	2,010	-	-	2,010	2,010	-	-	2,010	-	-
	709,784,027	633,562,528	63,551,754	1,279,794,801	449,603,928	29,920,019	24,941,851	454,582,099	825,212,702	260,180,086
Previous year	706,632,129	29,028,020	25,876,136	709,784,027	448,751,503	24,823,549	23,971,128	449,603,928	260,180,086	



6. INVESTMENTS (AT COST)	As on 31.03.2007		As on 31.03.2006	
	Qty	Cost	Qty	Cost
<b>Unquoted</b>				
1) <b>In Government Securities</b>		500		500
National Savings Certificates - 7 Years				
Konkan Railways Corporation Limited			2,500	2,715,446
(Bonds of face value of Rs 1000/- each )				
<b>Total Investment in government Securities</b>		500		2,715,946
2) <b>In Shares of Joint Stock Companies</b>				
A) <b>Unquoted Investments</b>				
a) <b>In companies under the same management</b>				
Surana Technoparks Private Limited	3,330	33,300	3,330	33,300
(Equity share of Rs 10 each fully paid up)				
<b>Sub Total</b>		33,300		33,300
b) <b>In Subsidiary Companies</b>				
Bhagyanagar Telecom Limited	50,000	500,000	50,000	500,000
(Equity share of Rs 10 each fully paid up)				
Bhagyanagar Properties Limited	4,000,000	40,000,000	-	-
(Equity share of Rs 10 each fully paid up)				
Bhagyanagar Infrastructure Limited	2,500,000	25,000,000		
(Equity share of Rs 10 each fully paid up)				
Bhagyanagar Metals Limited	50,000	500,000		
(Equity share of Rs 10 each fully paid up)				
Scientia Infocom India Limited	3,040,000	30,400,000		
(Equity share of Rs 10 each fully paid up)				
<b>Sub Total</b>		96,400,000		500,000
c) <b>In companies under Joint Venture</b>				
Designer Real Estate India Private Limited	90,000	900,000	90,000	900,000
(Equity share of Rs 10 each fully paid up)				
<b>Sub Total</b>		900,000		900,000
d) <b>In other companies</b>				
Arihant Optics Limited	300,000	3,000,000	300,000	3,000,000
(Equity share of Rs 10 each fully paid up)				
Savitrimata Realtors Private Limited	25,500	255,000	-	-
(Equity share of Rs 10 each fully paid up)				
<b>Sub Total</b>		3,255,000		3,000,000
<b>Quoted</b>				
a) <b>In companies under same Management</b>				
Surana Telecom Limited				
(Equity share of Rs 5 each fully paid up)	1,538,680	3,064,325	1,520,329	2,714,081
<b>Sub Total</b>		3,064,325		2,714,081



6. INVESTMENTS (AT COST) (Contd.,)	As on 31.03.2007		As on 31.03.2006	
	Qty	Cost	Qty	Cost
<b>b) In Other Companies</b>				
Akruti Nirman Limited (Equity Shares of Rs 10 each Fully paid-up)	270	96,476	-	-
Andhra Bank (Equity Shares of Rs 10 each Fully paid-up)	-	-	17,816	1,603,440
Bongaigaon Refinery & Petrochemicals Ltd (Equity Shares of Rs 10 each Fully paid-up)	-	-	500	41,570
Cheslind Textiles Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	300	7,712
Compulink Systems Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	2,940	176,400
Deccan Chronicle Holdings (Equity Shares of Rs 2 each Fully paid-up)	120	18,731		
Dolphin Medical Services Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	200,000	2,400,000
Dynemic Products Ltd. (Equity Shares of Rs 10 each Fully paid-up)	-	-	5,432	190,120
Ginni Filaments Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	47,408	1,009,343
GHCL limited (Formerly Gujrat Heavy Chemicals Limited) (Equity Shares of Rs 10 each Fully paid-up)	1,400	199,146	-	-
IDBI Ltd (Equity Shares of Rs 10 each Fully paid-up)	-	-	200	16,292
Indian Bank (Equity Shares of Rs 10 each Fully paid-up)	27,380	2,487,845	-	-
Mcloed Russels India Ltd (Equity Shares of Rs 5 each Fully paid-up)	300	18,312	-	-
Rain Calcining Ltd (Equity Shares of Rs 10 each Fully paid-up)	1,000	35,480	-	-
Raj Rayon Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	25,355	1,648,075
Sterlite Optical Technologies Ltd. (Equity Shares of Rs 5 each Fully paid-up)	-	-	200	19,295
Shree Rama Multi-Tech Ltd. (Equity Shares of Rs 5 each Fully paid-up)	-	-	41	535
South Indian Bank Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	6,705	444,595
Shree Shakti Papers Ltd (Equity Shares of Rs 10 each Fully paid-up)	20,949	628,470	20,949	628,470
Talabros Auto Ltd (Equity Shares of Rs 10 each Fully paid-up)	107	10,914	107	10,914
Triveni Engineering & Industries Ltd. (Equity Shares of Rs 1 each Fully paid-up)	200	9,890		
<b>Sub Total</b>		<u>3,505,265</u>		<u>8,196,761</u>



6. INVESTMENTS (AT COST) (Contd.,)	As on 31.03.2007		As on 31.03.2006	
	Qty	Cost	Qty	Cost
c) Investment in Debentures - NCD				
Titan Industries Limited (Debentures of Face value of Rs 250 each Fully paid-up)	15	3750		
<b>Sub Total</b>		<u>3,750</u>		<u>-</u>
Total Investment in equity Shares and Debentures		<u>107,161,640</u>		<u>15,344,142</u>
3) investment in Mutual Fund				
a) In Chola Mutual Fund Liquid Institutional Dividend Re-Investment Plan		-	4,066,071	40,500,000
b) In JM Financial Mutual Fund				
High Liquidity Fund-Super Institutional Plan		-	2,314,972	23,000,000
High Liquidity Fund-Institutional Plan		-	3,014,579	30,000,000
c) In Standard Chartered Mutual Fund				
Grindlays Cash Fund-Growth		-	780,173	10,000,000
Total Investments in Mutual Funds		<u>-</u>		<u>103,500,000</u>
Total Investments in Government Securities, Shares, Debentures and Mutual Funds		<u>107,162,140</u>		<u>121,560,588</u>
Aggregate Market Value of Quoted Investments		<u>39,587,803</u>		<u>49,510,187</u>
Aggregate NAV of Mutual Funds				<u>104,324,855</u>
7 INVENTORIES				
(As Verified, valued and certified by the Management)				
Raw Materials (At Cost)		41,821,174		39,865,405
Work in process (At cost or net realisable value whichever is lower)		13,437,090		19,162,570
Finished Goods (At cost or net realisable value whichever is lower)		807,155		29,364,478
Stores & Spares (At cost)		-		224,514
Materials in Transit (At cost)		-		9,536,382
Stock-In-Trade-real Estate (At cost)		2,387,330		91,723,582
<b>Total</b>		<u>58,452,749</u>		<u>189,876,931</u>
8 SUNDRY DEBTORS				
(Unsecured, Considered Good unless otherwise stated)				
Debts outstanding for				
- More than six months		18,458,493		14,384,454
- Less: Provision for doubtful debts		2,500,000		-
		15,958,493		14,384,454
- Others		161,011,088		183,289,144
		<u>176,969,581</u>		<u>197,673,598</u>



(Amount in Rupees)

	As on 31.03.2007	As on 31.03.2006
<b>9 CASH AND BANK BALANCES</b>		
Cash and cheques in hand	1,006,400	580,436
Balance with scheduled Banks		
- In current account	37,023,148	35,268,865
- In Dividend account	701,935	630,354
- In Fixed Deposit Account	146,222,559	15,000,000
- In deposit account - Kept under lien with banks towards margin money and other facilities	26,938,388	22,821,948
- Accrued interest on Fixed Deposits with Banks	3,427,852	519,955
	<u>215,320,282</u>	<u>74,821,558</u>
<b>10 OTHER CURRENT ASSETS</b> (Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	514,803,393	401,772,404
Interest receivable on Loans	4,683,417	3,784,896
	<u>519,486,810</u>	<u>405,557,300</u>
<b>11 LOANS &amp; ADVANCES</b> (Unsecured Considered Good unless otherwise stated)		
Loans & Advances	23,400,022	17,839,983
Loans to Company under joint venture	48,549,875	51,490,950
Advances to Subsidiary Companies	760,372,305	-
Sundry Advances-Infrastructure	191,935,360	34,970,000
Balances with Statutory bodies	16,482,500	22,605,018
Advance tax (Net of provisions)	4,423,053	44,110,528
Deposits	24,662,828	19,465,590
Advances to Suppliers	63,146,516	52,945,159
	<u>1,132,972,459</u>	<u>243,427,228</u>
<b>12 CURRENT LIABILITIES</b>		
Sundry Creditors	56,795,629	35,411,395
Lease deposits	33,828,839	35,376,655
Other Liabilities	20,422,273	29,859,782
Unclaimed Dividends	701,935	630,354
Advances from customers	12,466,551	4,297,920
Book overdraft in current account with Bank	-	4,881,667
	<u>124,215,227</u>	<u>110,457,773</u>
<b>13 PROVISIONS</b>		
Provision for Taxation	-	54,000,000
Proposed Dividend	44,700,000.00	22,220,000
Additional Tax on Dividend	7,596,770.00	3,113,550
Bonus	250,000	250,000
	<u>52,546,770</u>	<u>79,583,550</u>
<b>14 DEFERRED TAX ASSETS /(LIABILITY)</b>		
Deferred Tax asset/(Liability) as at 1-04-2006	(2,523,000)	(2,412,598)
Deferred Tax Assets/ ( Liability ) for the year	14,631,200	(110,402)
Net deferred tax assets/ (liability) as on 31.03.2007	<u>12,108,200</u>	<u>(2,523,000)</u>



## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Amount in Rupees)

	Year ended 31.03.2007	Year ended 31.03.2006
<b>15 INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	218,226,523	816,616,995
Copper Products	1,881,008,584	1,271,449,695
Infrastructure Leasing & Sales (Gross)	158,651,288	124,439,171
Gain on Sale of other Assets ( See Note 15 of Sch 20B)	529,103,068	-
Sale of Wind Power	8,997,561	-
Scrap & Misc Sales	3,946,933	4,573,648
	2,799,933,957	2,217,079,509
Less: Inter-Unit Sales	116,498,297	189,035,003
Gross Sales	2,683,435,660	2,028,044,506
Less : Excise duty	299,123,222	304,782,104
Net Sales	2,384,312,438	1,723,262,402
<b>16. OTHER INCOME</b>		
Interest on Loans, Deposits & Others	52,808,803	44,230,216
Interest from Trade Debtors	1,710,684	2,415,809
Profit on sale of Sundry Assets	282,084	493,249
Profit on sale of Investments (Net)	709,537	40,000,617
AMC Charges - CDMA	3,041,499	1,279,674
Dividend	10,142,403	9,403,691
Miscellaneous income	283,307	84,118
Balances no longer payable written back	10,870,216	5,249,562
Gain on foreign exchange fluctuation (Net of losses)	19,103,824	-
<b>TOTAL</b>	98,952,357	103,156,936
<b>17. MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	40,089,919	48,079,177
Stock-in-Transit	9,536,382	454,569
b) Purchases net of Modvat	1,382,334,292	1,477,942,761
<b>Sub Total (i)</b>	1,431,960,593	1,526,476,507
c) Less Closing Stock		
Raw Materials	41,821,174	39,865,405
Stock-in-Transit	-	9,536,382
<b>Sub Total (ii)</b>	41,821,174	49,401,787
<b>i - ii</b>	1,390,139,419	1,477,074,720
Less: Inter-Unit Purchases	116,498,297	189,035,003
Raw materials consumed (A)	1,273,641,122	1,288,039,717



(Amount in Rupees)

	Year ended 31.03.2007	Year ended 31.03.2006
<b>B. Purchases of Traded Real Estate Property (B)</b>	-	91,723,582
<b>C. INCREASE/ DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	19,162,570	17,817,310
Finished Goods	29,364,478	23,004,480
Stock-In-Trade-Real Estate	91,723,582	36,688,560
	<u>140,250,630</u>	<u>77,510,350</u>
b) Less Closing Stock		
Work in Progress	13,437,090	19,162,570
Finished Goods	807,155	29,364,478
Stock-In-Trade-Real Estate	2,387,330	91,723,582
	16,631,575	140,250,630
(C)	<u>123,619,055</u>	<u>(62,740,280)</u>
<b>TOTAL (A) + (B) +(C)</b>	<u>1,397,260,177</u>	<u>1,317,023,019</u>
<b>18. EXPENSES</b>		
Salary,Wages & Allowances	17,304,006	15,173,707
Contribution to PF and other funds	1,277,122	1,827,291
Welfare expenses	1,917,016	909,371
Proc.& Con.Charges	5,944,398	3,709,575
Stores Consumed	9,489,653	8,842,764
Dies Consumed	1,503,460	2,373,411
Power & Fuel	32,190,234	36,735,890
Water Charges	344,723	416,584
Packing & Forwarding	7,172,109	9,112,435
Watch & Ward	1,748,228	1,585,833
Printing & Stationery	820,288	797,817
Post.Tel.& Telephone	3,613,590	2,355,561
Insurance	1,540,724	1,163,103
Lease and other Rents	165,752	289,500
Legal & Licence fees	2,560,062	274,184
Rates & Taxes	2,936,411	1,532,328
Repairs to		
- Building	1,120,387	1,239,218
- Machinery	7,760,099	6,600,158
- Others	1,279,181	1,234,365
Remuneration to Directors	14,571,005	6,361,149
Auditors remuneration		
- Statutory Audit fees	224,720	151,525
- Tax audit fees	56,180	44,900
- Other matters	56,180	28,060





(Amount in Rupees)

	Year ended 31.03.2007	Year ended 31.03.2006
Other Administrative expenses	1,092,627	463,249
Commission on Sales	1,747,556	1,960,638
Testing Charges	46,641	581,200
Advertisement	1,098,496	251,309
Professional Charges	4,508,247	4,555,365
Foreign Exchange Fluctuation loss		985,824
Vehicles mntce. & Fuel	2,095,068	1,830,494
Travelling & Conveyance	3,232,642	2,479,895
Sitting fees	72,000	55,500
Provision for doubtful debts	2,500,000	–
Sundry Balances Written off	1,971,076	1,130,780
Lease Premium amortised	265,960	152,630
Service Tax Paid	1,132,812	162,569
Sales Tax Paid (Net)	70,447,544	42,021,370
Entry Tax	6,401	–
Sales promotion expnses	2,643,644	1,352,830
Other Expenses	1,825,169	714,573
	<u>210,281,411</u>	<u>161,456,955</u>
<b>19. INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	1,094,867	3,960,295
Interest on Term Loan	34,205,285	–
Financial Charges	6,428,862	3,775,772
	<u>41,729,014</u>	<u>7,736,067</u>



## 20 Significant Accounting Policies

### A. Significant Accounting Policies and Notes on Accounts Forming Part of Balance Sheet and Profit & Loss Account

#### Significant Accounting Policies

##### i. Basis of Preparation of Financial Statements

The financial statements are prepared under the Historical cost convention with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

##### ii. Use of Estimates

The Preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

##### iii. Own Fixed Assets

Fixed Assets are stated at cost net of modvat / cenvat / value added tax , less accumulated depreciation and impairment loss, if any. Any costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations to the fixed assets are capitalized.

##### iv. Leased Assets

Premium Paid on Leased Assets is amortised over the lease period and the annual lease rentals are charged to Profit and Loss Account in the year it accrues.

##### v. Depreciation

Depreciation is provided on written down value method, except for Wind Power Plant for which Straight Line Method is followed, at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

##### vi. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

##### vii. Investments

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management .

##### viii. Inventories

Items of Inventories are measured at lower of cost or net realizable value, after providing for obsolescence, if any. Cost of inventories comprises of all cost of purchase including duties and taxes other than credits under CENVAT and is arrived on First in First out basis. Semi Fixed goods are valued at cost or net realizable value whichever is lower. Finished goods are valued at cost including excise duty payable or Net realisable value whichever is lower. Cost includes Direct Material, Labour cost and appropriate overheads.

##### ix. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate, prevailing on the date of transaction or at the exchange rates under the related forward exchange contracts. Profit/Loss on outstanding Foreign Currency contracts have been accounted for at the exchange rates, prevailing at the year end rates as per FEDAI/RBI.



**x. Employee Retirement / Terminal Benefits**

The employees of the company are covered under Group Gratuity Scheme of Life Insurance Corporation of India. The premium paid thereon is charged to Profit and Loss Account. Leave Encashment liability is provided on the basis of best management estimates on actual entitlement of eligible employees at the end of the year.

**xi. Provision, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities which are not recognized are disclosed in notes. Contingent Assets are neither recognized nor disclosed in Statements.

**xii. Turnover**

Turnover includes sale of goods, services, sales tax, service tax and adjusted for discounts (net), excise duty. Inter-Unit sales are excluded in the Main Profit and Loss account.

**xiii. Revenue Recognition in Case of Real Estate Transactions**

Revenue in case of real estate transactions is made on the basis of concluded on contracts for sales and purchases.

**xiv. Segment Reporting**

Company's operating Businesses, organized & Managed unit wise, according to the nature of the products and services provided, are recognized in segments representing one or more strategic business units, that offer products or services of different nature and to different Markets.

Company's Operations could not be analyzed under geographical segments in considering the guiding factors as per Accounting Standard-17 (AS-17) issued by the Institute of Chartered Accountants of India.

**xv. Provision for Taxation**

Provision is made for Income Tax, estimated to arise on the results for the year, at the current rate of tax, in accordance with the Income Tax Act, 1961. Taxation deferred as a result of timing difference, between the accounting & taxable profits, is accounted for on the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax asset is recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed, as at each Balance Sheet date to re-assess realization.

**xvi. Excise and Customs Duty**

Excise and Customs Duty are accounted on accrual basis. CENVAT credit is accounted by crediting the amount to cost of purchases on receipt of goods and is utilized on dispatch of material by debiting excise duty account.

**xvii. Prior Period Expenses / Income :**

Prior period items, if material are separately disclosed in Profit & Loss Account together with the nature and amount. Extraordinary items & changes in Accounting Policies having material impact on the financial affairs of the company are disclosed.

**xviii. Sundry Debtors, Loans and Advances**

Doubtful Debts/Advances are written off in the year in which those are considered to be irrecoverable.

**xix. Earnings per Share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard-20 (AS-20) issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the net Profit or Loss for the year by the Weighted Average number of equity share outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.



**B. Notes on Accounts**

**1. Share Capital:**

- The Company issued Bonus Shares in the ratio of 1:1 during September 06 out of its Share Premium Reserve. Post Bonus issue, the company's issued and paid-up capital has gone up from Rs 740 lacs to Rs 1480 lacs.
- The Company made a preferential issue of 5 lacs Equity shares of the the face value of Rs 2 each share at a premium of Rs 38 each share to Bennett Colemn & Co Ltd in the month of December, 06. The proceeds of Rs 200 lacs from the preferential issue have been utilized for Infrastructure segment.

**2. Reserves & Surplus:**

- The Capital Redemption Reserve of Rs 333.46 lacs created for the Buy Back of its equity shares during the year 2000-01 has been transferred to General Reserve during the current financial year.

**3. Secured Loans:**

- Term Loan of Rs 2000 lacs from a Bank is secured by of first charge on pari-passu basis on the immovable and movable fixed assets of some of the manufacturing units of the company.
- Working Capital Limits are secured by hypothecation of stocks, Debtors and first charge on pari-passu basis on specific fixed assets of the company.

**4. Unsecured Loans - Foreign Currency Convertible Bonds:**

- During the year, the company has issued at par, 5 years Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 15 millions (INR 6864 lacs as on the date of issue) comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure. The bond-holders have an option of converting these bonds into equity shares at an initial conversion price of Rs 44 per share (Face value Rs 2 each) with a fixed rate of exchange on conversion of Rs 45.96 = US \$ 1.00 at any time prior to close of business on 10th October, 2011 unless redeemed.
- Expenses incurred in connection with the issue of FCCB totaling Rs 316 lacs have been adjusted against Share Premium Account.
- The Company is of the opinion since the bonds are convertible into equity shares, the creation of Debenture Redemption Reserve is not required.
- The company has a commitment towards the FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case the option of conversion is not exercised by them, within 5 years from the date of issue of the Bonds. As the liability on this account has not crystallized as on the date of Balance Sheet, no provision has been made in the books of accounts. Contingent liability on account of YTM is Rs 261.54 lacs as on 31.03.2007.
- In compliance with the Accounting Standard - 11 issued by the Institute of Chartered Accountants of India, Rs 325.5 lacs has been credited to the Profit & Loss Account on account of unrealized gain on account of foreign exchange fluctuation due to appreciation in rupee rate vis-à-vis US \$ as on 31.03.2007. Amount credited in the Profit & Loss account is net of losses of Rs 125 lacs on account of FCCB.
- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2007 is valued at the conversion price of that date which was Rs 43.59 = 1 US \$
- The company is obliged to pay dividend even to those FCCB Holders who convert their bonds into equity after adoption of the financial statements and up to the book closure date for dividend purposes. Incremental dividend payable, if any, will be paid out of the balance available in the Profit & Loss Account. No provision for dividend payable to the FCCB bondholders has been made in the books of accounts.



**Foreign Currency Convertible Bonds (Contd)**

- The Details of utilization of the above proceeds is as under.

Total Issue : 15 Million US dollars. INR Rs.6,78.321 Millions

	INR in Million	
Particulars	2006-2007	2005-2006
<b>Issue Proceeds</b>	<b>678.32</b>	Nil
Less: Investment In Wind Power Projects	369.00	Nil
Modernisation / Expansion of Copper Div	12.56	Nil
Investment in Infrastructural Segments including Harware Parks and	136.40	Nil
IT Parks Payments to Lead Managers including fees to exchanges	22.28	Nil
Total Expenses	540.24	Nil
Less Interest Accrued on FDS in overseas Bank	2.90	
Less Gains realized on Foreign Exchagne	1.10	
Net Amount Expended after Interest Earnings	536.24	
Balance with Banks	142.08	Nil

**5. Unsecured Loans - Sales Tax deferment:**

The Total Sales Tax Loan outstanding as on 01-04-2006 was Rs. 817.06 Lacs. During the year liability to the extent of Rs 4.62 lacs has increased due to additional demand on completion of sales tax assessments for the year 2001-02 and 2002-03. The company has pre-paid Rs. 545.26 Lacs and the outstanding liability stands at Rs 276.42 lacs as on 31.03.2007

**6. Contingent Liability not provided for:**

	Rs.in lakhs	
	31-03-2007	31-03-2006
a) Counter guarantees given to the Banks against Guarantees Issued by them	1617.67	1719.40
b) Letters of Credit opened by Banks	195.87	261.37
c) YTM payable to the FCCB bond-holders	261.54	Nil
c) Sales Tax matters under dispute	3.81	11.30

**7. Fixed Assets - Lease-hold Land:**

Cost of Leasehold Land include Rs 108 lacs paid to Suzlon Energy Ltd towards sub-lease premium for Wind Power plant. The lease period is for 30 years and the execution of documents is in process.

**8. Fixed Assets - Wind Power generation:**

As part of diversification, the company has forayed into Wind Power generation with operational tie-up with Suzlon Energy Limited with an investment of Rs 4742.97 lacs. Installed capacity of the wind turbines is 9 MW. The company has entered into Power Purchase Agreement with Hubli Electricity Supply Company and Gulbarga Electricity Supply Company. 4 turbines of the capacity of 5 MW were commissioned during September 2006 and 3 turbines of the capacity of 4 MW were commissioned during March 2007. For this particular Unit, the company has provided for the Depreciation under Straight Line Method as per the rates prescribed in Schedule XIV of the Companies'Act, 1956.

The company is entitled for benefit of Green House Gas Emission Reductions to be generated by Wind Power Project under the clean development mechanism as per the Kyoto protocol. The PDD has been submitted to the appropriate authority. The revenue generated by sale of Emission Reduction will accounted for as and when the approval is received.



**9. Capital Work-in-Progress:**

Capital Work-in-Progress includes Rs 250 lakhs paid for acquiring of Land in a Special Economic Zone. There is no further capital commitment on this account.

**10. Fixed Assets - Impairment:**

In view of the management, there is no impairment of the assets of the company and the management is fully confident of realizing the book value of the assets in cash or in kind. Hence, no provision for the same has been made in the books of accounts.

**11. Investments - Subsidiaries:**

Brief details of the subsidiaries are given below:

(Rs in lakhs)

Name of the Subsidiary Company	Year of Incorporation	Paid-up Capital	Co's Interest	Equity Investment	Advances
Bhagyanagar Properties Limited	2006-07	400	100%	400	5855.57
Bhagyanagar Metals Limited	2006-07	5	100%	5	0.21
Bhagyanagar Telecom Limited	2005-06	5	100%	5	0.15
Scientia Infocom India Limited	2005-06	400	76%	304	1419.42
Bhagyanagar Infrastructure Limited	2006-07	422.30	59.20%	250	328.37

**12. Investments - Joint Ventures:**

Brief details of the Joint Ventures are given below:

(Rs in lakhs)

Name of the Subsidiary Company	Year of Incorporation	Paid-up Capital	Co's Interest	Equity Investment	Advances
Designer Real Estate India Pvt Ltd	2005-06	25	36%	9	485.50

**13. Cash & Bank Balance - Fixed deposits:**

Balance in Fixed deposit includes Rs 1362.22 lakhs, parked in ICICI Bank Ltd, UK out of the proceeds of FCCB issue.

**14. Deferred Taxes**

Deferred Tax adjustments recognized in the financial statements are as under:

	As at 31-03-2006 Rs. Lakhs	Arising during the Year	Arising on adjustments to Reserves	As at 31-03-2007 Rs. Lakhs
Deferred Tax Assets				
Depreciation - Timing difference	(25.23)	61.05	-	35.82
Adjustment on account of FCCB issue expenses		85.26	85.26	
Net Deferred Tax Assets	(25.23)	61.05	85.26	121.08

**15. Sale of other Assets:**

Sale of other Assets comprises of the gain from sale of Land at Uppal and Building at Hi-Tech city amounting to Rs 5291.02 lacs.

**16. Prior Period Adjustments:**

	2006-07		2005-06	
	Debits	Credits	Debits	Credits
Bonus	-	-	-	-
Depreciation	-	-	-	0.05
Telephone Charges	-	-	-	-
Clearing Charges	-	-	-	-
Amortization of Lease premium	-	-	8.77	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>8.77</b>	<b>0.05</b>



17. Earning Per Share

(Figures in lacs)

	31.03.2007	31.03.2006
Net Profit after tax	7017.12	2595.79
Net Profit available for Equity share-holders	7017.12	2595.79
Weighted average Number of equity shares - Basic(After adjusting Bonus issue and Preferential issue)	741.67	741.67
Add: Undiluted effect of potential equity shares on conversion of FCCB	156.68	0
Weighted average Number of equity shares - Dilutive	815.03	741.67
Nominal value of each equity share (Rs)	2	2
Basic Earning Per Share	9.46	3.50
Diluted Earning Per Share (on conversion of FCCB)	8.61	3.50

18. Related Party Disclosure

**A: Relationship**

Entities in which directors are interested	Subsidiary companies	Joint venture & Associates	Key Management Personnel	Relatives of key management personnel
Surana Telecom Limited	Bhagyanagar Infrastructure Ltd	Designer Real Estate Pvt Ltd	G M Surana	Namrata Surana
Innova Technologies Limited	Bhagyanagar Properties Ltd		Narender Surana	Manish Surana
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom Ltd		Devendra Surana	
Bhagyanagar Energy & Telecom Ltd	Bhagyanagar Telecom Ltd		Narender Munoth	
	Bhagyanagar Metals Ltd		N K Reddy	
Bhagyanagar Entertainment Ltd				
Every Time Food Industries Pvt Ltd				
Surana Sportex Pvt Ltd				
Surana Infocom Ltd				
Advantage Real Estate India Pvt Ltd				
Tranquil Avenues India Pvt Ltd				
Royal Skyscrapers India Pvt Ltd				
Blossom Residency Pvt Ltd				
Celestial Avenues Pvt Ltd				
Innova Infrastructure Pvt Ltd				
Majestic Logistics Pvt Ltd				
Innova Biotech India Pvt Ltd				
Epicentre Entertainment Ltd				
Surana Technopark Pvt Ltd				

**B: Transactions**

(Rs in lacs)

Nature of Transaction	Entities in which directors are interested	Subsidiary companies	Joint venture & Associates	Key Management Personnel	Relatives of key management
Sale of Goods	7.93 (214.23)				
Purchase of Goods	2899.11 (574.00)				
Job Work	8.44 (9.66)				
Advances	684.50 * (Nil)	7603.72 (Nil)	485.50 (514.90)		
Remuneration				249.78 (63.61)	3.00 (2.52)
Rent				1.08 (1.08)	

\* The advances are given for infrastructure transactions during normal course of business.

\* Figures in brackets represent figures for the previous year

**19. Sundry Debtors & other balances:**

In case of balances in Sundry Debtors, Loans and Advances and Sundry Creditors, letters seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.

The Company does not owe any sum exceeding Rs.1,00,000 to any small scale industrial undertaking individually outstanding for more than 30 days as per information and records available with the company about their industrial status.

**20. Provision for Gratuity and Leave encashment:**

Gratuity and leave encashment liability is recognized as a retirement benefit expense each year, determined on the basis of the contributions demanded by Life Insurance Corporation of India (LIC), which LIC considered necessary to fund the accrued benefit obligations payable at a future date. These liabilities are covered by defined contribution plan, which is determined by amounts contributed during the year. There being sufficient balance in the funds to meet the liability, as required by the revised Accounting Standard - 15 "Employee Benefit", no further liability needs to be recognized in the accounts in the opinion of the management.

**21. Additional Information Pursuant to the provisions of Paragraph 3, 4C and 4D of the Part II of Schedule VI of the Companies Act, 1956.****(A) CAPACITY AND PRODUCTION**

Particulars	Installed Capacity			Production	
	Unit	2006-07	2005-06	2006-07	2005-06
i) Copper wire (b)	MT	15000	12000	5537.414	5457.401
ii) Jelly Filled Telephone cables	LCKM	72.00	49.00	1.3	7.96
iii) Bare Copper-Copper Bars, Rods and Profiles (c)	MT	3000	3000	2158.558	2564.442
iv) Wind Power	MW	9.00	NIL	2.651	NIL

Note:

- The Installed Capacities are as certified by Management which has been relied upon by the Auditors.
- Includes Job Work Done 2077.348 MTs ( Previous year 1903.152)
- Includes Job Work MTs 1812.231 (Previous year 1715.331 MT)





**(B) TURNOVER :**

Particulars	Unit	Quantity		Value (Rs.in lakhs)	
		2006-07	2005-06	2006-07	2005-06
i) Copper Products (a)	MT	7825.630	8038.24	18810.08	12714.49
ii) Jelly Filled Telephone cables	Lac CKM	1.35	7.92	2182.27	8166.17
iii) Wind Power	MW	2.651	NIL	89.98	
iv) Scrap & Miscellaneous items	-	-	-	39.47	45.74
vi) Infrastructure/Real estate Income				6877.54	1244.40
<b>SUB-TOTAL</b>				<b>27999.34</b>	<b>22170.80</b>
Less: Inter-Unit sales				1164.98	1890.35
Less: Excise duty				2991.23	3047.82
<b>TOTAL</b>				<b>23843.13</b>	<b>17232.63</b>

Note: a) Includes Job Work of 3889.579 MT (Previous year 3609.02 MT)

**(C) OPENING & CLOSING STOCK OF FINISHED GOODS:**

Particulars	Opening Stock				Closing Stock			
	Quantity		Value (Rs.in lakhs)		Quantity		Value (Rs.in lakhs)	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
i) Copper Wire Rods(MTs)	132.808	149.200	262.62	226.72	3.150	132.808	8.07*	262.62
ii) Cables (LacCKM)	0.055	0.013	31.02	3.31	NIL	0.055	NIL	31.02
<b>TOTAL</b>			293.64	230.03			8.07	293.64

**(D) RAW MATERIALS CONSUMED :**

Particulars	Unit	Quantity		Value (Rs.in lakhs)	
		2006-07	2005-06	2006-07	2005-06
i) Copper	MTs	3061.709	5043.65	10269.81	9876.49
ii) Scrap	MTs	780.383	671.02	2063.74	975.32
iii) Polythene granules	MTs	488.3	2118.06	234.37	928.03
iv) Poly Al.Tape	MTs	55.64	404.07	75.58	522.41
v) Galvanised Steel Tape	MTs	149.71	1310.17	69.78	450.72
vi) Cable Filling Compound	MTs	39.07	342.73	12.49	98.40
vii) Polyester film	MTs	12.91	51.45	10.64	32.55
viii) Inter Unit Transfers	MTs				
a) Copper Rods/Wire	MTs	215.869	242.662	945.34	604.08
b) Others				219.64	1286.27
Sub-Total				13901.39	14774.27
Less: Inter-Unit Purchases				1164.98	1890.35
<b>Total</b>				<b>12736.41</b>	<b>12883.92</b>



(E) VALUE OF RAW MATERIALS, STORES & SPARE PARTS CONSUMED:

Particulars	2006-07		2005-06	
	Value Rs.in lakhs	%	Value Rs.in lakhs	%
Raw Materials & Components				
(a) Imported	1954.42	14.05	4772.98	33.66
(b) Indigenous	11946.97	85.95	10001.28	66.34
TOTAL	13901.39	100	14774.26	100
Stores & Spare Parts				
(a) Imported	15.38	14.00	8.15	9.07
(b) Indigenous	94.55	86.00	81.73	90.93
TOTAL	109.93	100	89.88	100.00

(F) TRANSACTIONS IN FOREIGN EXCHANGE :

Particulars	2006-07 Rs.in lakhs	2005-06 Rs.in lakhs
i) Imports (on CIF Basis)		
a) Raw Materials/Traded Goods	1544.19	4000.86
b) Stores & Spares	11.19	5.90
c) Capital Goods	6.88	72.45
ii) Expenditure in Foreign Currency (Traveling)	11.40	3.66
iii) Earning in Foreign currency (Export sales)	24.49	-

22. Previous years figures have been regrouped/ rearranged to confirm to those of the current year.

Commission payable to the Managing Director and other Directors u/s 198 & 349 of the companies Act, 1956.

	2006-07		2005-06
1. Profit as per Profit and Loss A/c		804,074,172	314,507,156
2. Less: a) Profit on sale of Investments (NET)	709,537		40,000,617
b) Unrealised gain on Forex fluctuation	32,550,000		-
c) Profit on sale of Uppal Land	519,079,466		
d) Profit on sale of Building (Profit - (Cost - WDV))	2,665,942		
b) Profit on sale of movable property	282,084		493,249
c) Sundry Balances written off / back (Netof provisions)	6,399,140	561,686,169	4,118,782
		242,388,004	269,894,508
3. Add: Director's Remuneration	14,571,005		6,361,149
Managing Directors Commission	5,273,382		2,220,667
Other Directors Comission	1,364,729		
Sitting Fees	72,000	21,281,116	55,500
4. Net Profit for the purpose of Director's Remunerations		263,669,120	278,531,824
5. Commission payable to Directors			-
Devendra Surana-1% of the profit as computed above (Restricted to Annual salary during previous year)	2,636,691		1,538,000
Narender Surana-1% of the profit as computed above (Not paid during previous year)	2,636,691		-
Narender Munoth (restricted to annual salary)	1,364,729	6,638,112	682,667



## SEGMENTAL REPORTING

In accordance with the Accounting Standard - 17 (AS-17) "SEGMENT REPORTING" issued by the Chartered Accountants of India, the Segment Report is given below:

S No	Particulars	Telecom Products	Copper Products	Infrastructure	Power	Total
<b>1</b>	<b>REVENUE</b>					
	External Sales (Net of Excise)	1,869.45	16,171.14	6,877.55	89.98	25,008.12
	Inter-Unit sales	371.43	793.55	-	-	1,164.98
	<b>Total Revenue</b>	<b>1,498.01</b>	<b>15,377.59</b>	<b>6,877.55</b>	<b>-</b>	<b>23,843.13</b>
<b>2</b>	<b>RESULTS</b>					
	Segment results	190.02	1,658.00	5,910.17	15.71	7,773.90
	Unallocable income/Expenses					684.13
	Operating Profit					8,458.03
	Interest Expenses					417.29
	Interest Income					-
	Income taxes					1,022.45
	Profit from Ordinary Activities					7,018.29
	Extra-ordinary loss/Profit					-
	<b>Net Profit</b>					<b>7,018.29</b>
<b>3</b>	<b>Other Information</b>					
	Segment Assets	1,180.17	2,406.03	13,542.15	4,687.50	21,815.85
	Unallocable Assets					8,957.71
	<b>Total Assets</b>					<b>30,773.56</b>
	Segment Liabilities	203.05	545.60	408.29	231.54	1,388.47
	Unallocable Liabilities					10,733.82
	<b>Total Liabilities</b>					<b>12,122.29</b>
	Capital Expenditure	20.18	125.43	1,392.08	4,742.97	6,280.66
	Unallocable Capital Expenditure					54.97
	<b>Total Capital Expenditure</b>					<b>6,335.63</b>
	Depreciation	68.28	79.18	70.59	66.43	284.49
	Unallocable Depreciation					14.71
	<b>Total Depreciation</b>					<b>299.20</b>
	Non Cash expenses - other than depreciation	32.67	9.00	3.04	-	44.71
	Unallocable non cash expenses					

### Reconciliation of reportable segments with the Financial Statements (Rs in Lacs)

	Revenues		Results/Net profit		Assets		Liabilities	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Total of reportable segments	25,008.12	19,122.97	7,773.90	2,314.05	21,815.85	10,431.72	1,388.47	1,872.82
Corporate-unallocable (Net)	989.52	1,031.57	684.13	908.38	8,957.71	4,499.25	10,733.82	869.88
Inter-Unit adjustments	(1,164.98)	(1,890.35)	-	-	-	-	-	-
Interest expenses	-	-	417.29	77.36	-	-	-	-
Taxes	-	-	1,022.45	548.60	-	-	-	-
As per financial Statements	<b>24,832.66</b>	<b>18,264.19</b>	<b>7,018.29</b>	<b>2,596.47</b>	<b>30,773.56</b>	<b>14,930.97</b>	<b>12,122.29</b>	<b>2,742.70</b>

For and on behalf of the Board

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad, India  
Date : May 16, 2007

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(as required under part IV of the amended Schedule VI of the Companies Act 1956.)

### I. Registration Details

a) Company Identification No.(CIN)	L27201AP1991PLC012449		
b) State Code No.	01		
c) Balance Sheet Date	31	03	2007
	(Date)	(Month)	(Year)

### II. Capital Raised during the year (Rs. in Thousands)

a) Public Issue	Nil
b) Rights Issue	Nil
c) Bonus Issue	74000
d) Private Placement (Preferential Issue)	1000

### III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

31-03-07

a) Total Liabilities	2900593.575
b) Total Assets	2900593.575
c) Sources of Funds	
i) Paid up Capital	149000.000
ii) Reserves & Surplus	1716125.748
iii) Secured Loans	203975.749
iv) Unsecured Loans	831492.078
d) Application of Funds	
i) Net Fixed Assets	825212.703
ii) Investments	107162.140
iii) Net Current Assets	1926439.884
iv) Deferred Tax Asset	12,108.200

### IV. Performance of Company (Rs. is Thousands)

i) Sales and other Income	2483264.795
ii) Total Expenditure	1679190.623
iii) Profit Before Tax	804074.172
iv) Profit After Tax	701712.318
v) Earnings per share (Rs.)	9.46
vi) Dividend (%)	30.00

### V. Generic names of three Principal Products of Company

Item Code No. (ITC Code)	Name
85,442,029	Jelly Filled Telecommunication Cable
74,031,200	Copper Rods
74,099,000	Super Enamelled Copper Wires

For and on behalf of the Board

Place : Secunderabad  
Date : 23rd July, 2007

NARENDER SURANA  
Managing Director

DEVENDRA SURANA  
Managing Director



**CONSOLIDATED FINANCIAL STATEMENTS**  
**Bhagyanagar India Limited and its Subsidiary Companies**

**AUDITORS' REPORT**

To  
The Board of Directors  
Bhagyanagar India Limited  
(formerly: Bhagyanagar Metals Limited)

1. We have audited the attached Consolidated Balance Sheet of Bhagyanagar India Limited and its Subsidiaries (The Group) as at 31st March, 2007 and the related Profit and Loss Account and Consolidated Cash Flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. This Consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted the 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 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 for our opinion.
3. We report that the Consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard - 21 - Consolidated Financial Statements,

Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.

4. Without qualifying opinion, we draw your attention to Note 4 of Schedule 22B - Notes to Accounts to the Consolidated Financial Statements. The management is of the view that the liability to pay premium on redemption is contingent, the ultimate outcome of that matter cannot be presently determined and no provision for any liability that may result in future including creation of Reserve for redemption has been made in financial statements.
5. Based on our audit, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a. In the case of consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2007.
  - b. In the case of consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - c. In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Sekhar & Co.**  
Chartered Accountants

Secunderabad,  
16th May, 2007

**CA.G.Ganesh**  
Partner  
Membership No: 211704

CONSOLIDATED BALANCE SHEET AS ON 31<sup>st</sup> MARCH,2007

(Amount in Rupees)

	Sch.No	As on 31.03.2007	As on 31.03.2006
<b>Sources of Funds</b>			
Share capital	1	149,000,000	74,000,000
Reserves and Surplus	2	1,792,628,055	1,144,769,838
Share-Holders Funds		1,941,628,055	1,218,769,838
Minority Interest	21	80,386,430	–
Loan Funds			
Secured loans	3	203,975,749	–
Unsecured loans <sup>4</sup>		883,400,491	81,716,244
<b>Total</b>		<b>3,109,390,725</b>	<b>1,300,486,082</b>
<b>Application of Funds</b>			
Fixed Assets (At cost)			
Gross Block	5	2,102,055,960	709,784,013
Less Depreciation		455,042,936	449,603,926
Net Block		1,647,013,024	260,180,087
Capital Work-In-Progress		29,670,648	–
Investments (At cost)	6	9,862,140	120,160,588
<b>Current Assets,Loans and advances</b>			
Inventories	7	136,686,942	242,157,841
Sundry debtors	8	176,969,581	197,673,598
Cash & Bank Balances	9	217,149,090	74,686,644
Other Current Assets	10	519,486,810	405,557,300
Loans & Advances	11	539,289,925	192,456,233
		<b>1,589,582,348</b>	<b>1,112,531,616</b>
<b>less Current Liabilities &amp; Provision</b>			
Liabilities	12	127,464,016	110,462,598
Provisions	13	52,546,770	79,583,550
		<b>180,010,786</b>	<b>190,046,148</b>
<b>Net Current Assets</b>		<b>1,409,571,562</b>	<b>922,485,468</b>
Net Deferred Tax Asset/(Liability)	14	12,884,057	(2,523,000)
Miscellaneous Expenditure	20	389,294	182,939
Notes to Accounts and Significant Accounting Policies	22		
<b>Total</b>		<b>3,109,390,725</b>	<b>1,300,486,082</b>

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to  
in our report of even date

For Sekhar & Co  
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh  
Partner  
(M. No: A211704)

G.M. Surana  
Chairman

Narender Surana  
Managing Director

Devendra Surana  
Managing Director

Place : Secunderabad, India  
Date : May 16, 2007

Surendra Bhutoria  
Chief Financial Officer

Sridevi Madati  
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

(Amount in Rupees)

	Sch.No.	Year ended 31.03.2007	Year ended 31.03.2006
<b>Income</b>			
Gross income from operations	15	2,683,435,660	2,028,044,506
Less: Excise duty		299,123,222	304,782,104
Net Income from Operations		2,384,312,438	1,723,262,402
Other Income	16	98,964,357	103,156,936
		<u>2,483,276,795</u>	<u>1,826,419,338</u>
<b>Expenditure</b>			
Materials	17	1,397,260,178	1,317,023,019
Expenses	18	212,057,689	161,481,104
Interest & Financial Charges	19	41,732,482	7,769,155
Depreciation	5	30,380,858	24,823,549
		<u>1,681,431,207</u>	<u>1,511,096,827</u>
Profit for the year		801,845,588	315,322,511
Prior Period Adjustment		–	(872,592)
Profit before Taxation		<u>801,845,588</u>	<u>314,449,919</u>
Provision for Taxation			
- Current year		107,500,000	54,000,000
- Deferred Tax		(6,880,857)	110,402
- Fringe Benefit Tax		851,300	750,000
Tax Adjustments of previous years		116,854	67,831
Profit after Taxation		700,258,291	259,521,686
Balance B/F from Previous year		468,867,802	334,679,666
Less : Minority interest (current year's share of loss)		(387,271)	–
Amount Available for appropriation		1,169,513,364	594,201,352
Add: Excess provision of dividend of earlier years		19,984	
Proposed Dividend		44,700,000	22,220,000
Additional Tax on Dividend		7,596,770	3,113,550
Transfer to General Reserve		516,653,580	100,000,000
Surplus Carried to Balance Sheet		600,582,998	468,867,802
Earning Per Share - Basic		9.44	7.29
Earning Per Share - Diluted(on conversion of FCCB)		8.59	7.29
EPS is based on weighted average no of shares			
Notes to Accounts and Significant Accounting Policies	23		

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Profit & Loss Account referred to in our report of even date

For Sekhar & Co  
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh  
Partner  
(M. No: A211704)

G.M. Surana  
Chairman

Narender Surana  
Managing Director

Devendra Surana  
Managing Director

Place : Secunderabad, India  
Date : May 16, 2007

Surendra Bhutoria  
Chief Financial Officer

Sridevi Madati  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2007

(Rupees in lakhs)

PARTICULARS	2006-07	2005-06
<b>A. Cash flow from operating Activities</b>		
Net Profit before tax as per annexed profit and loss account	801,845,588	315,322,511
Less: Minority interest in current year's profits	(387,271)	—
	<u>802,232,859</u>	<u>315,322,511</u>
<b>Adjustments for :</b>		
Depreciation	30,380,858	24,823,549
Unrealised gain of Foreign Exchange	(32,550,000)	—
Realised Gain of Foreign Exchange	193,011	—
Lease rents Amortised	265,960	152,630
Bad Debts Written Off & Provision for Bad Debts	4,471,076	1,130,780
Balances / Provisions no longer required written back	(10,870,216)	(5,249,562)
Profit on Sale of Investments(Net)	(709,537)	(40,000,617)
Profit on Sale of Assets	(529,385,152)	(493,249)
Interest Paid	41,729,014	7,769,155
Interest Received	(54,519,487)	(46,646,025)
Preliminary expenses written off	47,114	1,238
Preliminary expenses	—	(184,177)
Incorporation expenses	(232,697)	—
Minority Interest in current year's loss	(387,271)	—
Dividends Received	(10,142,403)	(9,403,691)
	<u>(561,709,730)</u>	<u>247,222,542</u>
<b>Operating Profit before working Capital Changes (Less)/Add Adjustments for Working Capital Changes</b>	<b>240,523,129</b>	
Inventories	105,470,899	(115,423,990)
Loans and Advances	(387,041,121)	(111,871,569)
Other Current Assets	(113,929,510)	—
Sundry Debtors	16,232,941	21,626,992
Trade Payables and other Liabilities	24,510,841	(4,538,873)
Advance from Customers	8,168,631	(35,418,168)
	<u>(346,587,319)</u>	<u>(245,625,608)</u>
<b>Cash Generated from Operations</b>	<b>(106,064,189)</b>	<b>1,596,934</b>
Income Tax & Fringe Benefit Tax Paid	(118,066,825)	(41,441,517)
Taxes of earlier years	(4,243,854)	(67,831)
Prior Period Adjustments	—	—
	<u>(122,310,679)</u>	<u>(41,509,348)</u>
<b>Net Cash (used in)/from operating Activities (A)</b>	<b>(228,374,868)</b>	<b>(39,912,414)</b>





**CASH FLOW STATEMENT (Contd.,)**

(Rupees in lakhs)

PARTICULARS	2006-07	2005-06
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(1,455,823,686)	(29,028,020)
Sale of Fixed Assets	574,669,097	1,367,000
Purchase of Mutual Funds & Other Investments	(2,143,789,446)	(168,080,000)
Sale of Mutual Funds & Other Investments	2,254,893,035	102,550,000
Dividend Received	10,142,403	9,403,691
Interest Received	54,519,487	46,646,025
Changes in Capital Work in Progress	(29,670,648)	-
Recoveries from Joint Ventures and Subsidiaries	2,930,725	-
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>(732,129,033)</b>	<b>(37,141,304)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Issue of Share Capital	97,626,300	149,558,720
Proceeds from FCCB (net realised)	678,321,369	-
FCCB Issue Expenses charged to Securities Premium Account	(31,663,058)	-
Proceeds from borrowings	354,176,962	(12,322,351)
Repayment of borrowings	(5,325,789)	-
Interest Paid	(41,729,014)	(7,769,155)
Dividend Paid	(25,241,985)	(17,966,144)
Increase / decrease in other secured Loans	-	(50,000,000)
Minority interest in share capital and reserves	80,653,700	-
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>1,106,818,485</b>	<b>61,501,070</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>146,314,583</b>	<b>(15,552,648)</b>
<b>Cash and Cash Equivalents Opening Balance</b>	<b>70,834,507</b>	<b>85,357,625</b>
<b>Cash and Cash Equivalents Closing Balance</b>	<b>217,149,090</b>	<b>69,804,977</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>146,314,583</b>	<b>(15,552,648)</b>

**Notes:**

- The above cash flow statement has been prepared under the ' Indirect method ' as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Previous Year Figures have been regrouped wherever necessary to conform to the current year's Classification.
- Cash and Cash equivalents aggregating to Rs.167.22 Millions (Rs.23.97 Millions) are not readily available for free use by the Company.It comprises of unpaid dividend Rs.0.70 Millions(Rs.0.63 Millions).Balance in Margin Accounts Rs.26.94 Millions (Rs.22.82 Millions).Accured Interest on bank deposits Rs.3.43 Millions(Rs.0.52 Millions).Balance in overseas deposits, usage of which is restricted by FEMA 1999 Rs.136.22 Millions.The Figure in brackets indicate Previous Year figures
- Notes to Accounts(Schedule 20) form an integral part of Cash Flow Statement
- Cash and Cash equivalents Rs.217.15Millions(Previous Year Rs.69.80 Millions) are net of Book Overdraft Nil (Previous Year (Rs.4.88 Millions ) in Current Account as in Schedule 12 to Balance Sheet
- Opening balance of Cash and cash equivalents as on 1.4.2006 of Rs. 7,08,34,507 includes opening cash & Bank balances of subsidiaries which were not considered last year

In terms of our report of even date

**For Sekhar & Co**  
Chartered Accountants

**G. Ganesh**  
Partner  
(M. No: A211704)  
Place : Secunderabad, India  
Date : May 16, 2007

For and on behalf of Board of Directors

<b>G.M. Surana</b> Chairman	<b>Narender Surana</b> Managing Director	<b>Devendra Surana</b> Managing Director
<b>Surendra Bhutoria</b> Chief Financial Officer	<b>Sridevi Madati</b> Company Secretary	



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

	As on 31.03.2007	As on 31.03.2006
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each	250,000,000	150,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
7,45,00,000 (Previous Year 3,70,00,000) Equity shares of Rs 2 each fully paid-up Includes 3,70,00,000 Shares allotted as bonus on capitalisation of Securities Premium account during the Year 2006-2007	149,000,000	74,000,000
<b>2 RESERVES AND SURPLUS</b>		
Balance as per last account	450,000,000	350,000,000
Add: Transferred from Capital Redemption Reserve	33,346,420	-
Add: Transferred from Profit & Loss Account	516,653,580	100,000,000
Balance at the year end	<u>1,000,000,000</u>	<u>450,000,000</u>
<b>Capital Reserve</b>		
Balance as per last account	16,676,523	16,676,523
Balance at the year end	<u>16,676,523</u>	<u>16,676,523</u>
<b>Capital Redemption Reserve</b>		
Balance as per last account	33,346,420	33,346,420
Less: Transferred to General Reserves	33,346,420	-
Balance at the year end	<u>-</u>	<u>33,346,420</u>
<b>Share Premium account</b>		
Balance as per last account	175,879,092	38,659,093
Add: Received on preferential issue	150,570,000	137,184,000
Less: Utilised for Issue of Bonus Shares		74,000,000
Less: Utilised for Expenses of Issue of FCCB (net of taxes)	23,136,858	
Balance at the year end	<u>229,312,234</u>	<u>175,879,093</u>
<b>Profit &amp; Loss account</b>		
Surplus as per account annexed	600,582,998	468,867,802
	<u>1,846,571,755</u>	<u>1,144,769,838</u>
<b>Less : Minority Interest:</b>		
Share in reserves of Infrastructure	53,943,700	-
	<u>1,792,628,055</u>	<u>1,144,769,838</u>
<b>3. SECURED LOANS</b>		
From Banks		
Cash Credit	3,975,749	-
Term Loans from Banks	200,000,000	-
(See Note 3 of Notes to Accounts Sch 20B)		
	<u>203,975,749</u>	<u>-</u>
<b>4. UN SECURED LOANS</b>		
Deferred Sales Tax	27,642,078	81,705,891
Unsecured Term Loan from Bank	150,000,000	-
Loan from Share Holders	51,908,413	10,353
Foreign Currency Convertible Bonds (1,50,00,000 US\$ @ INR 43.59 per Bond)	653,850,000	-
	<u>883,400,491</u>	<u>81,716,244</u>
Due within a year	150,000,000	12,975,549



**SCHEDULE 5 - CONSOLIDATED FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.2006	Additions during the year	Deletions / Adj. year	Cost as on 31.03.2007	Upto 31.03.2006	For the year	Deletions/ year	Upto 31.03.2007	As on 31.03.2007	As on 31.03.2006
1. a Free-Hold Land	36,401,724	961,004,036	60,000	997,345,760	-	-	-	-	997,345,760	36,401,724
1. b Lease-Hold Land	3,853,700	10,800,000	265,960	14,387,740	-	-	-	-	14,387,740	3,853,700
2. a Buildings 5 & 10	54,188,519	-	23,721,093	30,467,426	30,959,157	1,992,252	16,727,282	16,224,127	14,243,299	23,229,362
2. b Buildings (Infra)	166,587,875	-	38,527,875	128,060,000	23,622,299	6,626,569	7,357,660	22,891,208	105,168,792	142,965,576
3 Plant & Machinery 27.82	387,634,643	11,024,215	259,425	398,399,433	348,629,821	10,642,437	245,629	359,026,630	39,372,803	39,004,822
4 Wind Power Plant	-	463,496,535	-	463,496,535	-	6,643,500	-	6,643,500	456,853,035	-
4 Elec.Installation 27.82	23,859,437	1,344,317	-	25,203,756	21,941,949	732,351	-	22,674,300	2,529,456	1,917,489
5 Office Equipment 13.91	8,015,699	488,673	-	8,504,371	5,270,694	522,679	-	5,793,373	2,710,998	2,745,005
6 Vehicles 25.89	20,123,965	6,474,505	717,399	25,881,071	12,125,491	2,198,924	611,280	13,713,135	12,167,936	7,998,474
7 Furniture & Fixtures 18.10	5,070,810	317,250	-	5,388,061	3,301,314	372,994	-	3,674,308	1,713,753	1,769,496
8 Computer 40	4,045,631	416,091	-	4,461,720	3,751,193	191,075	-	3,942,268	519,452	294,438
9 Library 100	2,010	-	-	2,010	2,010	-	-	2,010	-	-
10 Temporary Office 100	-	458,077	-	458,077	-	458,077	-	458,077	-	-
<b>TOTAL</b>	<b>709,784,013</b>	<b>1,455,823,699</b>	<b>63,551,752</b>	<b>2,102,055,960</b>	<b>449,603,928</b>	<b>30,380,858</b>	<b>24,941,851</b>	<b>455,042,936</b>	<b>1,647,013,024</b>	<b>260,180,086</b>
Previous year	706,632,129	29,028,020	25,876,136	709,784,013	448,751,503	24,823,549	23,971,128	449,603,928	260,180,086	257,880,626



6. INVESTMENTS (AT COST)	As on 31.03.2007		As on 31.03.2006	
	Qty	Cost	Qty	Cost
1) In Government Securites		500		500
National Savings Certificates - 7 Years				
Konkan Railways Corporation Limited (Bonds of face value of Rs 1000 / - each)			2,500	2,715,446
Total Investment in government Securities		<u>500</u>		<u>2,715,946</u>
2) In Shares of Joint Stock Companies				
A) Unquoted Investments				
a) In companies under the same management				
Surana Technoparks Private Limited (Equity share of Rs 10 each fully paid up)	3,330	33,300	3,330	33,300
Sub Total		<u>33,300</u>		<u>33,300</u>
Total Investment in companies under same management and joint ventures			33,300	
b) In other companies				
Arihant Optics Limited (Equity share of Rs 10 each fully paid up)	300,000	3,000,000	300,000	3,000,000
Savitrimata Realtors Private Limited (Equity share of Rs 10 each fully paid up)	25,500	255,000	-	-
Sub Total		<u>3,255,000</u>		<u>3,000,000</u>
Total Investment in other Un quoted Companies		<u>3,255,000</u>		<u>3,000,000</u>
B) Quoted Securities				
a) In companies under same Management				
Surana Telecom Limited (Equity share of Rs 5 each fully paid up)	1,538,680	3,064,325	1,520,329	2,714,081
Sub Total		<u>3,064,325</u>		<u>2,714,081</u>
b) In Other Companies				
Talabros Auto Ltd (Equity Shares of Rs 10 each Fully paid-up)	107	10,914	107	10,914
Shree Shakti Papers Ltd (Equity Shares of Rs 10 each Fully paid-up)	20,949	628,470	20,949	628,470
Akruti Nirman Limited (Equity Shares of Rs 10 each Fully paid-up)	270	96,476	-	-
Andhra Bank (Equity Shares of Rs 10 each Fully paid-up)			17,816	1,603,440
Bongaigaon Refinery & Petrochemicals Ltd (Equity Shares of Rs 10 each Fully paid-up)	-	-	500	41,570
Cheslind Textiles Limited (Equity Shares of Rs 10 each Fully paid-up)			300	7,712
Compulink Systems Limited (Equity Shares of Rs 10 each Fully paid-up)			2,940	176,400



6. INVESTMENTS (AT COST)	As on 31.03.2007	As on 31.03.2006		
	Qty	Cost	Qty	Cost
Deccan Chronicle Holdings (Equity Shares of Rs 2 each Fully paid-up)	120	18,731		
Dolphin Medical Services Limited (Equity Shares of Rs 10 each Fully paid-up)			200,000	2,400,000
Dynemic Products Ltd. (Equity Shares of Rs 10 each Fully paid-up)			5,432	190,120
Ginni Filaments Limited (Equity Shares of Rs 10 each Fully paid-up)			47,408	1,009,343
GHCL limited (Formerly Gujrat Heavy Chemicals Limited) (Equity Shares of Rs 10 each Fully paid-up)	1,400	199,146		
IDBI Ltd (Equity Shares of Rs 10 each Fully paid-up)			200	19,295
Indian Bank (Equity Shares of Rs 10 each Fully paid-up)	27,380	2,487,845		
Mcloed Russels India Ltd (Equity Shares of Rs 5 each Fully paid-up)	300	18,312		
Rain Calcining Ltd (Equity Shares of Rs 10 each Fully paid-up)	1,000	35,480		
Raj Rayon Limited (Equity Shares of Rs 10 each Fully paid-up)			25,355	1,648,075
Sterlite Optical Technologies Ltd. (Equity Shares of Rs 5 each Fully paid-up)			200	16,292
Shree Rama Multi-Tech Ltd. (Equity Shares of Rs 5 each Fully paid-up)			41	535
South Indian Bank Limited (Equity Shares of Rs 10 each Fully paid-up)			6,705	444,595
Triveni Engineering & Industries Ltd. (Equity Shares of Rs 1 each Fully paid-up)	200	9,890		
<b>Sub Total</b>		<u>3,505,265</u>		<u>8,196,761</u>
<b>c) Investment in Debentures</b>				
Titan Industries Limited NCD (Debentures of Face value of Rs 250 each Fully paid-up)	15	3750		
<b>Sub Total</b>		3,750		
<b>Total Investment in equity Shares and Debentures</b>		<b>9,861,640</b>		



6. INVESTMENTS (AT COST)	As on 31.03.2007		As on 31.03.2006	
	Qty	Cost	Qty	Cost
3) investment in Mutual Fund				
a) In Chola Mutual Fund Liquid Institutional Dividend Re-Investment Plan		0	4,066,071	40,500,000
b) In JM Financial Mutual Fund				
High Liquidity Fund-Super Institutional Plan			2,314,972	23,000,000
High Liquidity Fund-Institutional Plan			3,014,579	30,000,000
c) In Standard Chartered Mutual Fund				
Grindlays Cash Fund-Growth			780,173	10,000,000
Total Investments in Mutual Funds				103,500,000
Total Investments in Government Securities Shares and Mutual Funds		9,862,140		120,127,288
Aggregate Market Value of Quoted Investments		39,587,803		49,510,187
Aggregate NAV of Mutual Funds				104,324,855
		As on		As on
		31.03.2007		31.03.2006
7 INVENTORIES				
(As Verified, valued and certified by the Management)				
Raw Materials (At Cost)		41,821,174		39,865,405
Work in process (At cost or net realisable value whichever is lower)		39,333,742		19,162,570
Finished Goods (At cost or net realisable value whichever is lower)		807,155		29,364,478
Stores & Spares (At cost)		—		224,514
Materials in Transit (At cost)		—		9,536,382
Stock-In-Trade-real Estate (At cost)		54,724,871		144,004,492
<b>Total</b>		<b>136,686,942</b>		<b>242,157,841</b>
8 SUNDRY DEBTORS				
(Unsecured, Considered Good unless otherwise stated)				
Debts outstanding for				
- More than six months		18,458,493		14,384,454
Less: Provision for doubtful debts		2,500,000		15,958,493
- Others		161,011,088		183,289,144
		<b>176,969,581</b>		<b>197,673,598</b>



(Amount in Rupees)

	As on 31.03.2007	As on 31.03.2006
<b>9 CASH AND BANK BALANCES</b>		
Cash and cheques in hand	1,030,102	583,986
Balance with scheduled Banks		
- In current account	38,828,254	35,650,356
- In Dividend account	701,935	630,354
- In Fixed Deposit Account	146,222,559	15,000,000
- In deposit account - Kept under lien with banks towards margin money and other facilities	26,938,388	22,821,948
- Accrued interest on Fixed Deposits with Banks	3,427,852	-
	<u>217,149,090</u>	<u>74,686,644</u>
<b>10 OTHER CURRENT ASSETS</b> (Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	514,803,393	401,772,404
Interest receivable on Loans	4,683,417	3,784,896
	<u>519,486,810</u>	<u>405,557,300</u>
<b>11 LOANS &amp; ADVANCES</b> (Unsecured Considered Good unless otherwise stated)		
Loans & Advances	238,479,646	18,359,938
Sundry Advances-Infrastructure	191,935,360	34,970,000
Balances with Statutory bodies	16,482,500	22,605,018
Advance tax (Net of provisions)	4,456,713	44,110,528
Deposits	24,789,190	19,465,590
Advances to Suppliers	63,146,516	52,945,159
	<u>539,289,925</u>	<u>192,456,233</u>
<b>12 CURRENT LIABILITIES</b>		
Sundry Creditors	58,128,439	35,411,395
Lease deposits	33,828,839	35,376,655
Other Liabilities	20,838,251	29,864,607
Unclaimed Dividends	701,935	630,354
Advances from customers	13,966,551	4,297,920
Book overdraft in current account with Bank	-	4,881,667
	<u>127,464,016</u>	<u>110,462,598</u>
<b>13 PROVISIONS</b>		
Provision for Taxation	-	54,000,000
Proposed Dividend	44,700,000	22,220,000
Additional Tax on Dividend	7,596,770	3,113,550
Bonus	250,000	250,000
	<u>52,546,770</u>	<u>79,583,550</u>
<b>14 DEFERRED TAX ASSETS /(LIABILITY)</b>		
Deferred Tax Asset/(Liability) as at 1-04-06	(2,523,000)	(2,412,598)
Deferred Tax Asset/(liability) for the year	15,407,057	(110,402)
Net deferred tax assets/ (liability) as on 31.03.2007	<u>12,884,057</u>	<u>(2,523,000)</u>



## SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT

(Amount in Rupees)

	Year ended 31.03.2007	Year ended 31.03.2006
<b>15 INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	218,226,523	819,033,336
Copper Products	1,881,008,584	1,269,033,354
Infrastructure leasing & Sales	158,651,288	124,439,171
Gain on Sale of other Assets ( See Note 15 of Sch 20B)	529,103,068	-
Sale of Wind Power	8,997,561	-
Scrap & Misc Sales	3,946,933	4,573,648
	<u>2,799,933,957</u>	<u>2,217,079,509</u>
Less: Inter-Unit Sales	116,498,297	189,035,003
Gross Sales	2,683,435,660	2,028,044,506
Less: Excise Duty	299,123,222	304,782,104
Net Sales	<u>2,384,312,438</u>	<u>1,723,262,402</u>
<b>16. OTHER INCOME</b>		
Interest on Loans, Deposits & others (Gross)	52,808,803	44,230,216
Interest from Trade Debtors	1,710,684	2,415,809
Profit on sale of sundry assets	282,084	493,249
Profit on sale of Investments (Net)	709,537	40,000,617
AMC Charges - CDMA	3,041,499	1,279,674
Dividend	10,142,403	9,403,691
Miscellaneous income	295,307	84,118
Provisions no longer payable written back	10,870,216	5,249,562
Gain on foreign exchange fluctuation (Net of losses)	19,103,824	-
	<u>98,964,357</u>	<u>103,156,936</u>
<b>17. MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	40,089,919	48,079,177
Stock-in-Transit	9,536,382	454,569
b) Purchases net of Modvat	1,382,334,292	1,477,942,761
Sub Total (i)	<u>1,431,960,593</u>	<u>1,526,476,507</u>
c) Less Closing Stock		
Raw Materials	41,821,174	39,865,405
Stock-in-Transit	-	9,536,382
Sub Total (ii)	<u>41,821,174</u>	<u>49,401,787</u>
i - ii	<u>1,390,139,419</u>	<u>1,477,074,720</u>
Less: Inter-Unit Purchases	116,498,297	189,035,003
Raw materials consumed (A)	<u>1,273,641,122</u>	<u>1,288,039,717</u>





(Amount in Rupees)

	Year ended 31.03.2007	Year ended 31.03.2006
<b>B. Purchases of Traded Real Estate Property (B) including expenses</b>	56,631	144,004,492
<b>C. INCREASE/ DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	19,162,570	17,817,310
Finished Goods	29,364,478	23,004,480
Stock-In-Trade-Real Estate	144,004,492	36,688,560
	<u>192,531,540</u>	<u>77,510,350</u>
b) Less Closing Stock		
Work in Progress	13,437,090	19,162,570
Finished Goods	807,155	29,364,478
Stock-In-Trade-Real Estate	54,724,871	144,004,492
	<u>68,969,116</u>	<u>192,531,540</u>
	(C)	(115,021,190)
TOTAL (A) + (B) + (C)	<u>1,397,260,177</u>	<u>1,317,023,019</u>
<b>18. EXPENSES</b>		
Salary,Wages & Allowances	17,625,752	15,173,707
Contribution to PF and other funds	1,277,122	1,827,291
Welfare expenses	1,917,016	909,371
Proc.& Con.Charges	5,944,398	3,709,575
Stores Consumed	9,489,653	8,842,764
Dies Consumed	1,503,460	2,373,411
Power & Fuel	32,190,234	36,735,890
Water Charges	344,723	404,963
Packing & Forwarding	7,172,109	9,112,435
Watch & Ward	1,748,228	1,585,833
Printing & Stationery	829,407	797,907
Post.Tel.& Telephone	3,613,590	2,355,561
Insurance	1,540,724	1,163,196
Lease and other Rents	165,752	289,500
vi) Legal & Licence fees	2,560,062	274,904
Rates & Taxes	2,936,410	1,532,328
Repairs to	-	
i) Building	1,120,387	1,239,218
ii) Machinery	7,760,099	6,600,158
iii) Others	1,413,291	1,234,365
Remuneration to Directors	14,571,005	6,361,149
Auditors remuneration		-
- Statutory Audit fees	243,596	153,545
- Tax audit fees	56,180	44,900
- Other matters	56,180	28,060



(Amount in Rupees)

	Year ended 31.03.2007	Year ended 31.03.2006
Other Administrative expenses	1,092,627	463,249
Commission on Sales	1,747,556	1,960,638
Testing Charges	46,641	581,200
Advertisement	1,098,496	251,309
Professional Charges	4,524,606	4,555,365
Foreign Exchange Fluctuation loss	-	985,824
Vehicles mntce. & Fuel	2,095,068	1,830,494
Travelling & Conveyance	3,285,172	2,484,082
Sitting fees	72,000	67,121
Provision for doubtful debts		2,500,000
Sundry Balances Written off	1,971,076	1,130,780
Lease Premium amortised	265,960	152,630
Service Tax Paid	1,132,812	162,569
Sales Tax Paid (Net)	70,447,544	42,021,370
Filing Fee	1,109,673	15,800
Entry Tax	6,401	-
Sales promotion expnses	2,643,644	1,352,830
Preliminary Expenses written off	47,114	1,238
Other Expenses	1,891,920	714,573
	<u>212,057,689</u>	<u>161,481,104</u>
<b>19. INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	1,094,867	3,960,295
Interest on Term Loan	34,205,285	-
Financial Charges	6,432,330	3,808,860
	<u>41,732,482</u>	<u>7,769,155</u>
<b>20. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		
Preliminary expenses	435,422	184,177
Less: Written off during the current year	46,128	1,238
	<u>389,294</u>	<u>182,939</u>
<b>21. MINORITY INTEREST</b>		
<b>In share holders funds :</b>		
Share capital		
Bhagyanagar Infrastrucutre Limited	17,230,000	-
Scientia Infocom India Limited	9,600,000	-
Reserves of Bhagyanagar Infrastructure Ltd.,	53,943,700	-
	<u>80,773,700</u>	<u>-</u>
<b>In current year's Profit/ (Loss)</b>		
Bhagyanagar Infrastrucutre Limited	(311,908)	-
Scientia Infocom India Limited	(75,362)	-
	<u>80,386,430</u>	<u>-</u>



## Schedule 22

### Significant Accounting Policies and Notes on Accounts Forming Part of Balance Sheet and Profit & Loss Account

#### A. Significant Accounting Policies to the consolidated Financial Statement

1. The Financial Statements of the Company and its Subsidiary companies along with Associate companies (where the company is a joint venture partner) are combined on line by line basis by adding together the book value of like items of Assets, Liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21-"consolidated Financial Statements" issued by ICAI.
2. In case of consolidation of Associate Company's Accounts, the Financial Statements are combined on line by line basis by adding together the book value of like items of Assets, Liabilities, income and expenses, to the extent of company's share therein and after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21-" consolidated Financial Statements" issued by ICAI.
3. As far as possible, the consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
4. Investments other than in subsidiary and associates has been accounted as per AS-13 "Accounting for Investments"
5. Other significant Accounting Policies:

#### B. Notes on Accounts to the Consolidated Financial Statement

- 1) List of Subsidiary Companies, Joint Ventures Considered for consolidation:

Sl. No.	Name of the company	Year of Incorporation	Paid up Capital (Rs inLacs)	Extent of Holding As at 31st March, 2007 (%)	Equity Investment (Rs in Lacs)	Loans & Advances
<b>SUBSIDIARIES:</b>						
1.	Bhagyanagar Properties Limited	2006-07	400	100	400	5855.57
2.	Bhagyanagar Metals Limited	2006-07	5	100	5	0.21
3.	Bhagyanagar Telecom Limited	2005-06	5	100	5	0.15
4.	Scientia Infocom India Limited	2005-06	400	76	304	1419.42
5.	Bhagyanagar Infrastructure Limited	2006-07	422.30	59.2	250	328.37
<b>JOINT VENTURES:</b>						
1.	Designer Real Estate India Pvt Limited	2005-06	25	36	9	485.50

The Company's interest in this joint venture is reported as investments to the extent of share capital in (schedule 6) and is stated at cost and the amounts advanced by the company is included in loans and advances to the extent of Rs. However the company's share of each of the assets, Liabilities, income and expenses etc., (each without elimination of, the effect of transactions between the company and joint venture) related to its interest in this joint venture, based on financial information as certified by the Directors of Joint ventures, Are:



Sources of funds	2006-07 Amount (Rs)	2005-06 Amount (Rs)
Issued Share capital	9,00,000	9,00,000
Advance from Joint venture Partner	5,16,92,165	5,14,90,950
Current Liability	23,675	2,020
<b>Total</b>	<b>5,26,15,840</b>	<b>5,23,92,970</b>
Application of funds:	2006-07 Amount (Rs)	2005-06 Amount (Rs)
Stock In trade (real estate)	5,23,37,541	5,22,80,910
Balance in hand and bank	59,353	49,870
Preliminary expenses	3,715	4,955
Share of loss in the company	142074	57,235
Deferred Tax asset	73157	-
<b>Total</b>	<b>5,26,15,840</b>	<b>5,23,92,970</b>

**Brief Financial Particulars Of Subsidiaries in compliance of the condition(iii) of letter of approval of Ministry of Corporate Affairs under Section 212(8) of the Companies Act,1956 vide letter dt.08.02.07**

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit Before taxation Benefit Tax	Defered Tax&Fringe	Profit after tax
Bhagyanagar Properties Limited	40,000,000	-	625,274,427	585,568,855	-	-	(446,035)	151,607	(294,428)
Bhagyanagar Metals Limited	500,000	-	523,203	23,203	-	-	-	-	-
Bhagyanagar Telecom Limited	500,000	-	518,155	18,155	-	-	-	-	-
Scientia Infocom India Limited	40,000,000	-	230,399,708	190,713,718	-	-	(473,335)	159,325	(314,010)
Bhagyanagar Infrastructure Limited	42,230,000	131,570,000	209,078,861	36,039,612	-	-	(1,151,220)	390,469	(760,751)

**2) Earnings Per Share:**

Earnings per share are calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the period. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares (FCCB issue)



Particulars	31.03.2007 (Figures in lacs)	31.03.2006 (Figures in lacs)
Net profit after Taxation	7,002.58	2595.79
Net profit available for equity Shareholders	7,002.58	2595.79
Weighted Average number of shares outstanding during the year - Basic (After adjusting Bonus issue and Preferential issue)	741.67	741.67
Undiluted effect of potential equity shares on conversion of FCCB Basic Earnings per share	156.68	–
Weighted average number of equity shares -Dilutive	815.03	741.67
Nominal value of each equity share (Rs)	2.00	2.00
Basic Earnings per share	9.44	3.50
Diluted Earnings per Share	8.59	3.50

3) **Share Capital:**

The Company issued Bonus Shares in the ratio of 1:1 during September 06 out of its Share Premium Reserve. Post Bonus issue, the company's issued and paid-up capital has gone up from Rs 740 lacs to Rs 1480 lacs.

The Company made a preferential issue of 5 lakh Equity shares of the face value of Rs 2 each at a premium of Rs 38 each share to Bennett Coleman & Co Ltd in the month of December, 06. The proceeds of Rs 200 lacs from the preferential issue have been utilized for Infrastructure segment

The company (Bhagyanagar Infrastructure limited) has allotted 2,23,000 Shares of Rs.10/- each to Himadri Enterprises at a premium of Rs.590

4) **Unsecured Loans - Foreign Currency Convertible Bonds:**

- During the year, the company has issued at par, 5 years Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 15 millions (INR 6864 lacs as on the date of issue) comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure. The bond-holders have an option of converting these bonds into equity shares at an initial conversion price of Rs 44 per share (Face value Rs 2 each) with a fixed rate of exchange on conversion of Rs 45.96 = US \$ 1.00 at any time prior to close of business on 10th October, 2011 unless redeemed.
- Expenses incurred in connection with the issue of FCCB totaling Rs 316 lacs have been adjusted against Share Premium Account.
- The Company is of the opinion since the bonds are convertible into equity shares; the creation of Debenture Redemption Reserve is not required.
- The company has a commitment towards the FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case they do not exercise the option of conversion, within 5 years from the date of issue of the Bonds. As the liability on this account has not crystallized as on the date of Balance Sheet, no provision has been made in the books of accounts. Contingent liability on account of YTM is Rs 261.54 lacs as on 31.03.2007.
- In compliance with the Accounting Standard - 11 issued by the Institute of Chartered Accountants of India, Rs 325.5 lacs has been credited to the Profit & Loss Account on account of unrealized gain on account of foreign exchange fluctuation due to appreciation in rupee rate vis-à-vis US \$ as on 31.03.2007. Amount credited in the Profit & Loss account is net of losses of Rs 125 lacs on account of FCCB.
- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2007 is valued at the conversion price of that date which was Rs 43.59 = 1 US \$



- The company is obliged to pay dividend even to those FCCB Holders who convert their bonds into equity after adoption of the financial statements and up to the book closure date for dividend purposes. Incremental dividend payable, if any, will be paid out of the balance available in the Profit & Loss Account. No provision for dividend payable to the FCCB bondholders has been made in the books of accounts.
- The Details of utilization of the above proceeds is as under.

Total Issue: 15 Million US dollars. INR Rs. 6,78.321 Millions

Particulars	INR in Million	
	2006-2007	2005-2006
Issue Proceeds	678.32	Nil
Less: Investment In Wind Power Projects	369.00	Nil
	12.56	Nil
Modernization / Expansion of Copper Div	136.40	Nil
Investment in Infrastructure Segments including Hardware Parks and IT Parks	22.28	Nil
Payments to Lead Managers including fees to exchanges	540.24	Nil
	2.90	
	1.10	
Total Expenses	536.24	
Less Interest Accrued on FDs in overseas Bank		
Less Gains realized on Foreign Exchange		
Net Amount Expended after Interest Earnings		
Balance with Banks	142.08	Nil

5) **Contingent Liability not provided for:**

	31-03-2007	31-03-2006
	Rs. in lakhs	Rs. In lakhs
a) Counter guarantees given to the Banks against Guarantees Issued by them	1617.67	1719.40
b) Letters of Credit opened by Banks	195.87	261.37
c) YTM payable to the FCCB bond-holders	261.54	Nil
c) Sales Tax matters under dispute	3.81	11.30

6) **Fixed Assets:**

a) **Land: (freehold)**

- During the year, free hold land has been acquired by the company's subsidiaries: -  
Bhagyanagar Properties - 18 acres at Vattinagulapalli, Rajendra Nagar mandal, Ranga reddy District from M/s I Labs Information technology and Life sciences Parks (P) Ltd., for a total sale consideration of Rs. 59,13,00,000 /-
- Scientia Infocom India Limited - 7 acres at Vattinagulapalli, Rajendra Nagar mandal, Ranga reddy District from M/s I Labs Information technology and Life sciences Parks (P) Ltd., for a total sale consideration of Rs. 22,99,50,100 /-

b) **land (Lease hold)**

Cost of Leasehold Land includes Rs 108 lacs paid to Suzlon Energy Ltd towards sub-lease premium for Wind Power plant. The lease period is for 30 years and the execution of documents is in process.



c) **Wind-Power generation:**

As part of diversification, the company has forayed into Wind Power generation with operational tie-up with Suzlon Energy Limited with an investment of Rs 4742.97 lacs. Installed capacity of the wind turbines is 9 MW. The company has entered into Power Purchase Agreement with Hubli Electricity Supply Company and Gulbarga Electricity Supply Company. 4 turbines of the capacity of 5 MW were commissioned during September 2006 and 3 turbines of the capacity of 4 MW were commissioned during March 2007. For this particular Unit, the company has provided for the Depreciation under Straight Line Method as per the rates prescribed in Schedule XIV of the Companies' Act, 1956.

The company is entitled for benefit of Green House Gas Emission Reductions to be generated by Wind Power Project under the clean development mechanism as per the Kyoto protocol. The PDD has been submitted to the appropriate authority. The revenue generated by sale of Emission Reduction will accounted for as and when the approval is received.

7) **Capital Work-in-Progress:**

Capital Work-in-Progress includes Rs 250 lakhs paid for acquiring of Land in a Special Economic Zone. There is no further capital commitment on this account

8) **Cash & Bank Balance - Fixed deposits:**

Balance in Fixed deposit includes Rs 1362.22 lakhs, parked in ICICI Bank Ltd, UK out of the proceeds of FCCB issue.

9) **Deferred Tax: (Including adjustments for subsidiaries and Joint Ventures)**

Particulars	As at 31.03.2006 Rs .in lacs	Adjusted in Profit & Loss Account	Adjusted against reserves	As at 31.03.2007 Rs in lacs
Deferred tax asset (Liability)	(25.23)	68.81	85.26	128.84

10) **Sale of other Assets:**

Sale of other Assets comprises of the gain from sale of Land at Uppal and Building at Hi-Tech city amounting to Rs 5291.02 lacs.

11) **Minority Interest:**

Particulars	Bhagyanagar Infrastructure Limited	Bhagyanagar Properties Limited	Scientia InfocomIndia Limited	Bhagyanagar Metals Limited	Bhagyanagar Telecom Limited	Total
Extent of Holding (%)	59.2	100	76	100	100	
Minority Interest(%)	41.8	–	24	–	–	
Minority Interest: In Shareholders Funds:	1,72,30,000	–	96,00,000	–	–	2,68,30,000
Share Capital Reserves	5,39,43,700	–	–	–	–	5,39,43,700
IN current year's Profits (losses)	(311908)		(75362)			(3,87,270)
	70861792		9524638			8,03,86,430



## 18. Related Party Disclosure (Of Subsidiaries And Joint Ventures):

**A: Relationship**

Entities in which directors are interested	Subsidiary companies	Joint venture & Associates	Key Management Personnel	Relatives of key management personnel
Surana Telecom Limited	Bhagyanagar Infrastructure Ltd	Designer Real Estate Pvt Ltd	G M Surana	Namrata Surana
Innova Technologies Limited	Bhagyanagar Properties Ltd		Narender Surana	Manish Surana
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom Ltd		Devendra Surana	
Bhagyanagar Energy & Telecom Ltd	Bhagyanagar Telecom Ltd		Narender Munoth	
	Bhagyanagar Metals Ltd		N K Reddy	
Bhagyanagar Entertainment Ltd				
Every Time Food Industries Pvt Ltd				
Surana Sportex Pvt Ltd				
Surana Infocom Ltd				
Advantage Real Estate India Pvt Ltd				
Tranquil Avenues India Pvt Ltd				
Royal Skyscrapers India Pvt Ltd				
Blossom Residency Pvt Ltd				
Celestial Avenues Pvt Ltd				
Innova Infrastructure Pvt Ltd				
Majestic Logistics Pvt Ltd				
Innova Biotech India Pvt Ltd				
Epicentre Entertainment Ltd				
Surana Technopark Pvt Ltd				

**B: Transactions**

(Rs in lacs)

Nature of Transaction	Entities in which directors are interested	Subsidiary companies	Joint venture & Associates	Key Management Personnel	Relatives of key management
Sale of Goods	7.93 (214.23)				
Purchase of Goods	2899.11 (574.00)				
Job Work	8.44 (9.66)				
Advances	684.50 * (Nil)	7603.72 (Nil)	485.50 (514.90)		
Remuneration				249.78 (63.61)	3.00 (2.52)
Rent				1.08 (1.08)	

\* The advances are given for infrastructure transactions during normal course of business.

\* Figures in brackets represent figures for the previous year





**Scientia Infocom India Limited:** Unsecured Loans from Directors during the year:

Devendra Surana - Director	Rs. 2,43,83,062 /-
Narender Surana - Director	Rs 2,43,83,062 /-

13) **Segment Reporting:**

S.No	Particulars	Telecom Products	Copper Products	Infrastructure	Power	Total (Rs.in Lacs)
1	<b>REVENUE</b>					
	External Sales (Net of Excise)	1869.45	16171.14	6877.55	89.88	25008.12
	Inter-Unit Sales	371.43	793.55	-	-	1,164.98
	<b>Total Revenue</b>					<b>23,843.14</b>
2	<b>RESULTS</b>					
	Segment Results	190.02	1658.00	5887.88	15.71	7751.61
	Unallocable					
	Income/Expenses					684.63
	Operating Profit					8436.24
	Interest Expenses					417.32
	Interest Income					-
	Income taxes					1016.34
	Profit from Ordinary Activities					7002.58
	Extract-ordinary loss/ Profit					-
	<b>Net Profit</b>					<b>7002.58</b>
3	<b>Other Information</b>					
	Segment Assets	1180.17	2406.03	24715.48	4687.5	32989.08
	Unallocable Assets					8987.16
	<b>Total Assets</b>					<b>41976.24</b>
	Segment Liabilities					
	Unallocable Liabilities	203.05	269.18	9465.03	231.54	10168.80
						4758.40
	<b>Total Liabilities</b>					<b>14927.20</b>
	Capital Expenditure	20.18	125.44	9911.40	4742.96	14799.98
	Unallocable Capital Expenditure					54.97
	<b>Total Capital Expenditure</b>					<b>14854.95</b>
	Depreciation					
	Unallocable Depreciation	68.28	78.90	72.31	66.43	285.92
						17.89
	<b>Total Depreciation</b>					<b>303.81</b>
	Non Cash Expenses- Other than depreciation					
	Unallocable Non Cash Expenses	34.20	9.00	3.04	1.13	44.33



## Reconciliation of reportable segments with financial statements (Rs in Lacs):

Particulars	Revenues		Results/Net Profit		Assets		Liabilities	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Total of reportable segments	25008.12	19122.97	7751.61	2314.05	32989.08	10431.72	10168.80	1872.82
Corporate - unallocable (net)	989.64	1031.57	684.63	908.38	8987.16	4499.25	4758.40	869.88
Inter-unit adjustments	(1164.98)	(1890.35)	-	-	-	-	-	-
Interest expenses	-	-	417.32	77.36	-	-	-	-
Taxes	-	-	1016.34	548.60	-	-	-	-
As per financial statements	24832.78	18264.19	7002.58	2596.47	41976.24	14930.97	14927.20	2742.70

This is the notes referred to above  
in our report of even date

For and on behalf of the Board

**G. Ganesh**

Partner

(M. No: A211704)

For and on behalf of

**Sekhar & Co**

Chartered Accountants

**G.M. Surana**  
Chairman**Narender Surana**  
Managing Director**Devendra Surana**  
Managing Director

Place : Secunderabad, India

Date : May 16, 2007

**Surendra Bhutoria**  
Chief Financial Officer**Sridevi Madati**  
Company Secretary

## NOTES



# ELECTRONIC CLEARING SERVICES (CREDIT CLEARING) MANDATE FORM FOR PAYMENT OF DIVIDEND

To,  
KARVY COMPUTERSHARE PVT. LTD.  
Unit : Bhagyanagar India Limited.  
Plot No. 17-24, Vitalrao Nagar, Madhapur, Hyderabad - 500 081  
Phone: 040-23420816/824, Fax: 040-23420814

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No. :	ECS Ref. No. : (for Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy of a cheque issued to you by your Bank, for verification of the above particulars)	
Account Type (Please tick the option)	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective date of this mandate	

I, hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. Bhagyanagar India Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place : .....

Date : .....

Signature of First Holder

- Note:**
1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
  2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to NSDL / CDSL as the case may be, through their respective Depository Participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.







# BHAGYANAGAR INDIA LIMITED

(Formerly Bhagyanagar Metals Limited)

Registered Office : 5th Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

## ATTENDANCE SLIP

22nd Annual General Meeting 27th September, 2007.

DP.Id*
Client Id*

Reg. Folio No.
----------------

Name and Address of the Shareholder : \_\_\_\_\_

No. of Share(s) held : \_\_\_\_\_

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 22nd Annual General Meeting of the Company, at 3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003, at 10.30 a.m. on Thursday, the 27th day of September, 2007.

\_\_\_\_\_  
\*\* Member's/Proxy's name in Block Letters

\_\_\_\_\_  
\*\* Member's/Proxy's Signature

Note : 1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.

2. NO GIFTS WILL BE GIVEN

\* Applicable for Investors holding shares in electronic form.

\*\* Strike out whichever is not applicable.



# BHAGYANAGAR INDIA LIMITED



(Formerly Bhagyanagar Metals Limited)

Registered Office : 5th Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

## PROXY FORM

DP.Id*
Client Id*

Reg. Folio No.
----------------

I/We .....  
of .....  
being member/members of M/s. BHAGYANAGAR INDIA LIMITED, hereby appoint .....  
of .....  
or failing him .....  
of .....

as my / our proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held at 3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003, at 10.30 a.m. on Thursday, the 27th day of September, 2007 and at every adjournment thereof.

Signed this ..... day of ....., 2007.

Note : 1. Proxy need not be a member.

2. Proxy Form, complete in all respects, should reach the Registered Office of the Company on or not later than 48 hours before the time for holding of the Meeting.

Please  
Affix Re.1/-  
Revenue  
Stamp

Signature

\* Applicable for Investors holding shares in electronic form.

NO GIFTS WILL BE GIVEN

NO GIFTS WILL BE GIVEN

