

**BOARD OF DIRECTORS**

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

**CHIEF FINANCIAL OFFICER**

Surendra Bhutoria

**COMPANY SECRETARY**

Sridevi Madati

**BANKERS**

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

**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 Computershare Private Limited,  
Plot No. 17-24, Vittalrao Nagar, Madhapur,  
Hyderabad-500 081.  
Tel: +91 40 44655000  
Fax : +91 40 23420814  
E-mail: einward.ris@karvy.com

**REGISTERED OFFICE:**

Bhagyanagar India Limited  
5th Floor, Surya Towers, S.P. Road,  
Secunderabad, India-500 003  
Tel: +91 40 44665700, 27845119, 27841198  
Fax : +91 40 27818868  
E-mail: cs@surana.com,  
Investor Complaints: cs@surana.com,  
investorservices\_bil@surana.com  
Website: www.surana.com,  
www.bhagyanagarindia.com

**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

**WORKS****Copper Division(Auto Electric, Refrigeration & Solar Components)**

- i. **Bhagyanagar India Limited**  
Plot No. P-9/13(1) & P-9/14,  
IDA Nacharam,  
Hyderabad, India - 500 076.
- ii. **Harinam Wires**  
Plot No. P 9/13 (A),(B),(C)  
Industrial Development Area,  
Nacharam, Hyderabad,  
India - 500 076.

**Non-Conventional Energy**

- i. Kapatgudda, Gadag District,  
Karnataka,  
India
- ii. Kasthurirengapuram Village,  
Radhapuram Taluk,  
Tirunelveli District  
Tamilnadu
- iii. Thekkampatti Village, Andipatti Taluk,  
Theni District, Tamilnadu.



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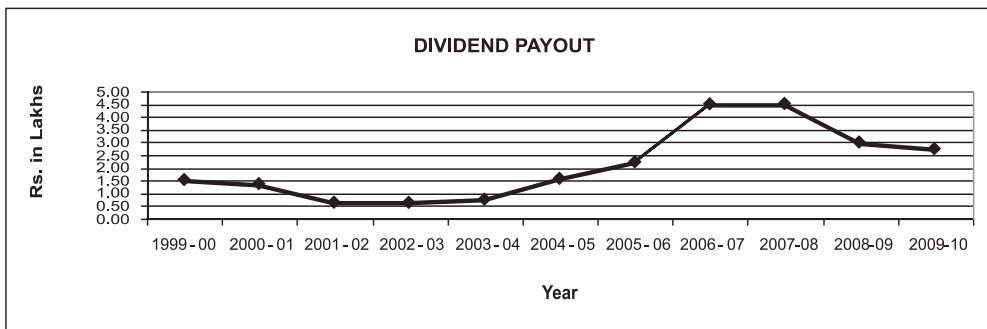
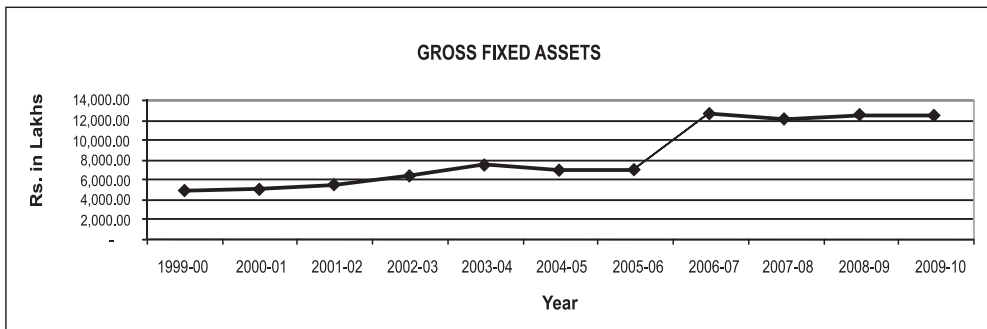
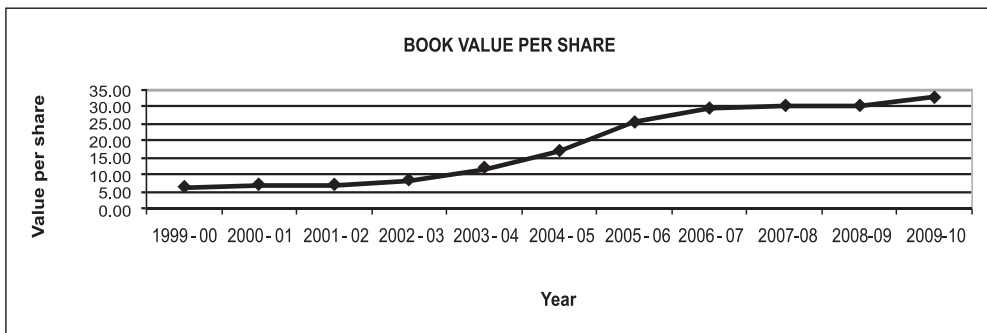
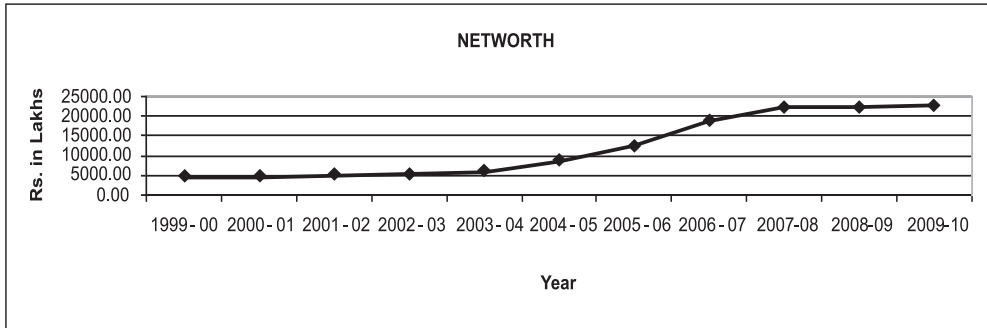
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## A Journey to Growth...



## Financial Highlights - 10 Years' Record

Rs.in lakhs

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Turnover	<b>17453</b>	18963	19,995	23,843	17,233	13,882	9,650	4,832	15,168	17,323
Total Income	<b>18461</b>	20149	22,073	24,833	18,264	14,963	10,119	5,319	15,360	17,418
Profit Before tax	<b>1459</b>	1523	4,258	8,041	3,145	2,958	1,028	229	977	805
Profit After tax	<b>1335</b>	1104	3,741	7,017	2,596	2,696	943	222	884	555
Equity dividend %	<b>20</b>	20	30%	30%	30%	25%	12%	10%	10%	20%
Equity Share Capital	<b>1379</b>	1490	1,490	1,490	740	630	630	630	642	677
Reserve & Surplus	<b>21127</b>	20614	20,380	17,161	11,448	7,734	5,217	4,361	4,253	3,622
Net Worth	<b>22506</b>	22104	21,870	18,651	12,188	8,364	5,848	4,991	4,896	4,299
Gross Fixed Assets	<b>12554</b>	12683	12,176	12,798	7,098	7,066	7,594	6,494	5,588	5,073
Net Fixed Assets	<b>8970</b>	7433	7,341	8,252	2,602	2,579	3,005	2,188	1,573	1,382
Total Assets	<b>29499</b>	31894	34,981	29,006	13,005	9,812	9,634	6,421	6,509	6,248
Contribution to National Exchequer	<b>2128</b>	3498	3,998	4,791	4,008	2,392	1,375	857	2,467	3,166

## Key Indicators

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Earning per share- Basic	<b>1.82</b>	1.48	5.02	9.42	7.02	8.56	2.99	0.70	2.75	1.64
Book Value Per Share	<b>32.64</b>	29.67	29.36	25.03	32.94	26.55	18.57	15.84	15.25	12.70
Debt Equity Ratio	<b>0.11:1</b>	0.06:1	0.26:1	0.20:1	0.07:1	0.17:1	0.65:1	0.29:1	0.33:1	0.45:1

**Note :** For calculating Basic EPS and Book Value per share face value of equity share is taken as Rs. 2 per share for the entire period to make it comparable.



## **NOTICE OF 25th ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 25th Annual General Meeting of the members of BHAGYANAGAR INDIA LIMITED, will be held on Friday the 24th day September, 2010 at 10.30 am at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad- 500 016, to transact the following business :

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended 31st March, 2010, along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2010.
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 Rreddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr R.N. Sreenath who retires by rotation and being eligible offers himself for re-appointment.
6. 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.

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

Place : Secunderabad  
Date : 05.08.2010

**Sridevi Madati**  
Company Secretary

### **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 21.09.2010 to 24.09.2010 (both days inclusive).
3. Dividend on shares @ 20 % 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 21.09.2010 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, 2002 and thereafter, which remain unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 (c) of the Companies Act, 1956,

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
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
2006-07	27.09.2007	26.09.2014
2007-08	17.09.2008	16.09.2015
2008-09	29.09.2009	28.09.2016

The Members who have not encashed the Dividend Warrant(s) so far for the Financial Year ended 31st March, 2003 or any subsequent Financial Years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the Unclaimed Dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.

6. 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. 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.
9. 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, Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad- 500 081. Further kindly note that members holding shares in physical form and intending to transfer their shares have to furnish the PAN particulars of transferee along with the share transfer deeds for effecting the physical share transfer.
10. 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.

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

Place : Secunderabad  
Date : 05.08.2010

**Sridevi Madati**  
Company Secretary



## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 25th Annual Report of your Company together with the Audited Balance Sheet as at 31st March 2010 and Profit and Loss A/c for the year ended 31st March, 2010

### FINANCIAL RESULTS:

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

Particulars	Consolidated Results		Standalone Results	
	2010	2009	2010	2009
<b>Sales and other Income</b>	<b>18461.23</b>	20194.77	<b>18461.23</b>	20148.60
Profit before Depreciation and Interest	<b>2154.98</b>	2522.59	<b>2161.35</b>	2482.18
<b>DEDUCT:</b>				
Depreciation	<b>510.02</b>	498.39	<b>510.02</b>	498.39
Interest	<b>192.61</b>	463.15	<b>192.61</b>	463.15
Profit for the year	<b>1452.35</b>	1561.04	<b>1458.29</b>	1520.63
Prior period Adjustments	<b>0.43</b>	2.83	<b>0.43</b>	2.84
Profit before Taxation	<b>1452.78</b>	1563.87	<b>1458.72</b>	1523.47
Provision for Taxation : Current Tax	<b>250.00</b>	417.06	<b>250.00</b>	400.00
Fringe Benefit Tax	<b>0.00</b>	5.75	<b>0.00</b>	5.75
Deferred Tax	<b>(127.69)</b>	13.85	<b>(127.69)</b>	13.85
Income Tax in respect of earlier years	<b>0.49</b>	0.00	<b>1.90</b>	0.00
Profit after Tax	<b>1329.97</b>	1127.20	<b>1334.51</b>	1103.87
<b>Less: Minority Interest</b>	<b>0.19</b>	7.24	-	-
Share in net assets of associate cos.	<b>11.88</b>	35.94	-	-
Surplus brought forward from previous year	<b>8083.81</b>	7848.31	<b>8114.76</b>	7859.40
Balance available for appropriation	<b>9401.70</b>	8932.32	<b>9449.27</b>	8963.27
<b>APPROPRIATION:</b>				
<b>Dividend</b>	<b>273.60</b>	298.00	<b>273.60</b>	298.00
Tax on Dividend	<b>45.44</b>	50.51	<b>45.44</b>	50.51
Transfer to General Reserves	<b>500.00</b>	500.00	<b>500.00</b>	500.00
Balance c/f to Balance Sheet	<b>8582.66</b>	8083.81	<b>8630.23</b>	8114.76
<b>TOTAL</b>	<b>9401.70</b>	8932.32	<b>9449.27</b>	8963.76

### OPERATIONS:

During the year 2009-10, the Indian economy recovered as a result of various monetary and fiscal measures taken by the Govt. of India. The company also benefitted by such measures which is reflected in increased turnover of copper products from Rs.138.02 Crores during the previous year to 159.28 Crores during the current year. However, the benefit

of recovery was not fully reflected in top-line and bottom-line of the company; due to sharp fall in off-take of JFTC cables and shift in demand the turnover of telecom segment reduced from Rs.40.01 Crores to Rs.7.45 Crores. Further due to continued depressed real estate market, the income from infrastructure segment dropped from Rs.4.87 Crores to Rs.40 lakhs.



The Income from Operations is Rs. 17453.01 Lakhs as against Rs. 18962.57 Lakhs for the corresponding previous year The Profit Before Tax is 1458.73 Lakhs as against Rs. 1523.47 Lakhs for the previous year. The Profit After Tax is 1334.51 Lakhs as against Rs. 1103.87 Lakhs for the corresponding period. The Company recorded a decline in the income due to decrease in the revenues from telecom and Infrastructure segments. The Basic Earnings Per Share for the year-ended 31.03.2010 is Rs.1.82 as against Rs. 1.48 for the corresponding previous year ended 31.03.2009

### **CLOSURE/DISPOSAL OF JFTC UNIT**

During the year 2009-10, the approval of members by way of Postal Ballot was sought on 29.09.2009 for the purpose of lease/sale/disposal of Company's undertaking situated at Plot No. 61, Pilerne Industrial Estate, Panajim, Goa - 403 001 pursuant to the provisions of Section 293(1)a and 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Accordingly the Company is in the process of negotiations with prospective buyers for transfer of the said property.

### **BUYBACK OF EQUITY SHARES:**

The Company bought back 61,00,000 equity shares of Rs.2/- each and closed the said buyback on 18.05.2010 being the last date for buyback as approved by the Board at its meeting held on 09.04.2009. The total amount invested was Rs. 16,16,82,594/- (including brokerage and taxes) resulting an average price of Rs.26.51/- per share. The Company extinguished all the shares that were bought back

### **BUYBACK OF FCCB'S:**

During the year, the company bought back 50 FCCB's (out of 150 FCCB's issued by the Company on 10.10.2006) of US \$ 1,00,000 each, aggregating US \$ 5.0 million (Nominal value) at a discount. The necessary formalities with Luxembourg Stock Exchange for extinguishment of said FCCB were complied. The outstanding FCCB's as on date are 100 FCCB's of US \$ 1,00,000 each, aggregating US \$ 10.0 million (Nominal value), and are due for conversion/repayment in Oct, 2011

### **CHANGE OF NAME OF COMPANY'S UNIT M/S INDIA EXTRUSION**

During the year, the Company changed the name of Copper Unit presently run in the name of M/s India Extrusion to M/s Bhagyanagar India Limited.

### **REAL ESTATE/INFRASTRUCTURE**

During the year, Real Estate market continued to be depressed. Therefore the Company intends to exit from some of the projects viz., TADA SEZ, SPV's of Kurnool Land, A.P. Housing Project at Visakhapatnam so as to make beneficial use of redundant capital employed in these projects. Further, the Company plans to commence development of other projects based on the prevailing market conditions.

- 1) **Uppal Project:** The Company received clearance from fire department and airport authorities and the building plan has been submitted for approval to APIIC. As the demand for IT space has come down considerably, the company is considering other options of land usage from IT to commercial/hospital usage
- 2) **Panjagutta land:** The civil construction is completed and the Company intends to either lease/sale on terms that are beneficial to the Company and negotiating with interested parties.
- 3) **Others:** In respect of the land in Gachibowli, approvals from respective Government agencies are being pursued upon

### **FUTURE PROJECT INITIATIVES:**

**Copper Business:** The Company aims to achieve growth of 10% in this segment with emphasis on value added products. The Company successfully developed 2 new products:-

- 1) **Commutator for Auto Sector:-** The Company applied for approval and expects to obtain approval and commence commercial production shortly.
- 2) **Tin Coated Copper Bus Bars & Components:-** This is used in Electrical Industry. Trial production is expected to commence in Oct 2010.

**Wind Power:-** The Company has installed another 1.65 MW Wind Turbine Generator in the state of Tamilnadu which was commissioned on 08.03.2010.





This takes the overall installed capacity to 12.15 MW. Steps have been taken to get carbon credit under Clean Development Mechanism(CDM) and Voluntary Carbon Standards(VCS) and the validation work for the same is in progress.

**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. 47/35/2010-CL-III dated 05.04.2010. 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:**

Your Directors recommended a Dividend @ 20% amounting to Rs. 273.60 lakhs for the year ended 31st March 2010. This will entail an outflow of Rs.319.04 lakhs (inclusive of tax thereon). Your Directors also inform that if any FCCB's are converted into equity shares upto the date of closure of the Register of Members of the Company, 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.5.00 crores 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 2010

**DIRECTORS:**

In order to comply with Section 256 of the Companies Act 1956 and Articles of Association of the Company Shri. Narender Munoth, Shri N. Krupakar Reddy, Shri R.N. Sreenath, 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.

**CREDIT RATING:**

The Company in order to meet the Basel-II Guidelines, obtained credit rating from CRISIL. CRISIL has assigned the following Credit Rating for the Company's Bank Borrowings.

1. Term loan/Cash Credit - A/Stable indicating adequate safety with regard to timely payment of financial obligations
2. Bank Guarantee/Letters of Credit - P1 indicating very strong safety regarding timely payment on the instrument

**INSURANCE**

All the movable and immovable 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, 2010, 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 2010 on a 'going concern' basis.

#### **Auditors Observations :**

The Auditors observation reported in para 4(e)(i) of the Auditors Report with regard to non-provision of redemption reserve for FCCB is not a qualification and it is self explanatory in nature and hence not commented upon.

The observation reported in para 4(e)(ii) regarding the provision for loss of goods, your company filed suit against the parties for recovery of the amount of US \$ 5,73,700 with Hon'ble High Court of Mumbai consequent to which the High Court directed the parties to furnish Bank Guarantee to the Court for an amount of Rs. 3,33,90,180/-

#### **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 : 05.08.2010

**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, 2010

Name	Age	Qualifications	Date of employment	Designation	Remuneration (in Rs.)	Experience	Last employment held
Shri. Narender Surana	50 yrs	B.E (Chem)	24.01.87	Managing Director	48,00,000	23 yrs	First Employment
Shri. Devendra Surana	45 yrs	B.E (Mech) PGDBA	15.11.88	Managing Director	48,00,000	21 yrs	First Employment

Notes:

- (i) The appointment is contractual, and other terms and conditions are as per Company's Rule.
- (ii) Shri Narender Surana is related to Shri G. M. Surana, Chairman and Shri Devendra Surana, Managing Director of the Company.
- (iii) 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 : 05.08.2010

**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.

### FORM - A

#### 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 : The Company has not made any additional investments energy consumption per unit of 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 : —
4. Expenditure on R & D : As there is no significant amount has been spent, the same has not being shown separately

#### B. Technology absorption, adaptation and innovation : The Company is making all its 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. 3592.01 Lakhs
- Earned : Rs. 33.43 Lakhs

For and on behalf of the Board of Directors

Place : Secunderabad  
Date : 05.08.2010

**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 corporate governance goes beyond being a regulatory requirement, actually it builds a long-term value to stakeholders, contemplates that corporate actions which balance the interests of all stakeholders and satisfy the tests of transparency, accountability, fairness and social responsibility and it must serve the underlying goal of enhancing the shareholder value over a sustained period of time.

**2. Board of Directors (Board):****a) The Board of Directors of the Company as on 31st March, 2010 consists of :**

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

**b) Attendance Record for 2009-10:**

Sl. No	Name of Director	Category	Meetings attended	Attendance at last AGM on 29.09.2009	Remarks
1	G Mangilal Surana	Non-executive	6	Present	-
2	O Swaminatha Reddy	Independent, Non-executive	6	Present	-
3	R Surender Reddy	Independent, Non-executive	6	Present	-
4	Kamlesh Gandhi	Independent, Non-executive	5	Present	-
5	Dr R.N.Sreenath	Independent, Non-executive	6	Present	-
6	D Venkatasubbiah	Independent, Non-executive	6	Present	-
7	Narender Surana	Executive	6	Present	-
8	Devendra Surana	Executive	6	Present	-
9	Narender Munoth	Executive	0	Present	-
10	N Krupakar Reddy	Executive	6	Present	-



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

Sl. No.	Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
1	G Mangilal Surana	12	1	1
2	O Swaminatha Reddy	13	2	4
3	R Surender Reddy	9	6	3
4	Kamlesh Gandhi	6	1	2
5	Dr. R.N. Sreenath	4	None	None
6	D Venkatasubbiah	1	None	None
7	Narender Surana	29	1	None
8	Devendra Surana	30	1	None
9	Narender Munoth	None	None	None
10	N Krupakar Reddy	1	None	None

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

A total of 6 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:

09.04.2009	26.06.2009	28.07.2009	29.09.2009	24.10.2009	29.01.2010
------------	------------	------------	------------	------------	------------

**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. Swaminatha 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:**

26.06.2009	28.07.2009	24.10.2009	29.01.2010
------------	------------	------------	------------



## Attendance Record - 2009-2010

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

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 Venkatsubbiah	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.

## 5. Remuneration of Directors:

The Company pays Sitting fees to all the Non-executive Directors at the rate of Rs.10,000/- 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 2009-10 are as follows:

Sl. No.	Name of Director	Sitting Fees paid (Rs.)
1	Shri G Mangilal Surana	1,00,000
2	Shri O Swaminatha Reddy	1,00,000
3	Shri R Surender Reddy	1,00,000
4	Dr. R.N. Sreenath	60,000
5	Shri Kamlesh Gandhi	90,000
6	Shri D.Venkatsubbiah	60,000
<b>Total</b>		<b>5,10,000</b>





The remuneration paid to the Executive and Whole-time Directors during the year 2009-2010 are:

Name of Director	Salary	H R A	Commission	Perks	Total
Narender Surana	32,00,000	16,00,000	nil	nil	48,00,000
Devendra Surana	32,00,000	16,00,000	nil	nil	48,00,000
Narender Munoth	10,80,000	5,40,000	nil	nil	16,20,000
N K Reddy	2,26,050	nil	nil	nil	2,26,050
<b>TOTAL</b>	<b>77,06,050</b>	<b>37,40,000</b>	<b>nil</b>	<b>nil</b>	<b>1,14,46,050</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 approve the transfer of shares and redress 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 23. There are no outstanding complaints as on 31st March 2010.

The Committee has received 7895 Shares for Transfers out of which 4050 Shares were approved and the balance were rejected. The committee received 825 shares for transmission and all of them were approved. The committee also received 20435 requests for conversion of physical shares into Dematerialisation out of which 18320 shares were approved and the balance was rejected on account of mismatch of quantity. There were no transfers or transmissions or de-mat requests pending as on 31st March 2010.

## 7. General Body Meetings:

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

Year	Locations	Date	Time
2008-09	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	29 th September, 2009	12.00 Noon
2007-08 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	17th September, 2008	10.30 A.M.
2006-07 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	31st January, 2008	10.00 A.M.
2006-07 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	13th October, 2007	11.00 A.M.
2006-07 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	27th September, 2007	10.30 A.M.
2005-06 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	20th December, 2006	2.30 P.M.
2005-06 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	7th August, 2006	10.15 A.M.
2005-06 (EGM)	3rd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.	16th June, 2006	2.30 P.M.



## b. Special Resolutions passed in last 3 Annual General Meetings

- In the AGM held on 27th September, 2007 the Company passed special resolution for Increasing the salary of Smt Namrata Surana, Manager (Public Relations).
- In the AGM held on 17th September, 2008 the Company passed special resolution for re-appointment of Shri N.K. Reddy as Whole time Director for a further period of 3 years
- In the AGM held on 29th September, 2009 the Company passed special resolution for appointment of Ms Nivriti Surana as GM(Finance) of the Company w.e.f 28.07.2009

## c. Resolution passed through postal ballot

In accordance with the provisions of Section 192 A of the Companies Act, 1956, the Company has conducted a POSTAL BALLOT for obtaining the approval of the Shareholders for Sell, lease or otherwise dispose off the whole or substantially the whole of Company's Jelly Filled Telecom Cables manufacturing facility situated at Plot No. 61, Pilerne Industrial Estate, Panajim, Goa.

Mr. Syed Meera Mohiddin, Company Secretary in Practice scrutinized the Postal Ballots and the Resolution was passed with a majority of 99.99% on 29.09.09.

## 8. Disclosures:

- a. 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.

- b. 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 except the following:

The Company while making disclosure of Share holding pattern of the Company as on 31.12.05 to the exchanges, made an inadvertent error in the computation of total promoter holding in the Company. SEBI vide its letter dt. 19.03.2008, advised the Company to be careful in future while making disclosure to the exchanges.

The Company advanced a loan amount of Rs.3.50 crores to borrower against security of equity shares held by them in a listed company. The equity shares pledged to our Company happened to be more than 5% of the total shares/voting rights requiring disclosure to stock exchanges under regulations 7(1), 7(1A), 7(2) of SAST Regulations and Regulation 13(1) of PIT Regulations. Hence, the company received a notice from SEBI regarding non-disclosure for which the Company furnished suitable reply.

## 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 Prabha" - Telugu
Website where the results and other official news releases are displayed	<a href="http://www.surana.com">http://www.surana.com</a> <a href="http://www.bhagyanagarindia.com">http://www.bhagyanagarindia.com</a>
The presentations made to institutional investors or to the analysts.	Nil



**10. The 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	:	24.09.2010
		Time	:	10.30 a.m.
		Venue	:	Kamat Lingapur Hotel, 110-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016
Financial Calendar	:	April 1st to March 31st		
Date of Book Closure	:	21.09.2010 to 24.09.2010 (both days inclusive)		
Dividend Payment Date	:	29.09.2010		
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 '09	25.40	15.60	24.60	15.70
May'09	28.40	17.75	28.45	17.75
Jun'09	30.60	20.30	30.55	22.00
Jul'09	24.75	18.00	26.10	18.30
Aug'09	29.65	20.50	29.50	20.60
Sep'09	29.30	22.65	28.70	22.65
Oct'09	28.50	22.50	28.15	22.35
Nov'09	29.00	22.60	28.00	22.10
Dec'09	27.90	24.00	27.70	24.55
Jan'10	31.25	26.30	31.50	26.45
Feb'10	31.20	24.35	28.80	25.75
Mar'10	27.30	24.05	27.00	23.90

**Registrars & Transfer Agents**

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

**M/s KARVY COMPUTERSHARE PRIVATE LIMITED,**  
17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081  
Phone # +91-40-44655000  
Fax # 91-40-23420814  
Email ID : einward.ris@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.

***Pursuant to Securities and Exchange Board of India circular No. MRD/DoP/Cir-05/2009 dated 20.05.2009, it is mandatory to furnish copy of transferee PAN card to the Company/RTA for registration of physical share transfer requests. Therefore investors are requested to send the PAN particulars of transferee along with the share transfer deeds for effecting the physical share transfer.***

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. Shareholding Pattern as on 31st March, 2010:

Category	No. of Shares	% Holding
Promoters	34269072	49.15
Resident Individuals	14699225	21.08
Promoters Bodies Corporate	10245374	14.70
Overseas Corporate Bodies	4207406	6.03
Bodies Corporates	3259649	4.67
Indian Financial Institutions	1495631	2.15
Foreign Institutional Investors	400000	0.58
H U F	550758	0.79
Non Resident Indians	384539	0.55
Government	176700	0.25
Trusts	500	0.00
Clearing Members	28632	0.04
Mutual Funds	11000	0.01
Banks	3640	0.00
<b>TOTAL</b>	<b>69732126</b>	<b>100.00 %</b>



**14. Distribution of Share holding as on 31st March 2010:**

Category (Amount)	No. of Cases	% of Cases
1 – 5000	15290	94.74
5001 – 10000	460	2.85
10001 – 20000	198	1.23
20001 – 30000	53	0.33
30001 – 40000	27	0.17
40001 – 50000	14	0.08
50001 – 100000	37	0.23
100001 & Above	60	0.37
<b>Total</b>	<b>16139</b>	<b>100.00 %</b>

**15. 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.

**16. Share Dematerialisation Records:**

6,88,41,442 shares representing 98.72% of the total equity capital were held in dematerialized form with the National Securities Depository Limited and Central Depository Services Limited as on 31st March, 2010.

**17. a) Outstanding FCCB's convertible into Equity Shares:**

During the year 2006-07, the Company 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/- which are listed on the Luxembourg Stock Exchange.

During the year 2009-10, the Company bought back 50 FCCB's aggregating to US \$ 5.0 million (nominal value) at a discount. The outstanding FCCB's as on date are 100 FCCB's of US \$ 1,00,000 each aggregating to US \$ 10.0 million(nominal value). The Company has not received any request for conversion from the bond holders and the same are pending conversion/redemption as on October, 2011.

**18. Secretarial Audit:**

Practicing Company Secretary Mr Syed Meera Mohiddin, conducts the Secretarial Audit of the Company every quarter for a limited purpose of reconciliation of the total admitted capital with both the depositories (CDSL & NSDL) and the total issued and listed capital. The Quarterly Secretarial Audit Reports which were placed before the Board of Directors were also sent in time to both the Stock Exchanges where the Company's shares are Listed.



## 19. Plant Locations:

### Copper Division

- i) **Bhagyanagar India Limited**  
P9/13(1) & Plot No. P 9/13(A), (B), (C)  
IDA, Nacharam, Hyderabad - 500 076
- ii) **Harinam Wires (Copper Unit)**  
Plot No. P-9/14, Rd No. 6,  
I. D. A., Nacharam,  
Hyderabad - 500 076.

### Wind Power Division

- i) Kapatguda, Gadag District, Karnataka (9MW)
- ii) Tirunelveli District, Tamilnadu(1.5MW)
- iii) Theni District, Tamilnadu (1.65MW)

## 20. Addresses for Correspondence:

Sl. No.	Shareholders Correspondence for	Address
1.	Transfer / Dematerialization / 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 Computershare Pvt. Ltd.</b> 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 Phone # +91-40-44655000 Fax # -91-40-23420814 E.mail :einward.ris@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. 27845119/44665700 E-mail: cs@surana.com investorservices_bil@surana.com Website: www.surana.com, www.bhagyanagarindia.com

## 21. Depository Services:

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

National Securities Depository Ltd  
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.

Central Depository Services (India) Ltd  
Phiroze Jeejeebhoy Towers,  
28th Floor,  
Dalal Street,  
Mumbai - 400 023  
Tel : 091-022-22723333  
Fax : 091-022-22723199  
Email : investors@cdslindia.com



**22. 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.

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

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, and in continuation with your Company's efforts to enhance the standards of corporate governance in the company, and to strictly monitor and prevent insider trading within the company, your company has modified its Code of Conduct at its board meeting held on 31.01.2008.

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. The modified code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

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

Name of Director	Shri Narender Munoth	Shri N. Krupakar Reddy	Dr. R.N. Sreenath
<b>Expertise in specific functional areas</b>	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	Dr R.N.Sreenath, has over 42 years of experience out of which 25 years of experience in Semiconductor technology and balance 17 years in Solar Photovoltaic Technology  BEL, Bangalore for Over 33 years from 1966 to 1999.  He has served on the following companies as Senior Vice President and head of solar factory:  1. BEL, Bangalore : Over 33 years from 1966 to 1999.  2. Maharishi Solar Technology Pvt Ltd, New Delhi(factory in A.P): 9 years from 1999 to till date  He has expertise in the following areas  i) Capability to set up any discrete semiconductor project and successful productionisation.



Name of Director	Shri Narender Munoth	Shri N. Krupakar Reddy	Dr. R.N. Sreenath
			ii) Capability to set up Solar Photovoltaic project and successful productionisation. iii) Capability for Commercial exploitation of any of the Semiconductor and Solar Photovoltaic projects & products.
<b>Date of Birth</b>	03.05.1953	01.07.1956	18.03.1941
<b>Qualification</b>	B.Com	B.Com	M.Sc. Ph.D (I.I.S.C.) Field of Specialization Semiconductor & Solar Photo voltaic Technology
<b>List of Other Companies in which Directorship is held as on 31st March, 2010.</b>	None	<b>DIRECTOR</b> 1. Bhagyanagar Infrastructure Limited.	<b>DIRECTOR</b> 1. Surana Ventures Limited 2. Surana Telecom and Power Limited
<b>Chairman/Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2010</b>	None	None	None

## 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 2009-10.

Place : Secunderabad  
Date : 05.08.2010

**Narender Surana**  
Managing Director





**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 31.03.2010, 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.

**For and on behalf of**  
**M/s. Sekhar & Co**  
Chartered Accountants  
Firm Regd. No. 003695 - S

Date : 05.08.2010  
Place : Secunderabad

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



## MANAGEMENT DISCUSSION & ANALYSIS

Bhagyanagar India Ltd (BIL) incorporated in the year 1985, is the flagship Company of Surana Group. BIL is one of the oldest industrial houses in India which has diverse business streams such as manufacturing of various Copper products, Real Estate & Infrastructure, Non conventional energy (Wind). Empowered by a professional team of visionaries, with an experience of over four decades BIL has steadily grown over the years with a continued focus on customer satisfaction, evolving itself into country's one of the most promising mid cap companies with a steady increasing investor base.

### 1. COPPER PRODUCTS: Auto Components, Solar and Electrical Engineering

#### 1.1 Introduction:

What started as manufacturer of pure copper commodity products a few years back has today morphed into a full fledged value added play in Auto Components, Solar and Electrical Engineering.

What started with manufacture of copper rods with capacity of 12000 MTs has today being converted into manufacture of Copper Rods, Foils, Pipes, Sheets, Strips and Insulated Conductors.

However, most importantly, we are now manufacturing of value added products such as Copper Field Coils (for Auto Electrical), Copper Fins and Commutator (for Solar Water Heaters) and Busbars for Electrical Engineering with regular supplies to various OEMs such as Lucas TVS Limited, MICO, Emvee Solar, Amar Raja Batteries, HBL Nife and many other leading OEMs.

#### 1.2 Industry Analysis:

India is among the most competitive manufacturers of auto components in the world. India is also becoming a global hub for research and development (R&D). Companies like Daimler Chrysler, Bosch,

Suzuki and Johnson Controls have set up development centres in India. Many international auto-component majors including Delphi, Visteon, Bosch and Meritor have set up operations in India. Auto manufacturers including GM, Ford, Toyota, etc. as well as auto component manufacturers have set up International Purchasing Offices (IPOs) in India to source their global operations. Further, increased demand for the passenger vehicles in the country created positive impact for the auto component manufacturers.

During the last year, the industry like other sectors of economy has been subject to widely fluctuating prices and demands which made the environment a very challenging one. As your company has moved from commodity play to value added products it has fared much better than most of the companies. Despite there was a pressure on margins, your Company has made an excellent business.

#### 1.3 Business Outlook:

We portend the current year also will have tremendous challenges in the global economy and the challenges will remain. However, there are very promising signs of high growth in our end user industry currently because of the stimulus packages introduced by the Government. The government has taken initiatives to promote foreign direct investment (FDI) in the Auto components industry like Automatic approval for foreign equity investment up to 100 per cent of manufacture of automobiles and components is permitted, delicensing of automobile industry, proposes to excise duty rollback limited to 2%, etc. The company hopes to continue to grow in this business with healthy double digit numbers.



## 2. REAL ESTATE/INFRASTRUCTURE BUSINESS:

### 2.1. Introduction:

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.

### 2.2 Industry Analysis:

The real estate sector in the country is one of great importance. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

India leads the pack of top real estate investment markets in Asia for 2010, according to a study by Pricewaterhouse Coopers (PwC) and Urban Land Institute, a global non-profit education and research institute, released in December 2009. The report, which provides an outlook on Asia-Pacific real estate investment and development trends, points out that India, in particular Mumbai and Delhi, are good real estate investment destinations. Residential properties are viewed as more promising than other sectors. While, Mumbai, Delhi and Bangalore top the pack in the hotel 'buy' prospects as well.

The study is based on the opinions of over 270 international real estate professionals, including investors, developers, property company representatives, lenders, brokers and consultants.

According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$

8.4 billion from April 2000 to March 2010 wherein the real estate and the housing sector witnessed FDI amounting US\$ 2.8 billion in the fiscal year 2009-10.

According to the Confederation of Real Estate Developers' Associations of India (CREDAI), the affordable housing segment is set to play an important role in India's real estate sector in 2010 on the back of substantial demand.

Moreover, 2010 is expected to be a positive year for the real estate sector. The revival is expected to be driven by infrastructure growth, which in turn, can accelerate real estate activities both in the residential as well as commercial spaces.

The Government recently announced stimulus package coupled with the Reserve Bank of India's move allowing banks to provide special treatment to real estate sector, is likely to impact the Indian Real Estate sector in a positive way.

### 2.3 Business Outlook:

During the year, Real Estate market continued to be depressed. Therefore the Company intends to exit from some of the projects viz., TADA SEZ, SPV's of Kurnool Land, A.P. Housing Project at Visakhapatnam so as to make beneficial use of redundant capital employed in these projects. Further, the Company plans to commence development of other projects based on the prevailing market conditions.

- 1) **Uppal Project:** The Company received clearance from fire department and airport authorities and the building plan has been submitted for approval to APIIC. As the demand for IT space has come down considerably, the company is considering other options of land usage from IT to commercial/hospital usage
- 2) **Panjagutta land:** The civil construction is completed and the



Company intends to either lease/sale on terms that are beneficial to the Company and negotiating with interested parties.

- 3) **Others:** In respect of the land in Gachibowli, approvals from respective Government agencies are being pursued upon

### 3. NON CONVENTIONAL ENERGY DIVISION:

#### 3.1 Introduction:

As a part of its Corporate Social Responsibility, and in view raising global concerns over Global warming, BIL in the year 2006, the Company has forayed into the non conventional energy sector with a wind power project with an initial installed capacity of 5 MW at Kapatigudda, Karnataka State. It was further expanded to 9.0MW in 2007. BIL is committed to its social responsibility and endeavors to consistently expand its generation capacity. In 2009, the Company has added another 1.5MW Wind Turbine Generator in State of Tamilnadu, making the total installed capacity at 10.5MW/Annum.

In 2010, The Company has installed 1.65 MW Wind Turbine Generator in the state of Tamilnadu which was commissioned on 08.03.2010. This takes the overall installed capacity to 12.15 MW.

#### 3.2 Industry Analysis:

As the Indian economy continues to surge ahead, its power sector has been expanding concurrently to support the growth rate. The demand for power is growing exponentially and the scope for the growth of this sector is immense.

The Indian wind energy sector has an installed capacity of 15,521.11 MW as on March 31, 2010. Total investments in the conventional energy sector stood at US\$ 694 million in 2009-10 as compared to US\$ 129 million in 2008-09. The Ministry of Power and Central Electricity Authority (CEA) have projected a total investment

of US\$ 4.3 billion for renovation and modernisation, as well as extending the life span of various old power plants during 11th and 12th Five-Year Plans. Of this, US\$ 1.5 billion is planned for the 11th Plan and US\$ 3 billion for the 12th Plan. This would be over and above the investment of US\$ 213.7 billion proposed for the capacity addition of 78,700 MW in the 11th Plan (2007-12) and US\$ 235.1 billion to add over 94,431 MW in the 12th Plan.

As per the Economic Survey 2009-10, the Eleventh Five Year Plan envisaged an additional capacity of 78,700 MW of which 19.9 per cent was hydro, 75.8 per cent thermal and the rest was nuclear. As of December 31, 2009, 43,282 MW was under construction.

India has launched its ambitious solar energy mission which aims to generate 20,000 MW of solar power by 2022. The government has initiated several proactive steps to open the sector for the private players and realise the full potential of the country in the power sector.

#### 3.3 Business Outlook:

The Company has installed 1.65 MW Wind Turbine Generator in the state of Tamilnadu which was commissioned on 08.03.2010. This takes the overall installed capacity to 12.15 MW. Steps have been taken to get carbon credit under Clean Development Mechanism (CDM) and Voluntary Carbon Standards(VCS) and the validation work for the same is in progress. The Company expects to generate a revenue of Rs.9.50 Crores during the current financial year.

### 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. FINANCIAL PERFORMANCE & OPERATIONAL PERFORMANCE :

### A. Financial Condition :

#### *Capital Structure :*

The Equity Share Capital of the Company is Rs.137,853,228/- comprising of 6,89,26,614 Equity Shares of Rs.2/- each fully paid.

#### *Reserves and Surplus:*

The Reserves and Surplus of the Company as on 31.03.2010 stand at Rs. 21,127.83 lakhs as compared to Rs. 20,614.45 lakhs in the previous year.

#### *Fixed Assets :*

During the year, the Company added Rs.3,069.22 lakhs in Fixed Assets.

#### *Inventories :*

Inventories, as on 31st March, 2010, amounted to Rs. 1,004.01 lakhs as against Rs. 1,409.35 lakhs in the previous year.

#### *Sundry Debtors :*

Sundry debtors amounted to Rs.1,747.49 lakhs as on 31st March, 2010 as against Rs. 2,519.38 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. 310.64 lakhs as against Rs. 1,889.10 lakhs in the previous year which include amounts deposited with banks as Security.

#### *Loans and Advances :*

'Loans and Advances' amount to Rs. 13,834.93 Lakhs as against Rs. 13,768.07 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 2009-2010, the turnover of the Company was Rs. 18,899.02 lakhs as compared to Rs. 21,416.03 lakhs in the previous year.

The Income from other Sources as on 31st March, 2010 was Rs. 1,008.23 lakhs as compared to Rs. 1,186.03 lakhs in the previous year.

#### *Expenditure :*

During the year, the Company incurred expenses amounting to Rs. 2,493.00 lakhs as compared to Rs. 2,644.45 lakhs in the previous year.



### *Depreciation :*

The Company has provided a sum of Rs. 510.02 lakhs towards depreciation for the year as against Rs. 498.39 lakhs in the previous year.

### *Provision for Tax:*

The Company has provided a current tax of Rs. 250.00 lakhs and deferred tax liability of Rs (127.69) lakhs for the year 2009-10.

### *Net Profit :*

The Net Profit of the Company after tax is Rs. 1,334.51 lakhs as against Rs. 1103.87 lakhs in the previous year.

### *Earnings Per Share :*

The Earnings Per Share of the Company as on 31st March, 2010 is Rs. 1.82 ps for Face Value of Rs.2/- as against Rs. 1.48 ps per share for Face Value of Rs.2/- in the previous year

## **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 31st March, 2010, the Company has a total strength of 164 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**

1. We have audited the attached Balance Sheet of Bhagyanagar India Limited as at March 31, 2010 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 as 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 ,2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 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 of shareholders and stakeholders to the following :
    - i. Note 3 of Schedule 21 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. These bonds are due for repayment in October 2011 at a premium as per the terms of issue of bonds.
    - ii. Note 17 of Schedule 21 B : Sundry Debtors and other Balances: Advances to suppliers under Schedule - 11 "Loans & Advances" include Rs.214.22 Lakhs Paid to M/s. United International Shipping Agent (T) Ltd, towards Cost of copper Cathode. However, copper was stolen and replaced with worthless material on the sea-way. The company has lodged claim with Insurance Company which is under process. As the Management is confident of recovering the entire amount from the Insurance Company/ Shipping Agent, no provision for loss of goods has been made in the books of account.
  - 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, 2010;
    - 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  
Firm Regn No : 003695-S

**G. Ganesh**  
Partner

Place: Secunderabad  
Date: May 29, 2010

Mem. No: 211704



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

### Re: Bhagyanagar India Limited

1. a. The Company has maintained adequate records showing full particulars, including quantitative details of fixed assets.
- b. All fixed assets have not been physically verified during the year but there is a regular program 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. The company had disposed certain Plant and machinery and infrastructural assets however this does not effect the going concern concept of the company.
- c. In our opinion, there have been no significant disposals of fixed assets during the year which affect the going concern assumption.
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 granted loans to companies which are wholly / partly owned subsidiaries, associates and a group company covered in the register maintained under section 301 of the Act. It involves 1 Wholly owned subsidiary, 1 Group Company, 2 Partly owned subsidiary, and 6 associate companies. The Maximum amount of Loan involved is Rs.12,574.74 Lakhs and year end balance is Rs.10,979.80 Lakhs
- b. In our opinion and according to the information and explanation given to us, the rate of interest, where applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
- c. The principal and interest wherever due as per the respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the act.
- d. As on 31st March 2010 there are no overdue amounts in excess of Rs.1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of Companies Act, 1956.
- e. 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 the maintenance of Cost during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
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 maintained under section 209(1) (d) of the Act, and are of the opinion that prima facie the prescribed accounts and records are 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 is 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 and Cess, which have not been deposited on account of any dispute. The particulars of sales tax, & Customs duty as at 31st March 2010, which has not been deposited on account of dispute are as follows.

Name of the Statue	Nature of Dues	Amount under Dispute yet to be deposited	Accounting Year to which Amount relates	Forum where dispute is contested
Central excise and Customs Act	Levy of Duty on certain products	Rs.240.07 Lakhs Incl : Penalty and Interest	2004-05	Supreme Court of India
Central excise and Customs Act	Levy of Duty on certain products	Rs.24.00 Lakhs	2005-2006	CESTAT Mumbai
	Total	Rs.264.07 Lakhs		

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 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.
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 not issued any debentures during the year.
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).
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, representations 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  
Firm Regn No : 003695-S

**G. Ganesh**  
Partner

Place: Secunderabad  
Date: May 29, 2010

Mem. No: 211704



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Sch.No	As at 31.03.2010	As at 31.03.2009
<b>Sources of Funds</b>			
Share capital	1	137,853,228	149,000,000
Reserves and Surplus	2	2,112,783,434	2,061,445,343
Share-Holders Funds		<u>2,250,636,662</u>	<u>2,210,445,343</u>
<b>Share warrants (pending allotment)</b>		-	86,810,000
(Previous year 1,55,00,000 optionally fully convertible warrants)			
Loan Funds			
Secured loans	3	220,950,051	100,000,000
Unsecured loans	4	478,359,221	792,109,221
<b>TOTAL</b>		<u>2,949,945,934</u>	<u>3,189,364,564</u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,255,360,378	1,268,333,931
Less Depreciation		358,319,360	525,066,727
<b>Net Block</b>		<b>897,041,018</b>	<b>743,267,204</b>
Capital Work-In-Progress		16,485,001	77,518,350
<b>Investments</b>	6	<b>260,863,298</b>	<b>244,120,382</b>
<b>Current Assets, Loans and advances</b>			
Inventories	7	100,401,395	140,935,621
Sundry debtors	8	174,749,379	251,938,389
Cash & Bank Balances	9	31,063,658	188,910,436
Other Current Assets	10	213,050,816	350,436,417
Loans & Advances	11	1,383,493,018	1,376,807,700
		<u>1,902,758,266</u>	<u>2,309,028,563</u>
<b>Less Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	90,534,362	183,509,536
Provisions	13	57,404,170	35,351,100
		<u>147,938,532</u>	<u>218,860,636</u>
<b>Net Current Assets</b>		<b>1,754,819,734</b>	<b>2,090,167,927</b>
Net Deferred Tax Assets	14	20,736,883	7,968,115
Foreign Currency Monetary Items Translation Difference Account	15	-	26,322,586
<b>TOTAL</b>		<u>2,949,945,934</u>	<u>3,189,364,564</u>
<b>Notes to Accounts</b>	21		

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

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

### For Sekhar & Co

Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : May 29, 2010

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



**Profit & Loss account for the year ended 31st March, 2010**

(Amount in Rupees)

	Sch.No	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>Income</b>			
Gross income from operations	16	<b>1,889,902,993</b>	2,141,602,821
Less: Excise duty		<b>144,602,392</b>	245,345,052
Net Income from Operations		<b>1,745,300,601</b>	1,896,257,769
Other Income	17	<b>100,823,207</b>	118,603,070
		<b>1,846,123,808</b>	2,014,860,839
<b>Expenditure</b>			
Materials	18	<b>1,380,731,199</b>	1,502,187,740
Expenses	19	<b>249,299,891</b>	264,455,016
Interest & Financial Charges	20	<b>19,260,690</b>	46,315,265
Depreciation		<b>51,002,186</b>	49,839,464
		<b>1,700,293,966</b>	1,862,797,485
Profit for the year		<b>145,829,842</b>	152,063,354
Prior Period Adjustment		<b>42,746</b>	283,661
Profit before Taxation		<b>145,872,588</b>	152,347,015
Provision for Taxation			
- Current year		<b>25,000,000</b>	40,000,000
- Deferred Tax		<b>(12,768,768)</b>	1,384,950
- Fringe Benefit Tax		-	575,000
- Taxes of earlier years		<b>190,300</b>	
<b>Profit after Taxation</b>		<b>133,451,056</b>	110,387,065
Balance Brought forward from Previous year		<b>811,476,586</b>	785,940,621
Amount Available for appropriation		<b>944,927,642</b>	896,327,686
Proposed Dividend		<b>27,360,000</b>	29,800,000
Tax on Dividend		<b>4,544,170</b>	5,051,100
Transfer to General Reserve		<b>50,000,000</b>	50,000,000
Surplus Carried to Balance Sheet		<b>863,023,472</b>	811,476,586

The Schedules referred to above form an integral part of Profit and Loss Account  
This is the Profit and Loss Account referred to in our report of even date

**For Sekhar & Co**

Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board

**G. Ganesh**

Partner  
Membership No : 211704

**G.M. Surana**

Chairman

**Narender Surana**

Managing Director

**Devendra Surana**

Managing Director

Place : Secunderabad

Date : May 29, 2010

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



## Cash Flow Statement for the year ended March 31, 2010

(Amount in Rupees)

	31.03.2010	31.03.2009
<b>A. Cash Flow From Operating Activities</b>		
Net Profit before tax as per annexed profit and loss account	145,872,588	152,347,015
Adjustments for :		
Depreciation	51,002,186	49,839,464
FMITDA Amortised in accordance to Revised AS 11	-	13,161,293
Lease rents Amortised	512,630	512,630
Bad Debts Written Off & Provision for Bad Debts	9,541,894	9,301,689
Balances/Provisions no longer required written back	(5,238,994)	(660,574)
(Profit)/Loss on Sale of Investments(Net)	1,115,985	3,801,550
Profit on Sale of Assets	(4,639,675)	(45,690,222)
Interest Paid	19,260,690	46,315,265
Interest Received	(84,230,473)	(107,567,446)
Dividends Received	(4,997,249)	(10,307,325)
Operating Profit before working Capital Changes	<u>128,199,582</u>	<u>111,053,339</u>
<b>(Less)/Add Adjustments for Working Capital Changes</b>		
Inventory	40,534,226	80,173,227
Loans and Advances	23,258,049	2,435,674
Other Current Assets	137,385,601	201,425,491
Trade & Other Receivables	211,531,730	176,039,299
Trade Payables and other Liabilities	(107,039,715)	(58,617,209)
Advance from Customers	9,657,052	(14,721,851)
<b>Cash Generated from Operations</b>	<u>443,526,525</u>	<u>497,787,970</u>
Income Tax & Fringe Benefit Tax Paid	(7,533,094)	(40,792,692)
Taxes of earlier years	(190,300)	-
Prior Period Adjustments	-	(40,792,692)
<b>Net Cash (used in)/from operating Activities (A)</b>	<u>435,803,131</u>	<u>456,995,278</u>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(270,885,621)	(13,093,717)
Sale of Fixed Assets	28,613,310	70,188,216
Investment in Shares & other Investments		
*see note 4 below	(258,450)	(91,311,051)
Sales of Shares & other Investments	1,399,839	22,080,343
Dividend Received	4,997,249	10,307,325
Interest Received	84,230,473	107,567,446
Refunds received from Capital Advances	5,937,500	-
Changes in Capital Work in Progress	(941,000)	(23,738,999)
Loans to Joint Ventures and Subsidiaries	(2,410,272)	121,574,087
<b>Net Cash (used in)/from Investing Activities (B)</b>	<u>(149,316,972)</u>	<u>103,573,650</u>



## Cash Flow Statement for the year ended March 31, 2010

(Amount in Rupees)

	31.03.2010	31.03.2009
<b>C. Cash Flow From Financing Activities</b>		
Buy-back of equity Share Capital	(148,165,567)	-
Buy-back of FCCB	(209,767,500)	-
Proceeds from borrowings (net of re-payments)	130,388,348	(442,401,249)
Interest Paid	(19,260,690)	(46,315,265)
Dividend Paid	(34,642,914)	(52,091,910)
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>(281,448,323)</b>	<b>(540,808,424)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>5,037,836</b>	<b>19,760,504</b>
Cash and Cash Equivalents Opening Balance	77,555,953	57,795,449
Cash and Cash Equivalents Closing Balance	<b>82,593,789</b>	<b>77,555,953</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	<b>5,037,836</b>	<b>19,760,504</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 and Ministry of Company Affairs.

The Cash and cash equivalents given above comprise of:	2009-2010	2008-2009	Change over previous year
Cash in Hand	1,446,456	1,382,087	64,369
Balance in Current Account	6,147,333	20,173,866	(14,026,533)
In Liquid Mutual Funds	75,000,000	56,000,000	19,000,000
<b>TOTAL</b>	<b>82,593,789</b>	<b>77,555,953</b>	<b>5,037,836</b>

- Previous Year Figures have been regrouped wherever necessary to conform to the current year's Classification.
- Cash and Cash equivalents shown above are all freely available for use of the company and they are available for enterprises immediate use.
- In the earlier years Investment in Liquid Mutual Funds were not considered as Cash and Cash Equivalents. From the current year it has been decided by the management to show the same as part of cash and cash equivalents to reflect the fair position of the cash availability. The Previous year figures of Closing Cash and Cash equivalents have been Changed accordingly. Due to this change Movements in Mutual funds are not considered as a part of Investment Activity. Previous year's figures of Purchase and sale of Investments have been regrouped accordingly.
- Notes to Accounts(Schedule 21) form an integral part of Cash Flow Statement

In terms of our report of even date

**For Sekhar & Co**

Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : May 29, 2010

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each	<b>250,000,000</b>	250,000,000
6,89,26,614 (Previous Year 7,45,00,000) Equity shares of Rs. 2 each fully paid-up	<b>137,853,228</b>	149,000,000
- Includes 4,72,49,560 Shares allotted as bonus in earlier years		
- Includes 62,390 Shares allotted for consideration other than cash on amalgamation in earlier years		
- Net of 1,66,73,210 Shares bought back in earlier years		
- Net of 55,73,386 Shares bought back in the year 2009-10		
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last account	<b>1,100,000,000</b>	1,050,000,000
Add: Transferred from Profit & Loss Account	<b>50,000,000</b>	50,000,000
Less: Utilised for creation of Redemption Reserve for Buy back of equity shares	<b>(11,146,772)</b>	-
Less: Premium paid on buy-back of shares	<b>(39,276,561)</b>	-
Add: Forfeiture of Share Warrants	<b>86,810,000</b>	-
<b>Balance at the year end</b>	<b>1,186,386,667</b>	1,100,000,000
<b>Capital Reserve</b>		
Balance as per last account	<b>16,676,523</b>	16,676,523
<b>Balance at the year end</b>	<b>16,676,523</b>	16,676,523
<b>Foreign Exchange fluctuation Reserve</b>		
Balance as per last account	<b>35,550,000</b>	87,600,000
Less: Adjusted against previous years's gain/(Loss) on forex fluctuation	-	(52,050,000)
<b>Balance at the year end</b>	<b>35,550,000</b>	35,550,000
<b>Share Premium account</b>		
Balance as per last account	<b>97,742,234</b>	97,742,234
Less: Premium paid on buy-back of equity shares	<b>(97,742,234)</b>	-
<b>Balance at the year end</b>	<b>-</b>	97,742,234
<b>Capital Redemption Reserve</b>		
Balance as per last account	-	-
Add: Created for Buy-back of Equity Shares	<b>11,146,772</b>	-
<b>Balance at the year end</b>	<b>11,146,772</b>	-
<b>Profit &amp; Loss account</b>		
Surplus in the annexed Profit & Loss Account	<b>863,023,472</b>	811,476,586
<b>TOTAL</b>	<b>2,112,783,434</b>	2,061,445,343



**Schedules Forming Part of the Balance Sheet**

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 3 SECURED LOANS</b>		
From Banks		
Cash Credit	750,051	-
Medium Term Loan from Banks	220,200,000	100,000,000
<b>TOTAL</b>	<b>220,950,051</b>	<b>100,000,000</b>
<b>Due within a year</b>	<b>123,545,452</b>	<b>100,000,000</b>
<b>SCHEDULE - 4 UN SECURED LOANS</b>		
Deferred Sales Tax	27,859,221	27,859,221
Foreign Currency Convertible Bonds	450,500,000	764,250,000
100 bonds (Previous year 150 bonds) of the face value of US\$ 1,00,000 each valued at Rs. 45.05 and Rs. 50.95 as at 31.03.2010 and 31.03.2009 respectively		
<b>TOTAL</b>	<b>478,359,221</b>	<b>792,109,221</b>



## Schedules Forming Part of the Balance Sheet

## SCHEDULE: 5 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block			
	Cost as on 01.04.2009	Additions During the Period	Deletion/ Adjustments	Cost as on 31.03.2010	Upto 31.03.2009	For the Year	Deletion/ Adjustments	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Free-Hold Land	178,906,895	43,501,885	24,100,714	198,308,066	-	-	-	-	198,308,066	178,906,895
Lease-Hold Land	13,362,480	-	752,126	12,610,354	-	-	-	-	12,610,354	13,362,480
Factory Buildings	27,560,604	29,433,434	-	56,994,038	18,237,033	1,300,275	-	19,537,308	37,456,730	9,323,571
Commercial Buildings	2,906,820	-	2,906,820	-	440,546	67,570	508,116	-	-	2,466,274
Plant & Machinery	441,618,165	17,158,242	226,976,905	231,799,502	388,442,353	14,603,464	216,355,030	186,690,788	45,108,714	53,175,812
Wind Power Plant	527,564,642	196,703,910	63,812,678	660,455,874	58,385,860	28,523,943	-	86,909,803	573,546,071	469,178,782
Elec.Installation	25,195,888	483,561	-	25,679,449	23,807,740	401,092	-	24,208,832	1,470,617	1,388,148
Office Equipment	9,779,165	1,950,941	-	11,730,106	6,701,653	580,478	-	7,282,131	4,447,975	3,077,511
Vehicles	30,274,783	6,644,302	1,346,780	35,572,305	20,019,536	3,403,424	886,406	22,536,554	13,035,751	10,255,247
Furniture & Fixtures	5,388,060	10,496,407	-	15,884,467	4,238,541	1,620,030	-	5,858,572	10,025,896	1,149,519
Computer	5,774,419	549,788	-	6,324,207	4,791,454	501,909	-	5,293,363	1,030,844	982,965
Library	2,010	-	-	2,010	2,010	-	-	2,010	-	-
Previous year	1,268,333,931	306,922,470	319,896,023	1,255,360,378	525,066,724	51,002,186	217,749,552	358,319,360	897,041,018	743,267,204
	1,217,557,296	84,009,838	33,233,203	1,268,333,931	483,449,838	49,839,464	8,222,579	525,066,727	743,267,204	





**Schedules Forming Part of the Balance Sheet**

(Amount in Rupees)

	As at 31.03.2010		As at 31.03.2009	
	Nos	Amount	Nos	Amount
<b>SCHEDULE - 6 INVESTMENT AT COST</b>				
<b>A) Unquoted securities</b>				
1) In Shares of Joint Stock Companies				
<b>A) Unquoted Investments</b>				
<b>a) In companies under the same management</b>				
Bhagyanagar Infrastructure Limited (Equity share of Rs 10 each fully paid up)	2,750,000	18,330,000	2,750,000	18,330,000
<b>SUB-TOTAL</b>		<b>18,330,000</b>		<b>18,330,000</b>
<b>b) In Subsidiary Companies</b>				
Bhagyanagar Telecom Limited (Equity share of Rs 10 each fully paid up)	50,000	500,000	50,000	500,000
Bhagyanagar Properties Private Limited (Equity share of Rs 10 each fully paid up)	4,000,000	40,000,000	4,000,000	40,000,000
Bhagyanagar Metals Limited (Equity share of Rs 10 each fully paid up)	50,000	500,000	50,000	500,000
Scientia Infocom India Private Limited (Equity share of Rs 10 each fully paid up)	3,040,000	30,400,000	3,040,000	30,400,000
Metropolitan Ventures India Limited (Equity share of Rs 10 each fully paid up)	370,000	3,700,000	370,000	3,700,000
<b>SUB TOTAL</b>		<b>75,100,000</b>		<b>75,100,000</b>
<b>c) In Associate Companies</b>				
Bhagyanagar Entertainment and Infra Development Company (P) Ltd	23,500	235,000	23,500	235,000
Globecom Infracventures India Pvt Ltd (Equity share of Rs 10 each fully paid up)	5,000	50,000	5,000	50,000
Advantage Real Estate India Pvt Ltd (Equity share of Rs 10 each fully paid up)	12,500	125,000	12,500	125,000
GMS Realtors Private Limited (Equity share of Rs 10 each fully paid up)	5,000	50,000	5,000	50,000
Surana Ventures Limited (Equity share of Rs 10 each fully paid up)	7,350,000	73,500,000	7,350,000	73,500,000
Green Energy Systems Private Ltd (Formerly Surana Green Energy Ventures Pvt Ltd) (Equity share of Rs 10 each fully paid up)	-	-	4,000	40,000
Savitrimata Realtors Private Ltd (Equity share of Rs 10 each fully paid up)	25,500	255,000	25,500	255,000
<b>SUB TOTAL</b>		<b>74,215,000</b>		<b>74,255,000</b>



Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2010		As at 31.03.2009	
	Nos	Amount	Nos	Amount
<b>d) In other companies</b>				
Arihant Optics Limited (Equity share of Rs 10 each fully paid up)	300,000	3,000,000	300,000	3,000,000
Sampre Nutrition Ltd (Equity share of Rs 10 each fully paid up)	26,650	266,500	26,650	266,500
<b>SUB TOTAL</b>		<b>3,266,500</b>		<b>3,266,500</b>
<b>B) Quoted Securities</b>				
<b>a) In companies under same Management</b>				
Surana Telecom and Power Limited (Equity share of Rs 5 each fully paid up)	1,852,298	14,527,621	1,852,298	14,527,621
<b>SUB TOTAL</b>	-	<b>14,527,621</b>	-	<b>14,527,621</b>
<b>b) In Other Companies</b>				
Deccan Chronicle Holdings Limited (Equity Shares of Rs 2 each Fully paid-up)	-	-	7,377	1,505,759
GHCL limited (Formerly Gujrat Heavy Chemicals Limited) (Equity Shares of Rs 10 each Fully paid-up)	4,940	225,244	4,940	225,244
Megasoft Limited (Equity Shares of Rs 10 each Fully paid-up)	1,500	71,385	2,550	121,354
Paramount Communications Limited (Equity Shares of Rs 2 each Fully paid-up)	-	-	1,000	26,030
Parsvnath Devlopers Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	200	43,460
Pokarna Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	1,060	100,700
Reliance National Resources Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	500	43,474
Reliance Communication Ventures Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	100	29,821
Sree Sakthi Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	1,000	30,000	1,000	30,000
Shree Vasavi Industries Ltd (Equity Shares of Rs 10 each Fully paid-up)	14,000	45,175	14,000	45,175
Vaibhav Gems Limited (Equity Shares of Rs 10 each Fully paid-up)	300	48,623	300	48,623



**Schedules Forming Part of the Balance Sheet**

(Amount in Rupees)

	As at 31.03.2010		As at 31.03.2009	
	Nos	Amount	Nos	Amount
XL Telecom & Energy Limited (formerly XL Telecom Ltd) (Equity Shares of Rs 10 each Fully paid-up)	-	-	2,500	417,871
<b>SUB TOTAL</b>	<b>21,740</b>	<b>420,427</b>		<b>2,637,511</b>
<b>c) Investment in Debentures</b>				
Titan Industries Limited NCD (Debentures of Face value of Rs 250 each Fully paid-up)	15	3,750	15	3,750
<b>SUB TOTAL</b>		<b>3,750</b>		<b>3,750</b>
Total Investment in equity Shares and Debentures		<b>185,863,298</b>		<b>188,120,382</b>
<b>3) investment in Mutual Fund</b>				
Reliance Liquid Fund-Cash Plan- Growth Plan	-	-	2,100,000	21,000,000
Birla Sun life Cash Flus	-	-	1,500,000	15,000,000
GCDB IDFC Cash Fund	-	-	1,000,000	10,000,000
JM Money Manager Fund Super Plan	3,000,000	30,000,000	1,000,000	10,000,000
Reliance Money Manager fund- institutional Plan	40,000	40,000,000	-	-
UTI Liquid Cash Plan-Institutional	5,000	5,000,000	-	-
<b>Total Investments in Mutual Funds</b>		<b>75,000,000</b>		<b>56,000,000</b>
<b>Total Investments in Equity shares, Debentures and Mutual Funds</b>		<b>260,863,298</b>		<b>244,120,382</b>
<b>Aggregate Market Value of Quoted Investments</b>		<b>71,551,826</b>		<b>35,000,672</b>
<b>Aggregate NAV of Mutual Funds</b>		<b>75,108,921</b>		<b>56,191,205</b>



## Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 7 INVENTORIES</b>		
(As taken, valued and certified by the Management and valued at cost or realisable value whichever is lower)		
Raw Materials	97,899,760	119,392,645
Work in process	352,240	21,542,976
Finished Goods	2,149,395	
<b>TOTAL</b>	<b>100,401,395</b>	<b>140,935,621</b>
<b>SCHEDULE - 8 SUNDRY DEBTORS</b>		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for		
- More than six months	21,466,992	40,612,613
- Less: Provision for doubtful debts	6,000,000	-
- Debtors above six months, considered good	15,466,992	40,612,613
- Others, considered good	159,282,387	211,325,776
<b>TOTAL</b>	<b>174,749,379</b>	<b>251,938,389</b>
<b>SCHEDULE - 9 CASH AND BANK BALANCES</b>		
Cash in Hand	1,446,456	1,382,087
Balance with scheduled Banks		
- In current account	6,147,333	113,073,866
- In Escrow Account	42,798	-
- In Dividend account	1,212,042	1,003,820
- In Fixed Deposit Account	10,000,000	31,815,629
- In deposit account - Kept under lien with banks towards margin money and other facilities	10,725,411	40,710,982
- Accrued interest on Fixed Deposits with Banks	1,489,618	924,052
<b>TOTAL</b>	<b>31,063,658</b>	<b>188,910,436</b>
<b>SCHEDULE - 10 OTHER CURRENT ASSETS</b>		
(Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	218,050,816	355,436,417
Less: Provision for Doubtful Loans	5,000,000	5,000,000
<b>TOTAL</b>	<b>213,050,816</b>	<b>350,436,417</b>
<b>SCHEDULE - 11 LOANS &amp; ADVANCES</b>		
(Unsecured Considered Good unless otherwise stated )		
Loans & Advances	15,618,387	27,863,283
Loans to Associate & others	325,373,558	300,567,083
Advances to Subsidiary Companies	772,608,880	795,005,083
Sundry Advances-Infrastructure	152,500,000	142,550,000
Balances with Statutory bodies	37,251,493	41,743,357
Advance tax	17,253,436	9,720,342
Deposits	15,859,151	37,496,288
Advances to Suppliers	47,028,113	21,862,264
<b>TOTAL</b>	<b>1,383,493,018</b>	<b>1,376,807,700</b>



**Schedules Forming Part of the Balance Sheet**

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 12 CURRENT LIABILITIES</b>		
Sundry Creditors - Micro and small enterprises	-	-
Sundry Creditors - Others	46,492,013	154,616,130
Lease deposits	1,500,000	8,451,879
Other Liabilities	16,087,195	13,289,908
Book overdraft from Bank	9,438,297	-
Unclaimed Dividends	1,212,042	1,003,856
Advances from customers	15,804,815	6,147,763
<b>TOTAL</b>	<b>90,534,362</b>	<b>183,509,536</b>
<b>SCHEDULE - 13 PROVISION</b>		
Provision for Taxation	25,000,000	-
Proposed Dividend	27,360,000	29,800,000
Tax on Dividend	4,544,170	5,051,100
Bonus	500,000	500,000
<b>TOTAL</b>	<b>57,404,170</b>	<b>35,351,100</b>
<b>Schedule - 14 Deferred Tax Assets/(Liabilities) (net)</b>		
Deferred Tax Assets as at 1-04-2009	7,968,115	9,353,065
Deferred Tax assets/(Liability) for the year	12,768,768	(1,384,950)
Net deferred tax assets as on 31.03.2010	<b>20,736,883</b>	<b>7,968,115</b>
<b>Schedule - 15 Foreign Currency Monetary Items Translation</b>		
Opening Balance	26,322,586	-
Add: Created on account of Forex Fluctuation on non depreciable assets	-	39,483,879
Less: Gain on forex fluctuation on non-depreciable assets adjusted	(26,322,586)	-
Less: Amortised during the year	-	13,161,293
<b>Balance to be carried forward to next year</b>	<b>-</b>	<b>26,322,586</b>

**Schedules Forming Part of the Profit & Loss Account**

(Amount in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
<b>SCHEDULE - 16 INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	80,742,518	466,580,077
Copper Products	1,838,403,880	1,587,937,679
Infrastructure Leasing & Sales	4,060,546	38,770,119
Gain on Sale of other Assets/infrastructure rights	-	10,000,000
Sale of Wind Power	73,921,485	67,101,959
Scrap & Misc Sales	891,310	4,793,414
	<b>1,998,019,739</b>	<b>2,175,183,248</b>
Less: Inter-Unit Sales	108,116,746	33,580,427
Gross Sales	1,889,902,993	2,141,602,821
Less : Excise duty	144,602,392	245,345,052
<b>Net Sales</b>	<b>1,745,300,601</b>	<b>1,896,257,769</b>



Schedules Forming Part of the Profit & Loss Account

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
<b>SCHEDULE - 17 OTHER INCOME</b>		
Interest on Loans, Deposits & Others	84,230,473	105,691,051
Interest from Trade Debtors and creditors	1,779,058	1,876,395
Profit on sale of Sundry Assets	579,129	6,189
Dividend	4,997,249	10,307,325
Miscellaneous income	5,000	61,536
Miscellaneous rental income	1,050,000	-
Balances no longer payable written back	5,238,994	660,574
Gain on foreign exchange fluctuation (Net of losses)	2,943,304	-
<b>TOTAL</b>	<b>100,823,207</b>	<b>118,603,070</b>
<b>SCHEDULE - 18 MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	119,392,645	173,612,880
b) Purchases net of Modvat	1,448,313,719	1,455,594,940
<b>SUB TOTAL (I)</b>	<b>1,567,706,364</b>	<b>1,629,207,820</b>
c) Less Closing Stock		
Raw Materials	97,899,760	119,392,645
<b>SUB TOTAL (II)</b>	<b>97,899,760</b>	<b>119,392,645</b>
<b>I - II</b>	<b>1,469,806,604</b>	<b>1,509,815,175</b>
Less: Inter-Unit Purchases	108,116,746	33,580,427
<b>Raw materials consumed (A)</b>	<b>1,361,689,858</b>	<b>1,476,234,748</b>
<b>B. INCREASE/DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	21,542,976	44,693,250
Finished Goods	-	2,802,718
	<b>21,542,976</b>	<b>47,495,968</b>
b) Less Closing Stock		
Work in Progress	352,240	21,542,976
Finished Goods	2,149,395	-
	<b>2,501,635</b>	<b>21,542,976</b>
<b>(B)</b>	<b>19,041,341</b>	<b>25,952,992</b>
<b>TOTAL (A) + (B)</b>	<b>1,380,731,199</b>	<b>1,502,187,740</b>



**Schedules Forming Part of the Profit & Loss Account** (Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
<b>SCHEDULE - 19 EXPENSES</b>		
Salary,Wages & Allowances	27,782,117	24,854,153
Contribution to PF and other funds	3,143,922	1,465,880
Staff Welfare expenses	1,394,067	1,140,028
Processing & conversion charges	7,731,374	18,987,817
Stores Consumed	11,231,698	15,527,819
Power & Fuel	40,499,390	36,703,004
Packing & Forwarding	12,251,524	10,903,964
Post.Tel.& Telephone	3,829,161	3,973,514
Insurance	1,121,225	1,411,998
Legal & Licence fees	231,857	198,519
Rates & Taxes	1,381,745	978,136
Repairs to		
- Building	2,518,391	1,285,560
- Machinery	12,153,538	10,834,902
- Others	2,727,563	2,934,127
Remuneration to Directors	11,632,000	11,446,050
Auditors remuneration		
- Statutory Audit fees	250,000	253,690
- Tax audit fees	55,000	55,150
- Other matters	55,000	55,150
- Out of Pocket expenses	25,000	27,575
Other Administrative expenses	9,278,297	6,181,942
Software development charges	405,705	741,635
Commission on Sales	2,496,951	3,763,872
Advertisement	4,885,944	4,525,090
Professional Charges	3,103,582	2,157,711
Travelling & Conveyance	7,648,527	5,972,604
Sitting fees	510,000	350,000
Loss on sale of Fixed Assets	-	58,950
Sundry Balances Written off	3,541,894	6,801,689
Provision for Doubtful debts/Loans	6,000,000	2,500,000
Loss on sale of investments	1,115,985	3,801,550
Loss on foreign exchange fluctuation(Net of Gains)	-	6,151,074
Foreign Currency Monetary Items Translation amortised	-	13,161,293
Lease Premium amortised	512,630	512,630
Service Tax Paid	523,035	587,281
Sales Tax Paid (Net)	67,739,706	63,246,643
Entry Tax	14,001	4,075
Sales promotion expnses	1,509,062	899,941
<b>TOTAL</b>	<b>249,299,891</b>	<b>264,455,016</b>
<b>SCHEDULE - 20 INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	1,078,241	1,175,317
Interest on Medium-Term Loan	11,334,476	34,325,161
Financial Charges	6,847,973	10,814,787
<b>TOTAL</b>	<b>19,260,690</b>	<b>46,315,265</b>



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

### 21A. 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 amortized 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 Finished goods are valued at cost or net realizable value whichever is lower. Finished goods are valued at cost including





excise duty payable or net releasable value whichever is lower. Cost includes Direct Material, Labour cost and appropriate overheads.

**ix. Foreign Currency Transactions**

- Gains and Losses on account of exchange differences existing out of reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset can be added or deducted from the cost of asset and shall be depreciated over the balance life of asset and in other cases, it can be accumulated in a "foreign currency monetary item transaction .Difference Account" in the enterprises financial statements and amortized over the balance period of such long asset/liability but not beyond 31st March 2011.
- In respect of Purchases / Sales in normal course of business, the Gain / Loss is charged to Profit and Loss Account.

**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 actuarial valuation 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.



**Schedule: 21 B****Notes on Accounts: -****1. A. Equity Share Capital:**

The company has bought back 55,73,386 Equity shares, till 31st March, 2010, of the face value of Rs 2/- each for total consideration of Rs 1482 lakhs. In accordance with the Scheme of Buy-back of equity shares approved by the competent authorities, the company has closed the scheme on 17.05.2010 as it has fulfilled all the requirements. Total number of shares bought back under the scheme till the date of approval of the Accounts are 61,00,000 for a total consideration of Rs 1616.82 lakhs. Equity share capital of the company after the buy-back stands at 684 lakhs shares of the face value of Rs 2-each.

**1. B. Dividend on share capital**

Dividend is payable only on the Equity shares outstanding after closure of buy-back scheme being 684 lakhs shares and hence, provided for accordingly.

**2. Secured Loans:**

- Cash Credit and Medium term loans from Banks are secured by hypothecation of stocks, Debtors and first charge on pari-passu basis on specific fixed assets of the company respectively and personal guarantee of the Managing Directors.

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

- During the year 2006-07, the company issued at par, 5 years Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 15 millions comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure.
- During the year under review, i.e. 2009-10, the Company has bought back 50 bonds of US \$ 1,00,000 each, in accordance with the guidelines issued by the Reserve Bank of India from time to time. Out of total book profit of Rs 449.82 lakhs on buy-back of FCCB's, Rs 327.22 lakhs has been adjusted against cost of Fixed Assets in the ratio of application of FCCB proceeds and balance of Rs 122.60 lakhs has been adjusted against the "Foreign Currency Monetary Items Translation Difference Account" Reserve, created during the financial year 2008-09 in accordance with the Revised AS-11 adopted by the Company.
- The remaining bond-holders have an option of converting these bonds into equity shares at the conversion price of Rs 44 per share (Face value Rs 2 each) and the bond-holders are entitled to get 104.45 lakhs shares at any time prior to close of business on 10th October, 2011 unless redeemed.
- The company has a commitment towards the remaining 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 1551.17 lakhs as on 31.03.2010.
- In compliance with the Companies (Accounting Standards) Rules, 2009 issued the Ministry of Corporate Affairs, the notional exchange gain of Rs 590 lakhs during the year due to appreciation in Rupee rate vis-à-vis US\$ amounting to Rs 5.9 per US\$ has been adjusted partly against cost of Depreciable Fixed Assets in the ratio of FCCB proceeds utilized for acquiring those Assets and partly against cost of non-depreciable assets in the ratio of FCCB proceeds utilized for acquiring those assets. Detailed working of the impact of revised AS-11 is given in Note no. 14 to 17



- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2010 is valued at the exchange rate of that date which was Rs 45.05 = 1 US \$ as against exchange rate of 31.03.2009 which was Rs 50.95 = 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.
- Details of utilization of FCCB proceeds are as under:

	Amount (Rs in Lakhs)
<b>Receipts</b>	
Total FCCB Proceeds received (net of expenses incurred)	6498.23
Less: Interest on FDs' parked outside India	149.56
<b>Net FCCB proceeds received in India</b>	<b>6348.67</b>
<b>Utilization</b>	
Wind Power Machinery	4473.71
Leased Land for Wind Power Plant	46.90
Expansion of Copper Units	364.13
Telecom Machinery	7.50
Investment in Hardware/Information Technology Park	1456.43
<b>Total Utilization</b>	<b>6348.67</b>

#### 4. Contingent Liability not provided for (As certified by the management):

	31-03-2010 Rs.in lakhs	31-03-2009 Rs. In lakhs
a) Counter guarantees given to the Banks against Guarantee Issued by them	<b>723.69</b>	2537.20
b) Letters of Credit opened by Banks/Buyers' credit	<b>124.91</b>	1352.59
c) YTM payable to the FCCB bond-holders	<b>1551.17</b>	1812.93
d) Sales Tax matters under dispute	<b>Nil</b>	11.28
e) Custom duty/Excise duty matters under dispute	<b>265.21</b>	265.21

#### 5. Fixed Assets -

- Decrease in Cost of Free-hold Land, part of which is on account of capitalization of Information Technology Park, amounting to Rs 241 lakhs as shown in Schedule-5 to the Balance Sheet includes decrease of Rs 75.60 lakhs due to apportionment of Book Profit on buy-back of FCCB Bonds in the ratio of utilization of FCCB proceeds.
- Decrease in Cost of Lease-Hold Land amounting to Rs 7.52 lakhs as shown in Schedule-5 to the Balance Sheet includes decrease of Rs 2.39 lakhs due to apportionment of Book Profit on buy-back of FCCB in the ratio of utilization of FCCB proceeds.



- Decrease in cost of Plant & Machinery amounting to Rs 2318 lakhs as shown in Schedule-5 to the Balance Sheet includes decrease of Rs 38.90 lakhs and Rs 21.57 lakhs (Previous year increase of Rs 68.48 lakhs due to notional loss) due to notional gain on foreign exchange fluctuation on account of FCCB liability and apportionment of Book Profit on buy-back of FCCB respectively during the year 2009-10. Further, the company has sold the entire Plant & Machinery of one of its oldest Units, situated in Hyderabad, engaged in manufacturing of Jelly Filled Telephone Cables. Cost and WDV of the same was Rs 2181.87 lakhs and Rs 45.74 lakhs respectively.
- Decrease in cost of Wind Power Plant amounting to Rs 638.13 lakhs as shown in Schedule-5 to the Balance Sheet is on account of decrease of Rs 410.47 lakhs and Rs 227.66 lakhs (Previous year increase of Rs 640.68 lakhs due to notional loss) due to notional gain on foreign exchange fluctuation on account of FCCB liability and apportionment of Book Profit on buy-back of FCCB respectively during the year 2009-10.

## 6. Capital Work-in-Progress:

<b>Opening balance as on 01.04.2009</b>	Rs. 775.18 lakhs
Add: Additional construction expenses during the year	Rs. 9.41 lakhs
Less: Assets capitalized	Rs. 360.37 lakhs
Less: Amount transferred to Advances-Infrastructure #	Rs. 250.00 lakhs
Less: Refund received against capital advances	Rs. 9.37 lakhs
Closing balance as on 31.03.2010	Rs. 164.85 lakhs

#An advance of Rs. 250 lakhs was given for acquiring land in TADA SEZ. As the company has started receiving refund of the same, it has been transferred to Infrastructure advances.

## 7. Fixed Assets - Impairment:

In the 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.

## 8. Investments - Subsidiaries:

Brief details of the subsidiaries are given below:

(Rs in lakhs)

Name of the Subsidiary Company	Paid-up Capital	Co's Interest	Equity Investment	Advances	Maximum Amount Outstanding during the year
Bhagyanagar Properties Private Limited	400	100%	400	5876.97	5876.97
Scientia Infocom India Private Ltd	400	76%	304	1419.42	1663.25
Metropolitan Ventures India Limited	50	74%	37	429.70	429.70
Bhagyanagar Metals Limited	5	100%	5	-	-
Bhagyanagar Telecom Limited	5	100%	5	-	-



## 9. Investments - Associates:

Brief details of the Associates are given below:

(Rs in lakhs)

Name of the Subsidiary Company	Paid-up Capital	Co's Interest	Equity Investment	Advances	Maximum Amount Outstanding during the year
Surana Ventures Limited #	1500	49%	735.00	-	256.20
Savitrimata Realtors Pvt Ltd	5	26%	2.55	1363.45	1363.45
Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	5	47%	2.35	1.09	1.09
Green Energy Systems Pvt Ltd (Formerly Surana Green Energy Ventures Pvt Ltd)	1	40%	0.40	-	0.01
Advantage Real Estate India Pvt Ltd	5	25%	1.25	450.17	549.17
Globecom Infra-Ventures Pvt Ltd	1	50%	0.50	1.00	10.83
GMS Realtors Private Ltd	1	50%	0.50	-	-

#Surana Ventures Limited, an Associate, is in process of merging Solar Power Division of Surana Telecom and Power Limited with itself. According to the Scheme of Arrangement filed with the High Court of Andhra Pradesh and upon it's being effective, Equity investment of Bhagyanagar India Limited to the extent of Rs 2,94,00,000/- shall be converted into 29,40,000, 12 % Non-Convertible secured Debentures, redeemable in 18 months, of the face value of Rs 10 each. The balance will remain as equity investment

## 10. Deferred Taxes

(Rs in lakhs)

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

Particulars	As at 31-03-2009 Rs. Lakhs	Assets/Liability Arising during the Year	As at 31-03-2010 Rs. Lakhs
<b>Deferred Tax Assets/Liability</b>			
Depreciation - Timing difference	55.24	(45.41)	<b>9.81</b>
MAT Credit available	-	176.50	<b>176.52</b>
Adjustment on account of FCCB issue expenses	24.44	(3.40)	<b>21.04</b>
<b>Net Deferred Tax Assets</b>	<b>79.68</b>	<b>127.69</b>	<b>207.37</b>

## 11. Earning Per Share

(Rs in lakhs)

	31.03.2010	31.03.2009
Net Profit after tax	<b>1334.51</b>	1103.87
Net Profit available for Equity share-holders	<b>1334.51</b>	1103.87
Weighted Average No of Equity Shares - Basic	<b>731.48</b>	745
Add: Undiluted effect of potential equity shares on conversion of FCCB	<b>104.45</b>	156.68
Number of equity shares - Dilutive	<b>835.93</b>	901.68
Nominal value of each equity share (Rs)	<b>2</b>	2.00
Basic Earning Per Share	<b>1.82</b>	1.48
Diluted Earning Per Share (on conversion of FCCB)	<b>1.60</b>	1.22



**12. Impact of increase in FCCB Liability and treatment thereof in accordance with revised AS-11 (The effect of changes in foreign exchange rates)**

(Rs in lakhs)

	Debit	Credit
Decrease in FCCB Liability as compared to previous year	590.00	
Decrease in cost of Plant & Machinery		449.37
Amortization of Foreign Currency Monetary Items Translation		
Difference Account on decrease in cost of non-depreciable assets		140.63
<b>TOTAL</b>	<b>590.00</b>	<b>590.00</b>

**13. Foreign Currency Monetary Items Translation Difference Account ("FCMITD Account")**

(Rs in lakhs)

	2009-10	2008-09
Increase in cost of assets other than depreciable assets in the year 2008-09		575.92
Decrease in cost of assets other than depreciable assets in the year 2007-08		181.08
Amortized 1/3 of the net increase during the year 2008-09		131.61
<b>Closing Balance as on 31.03.2009 to be amortized over a period of two years till 2011</b>		<b>263.23</b>
Opening Balance as on 01.04.2009	263.23	
Reduction due to decrease in cost of non-depreciable Assets	140.63	
Reduction due to Book profit on buy-back of FCCB	122.60	
Amortized during the year 2009-10	-	
Closing balance as on 31.03.2010	-	

**14. Depreciation:**

Depreciation on fixed assets has decreased by Rs 31.24 lakhs and Rs 5.26 due to adoption of The Companies (Accounting Standards) Rules,2009 issued by the Ministry of Corporate Affairs on 31.03.2009 and apportionment of Book profit on account of buy-back of FCCB respectively, thereby resulting into net decrease of 36.83 in depreciation.

**15. Impact on Profit & Loss Account due to revised AS-11**

(Rs in lakhs)

	2009-10	2008-09
Increase/(Decrease) in Profit on non-recognition of exchange difference	<b>(590.00)</b>	748.50
Decrease in Profit due to amortization of "FCMITD Account"	-	131.61
Increase/(Decrease) in Depreciation on capitalization of forex difference to respective assets	<b>(31.24)</b>	34.94
Net increase/(Decrease) in Profit due to change in Accounting Policy	<b>(558.76)</b>	581.95



## 16. Related Party Disclosure

### A: Relationship

Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Surana Telecom and Power Limited	Metropolitan Ventures India Limited	Surana Ventures Limited	G M Surana	Namrata Surana
Innova Technologies Private Limited	Bhagyanagar Properties Private Ltd	Savitrimate Realtors Pvt Ltd	Narender Surana	Manish Surana.
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom India Private Ltd	BEIDCPL	Devendra Surana	Nivriti Surana
Bhagyanagar Energy & Telecom Pvt Ltd	Bhagyanagar Telecom Ltd	Advantage Real Estate India Pvt Ltd	Narender Munoth	
Bhagyanagar Infrastructure Ltd	Bhagyanagar Metals Ltd	Globecom Infra-ventures Pvt Ltd		
Bhagyanagar Entertainment Ltd		GMS Realtors Pvt Ltd		
Every Time Foods Industries Pvt Ltd				
Surana Infocom Private Ltd				
Andhra Electro Galvanising Works				
Tranquil Avenues India Pvt Ltd				
Royal Skyscrapers India Pvt Ltd				
Celestial Avenues Pvt Ltd				
Innova Infrastructure Pvt Ltd				
Majestic Logistics Pvt Ltd				
Innova Biotech India Pvt Ltd				
Epicentre entertainment Private Ltd				
Bhagyanagar Ventures Pvt Ltd				





## B: Transactions

Nature of Transaction	Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Sale of Goods	<b>190.55</b> (700.46)				
Purchase of Goods	<b>51.50</b> (469.73)				
Sale of Land	<b>180</b> (Nil)				
Job Work-Sales	<b>5.44</b> (7.28)				
Job work -Purchase	<b>12.40</b> (46.92)				
Interest received	<b>131.22</b> (145.69)		<b>147.30</b> (143.26)		
Share warrant Application money -Forfeited	<b>176</b> (Nil)				
Share warrant Application money-Paid			<b>Nil</b> (80)		
Share warrant Application money received back			<b>80</b> (Nil)		
Investments	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>Nil</b> (697.65)		
Advances Given	<b>250.13</b> (Nil)	<b>Nil</b> (255.46)	<b>133.67</b> (Nil)		
Advances received back	<b>Nil</b> (1053.91)	<b>223.96</b> (Nil)	<b>99</b> (167.44)		
Remuneration				<b>116.33</b> (114.46)	<b>7.92</b> (6.00)
Staff Development expenses					<b>Nil</b> (3.94)
Rent	<b>10.27</b> (Nil)			<b>2.40</b> (2.40)	

- Figures in brackets represent figures for the previous year

### 17. Sundry Debtors & other balances:

- In case of balances in Sundry Debtors, Loans and Advances, other current assets and Sundry Creditors, letters seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.
- Advances to Suppliers under Schedule-11 of "Loans & Advances" include Rs 214.22 lakhs paid to Ms United International Shipping Agent (T) Ltd, Tanzania, towards cost of Copper cathode. However,



Copper was stolen and replaced with worthless material on the sea-way. The Company has lodged claim with Insurance Company which is under process. As the Management is confident of recovering the entire amount from the Insurance Company/Shipping Agent, no provision for loss of goods has been made in the books of Account.

- Sundry creditors include Rs 124.91 lakhs secured by way of Letter of Credit/Buyers' credit. Further, the Company does not owe any sum to Micro & small enterprises as at the end of the accounting year on account of principal and interest under the Micro, Small and Medium Enterprises Development Act, 2006 as per the information and records available with the company about their industrial status which has been relied upon by the auditors.

## 18. Retirement and other Employees Benefits:

- The Company's employee benefits primarily cover provident fund, gratuity and leave encashment.
- Provident fund is a defined contribution scheme and the company has no further obligation beyond the contribution made to the fund. Contributions are charged to the Profit & Loss Account in the year in which they accrue.
- Gratuity liability is a defined benefit obligation and is based on the actuarial valuation done by the Life Insurance Corporation. The gratuity liability and the net periodic gratuity cost is actually determined after considering discount rates, expected long-term return on plan assets and increase in compensation level. All actuarial gain/Losses are immediately charged to the Profit & Loss Account and are not deferred.
- The company has provided for leave encashment liability at year end on account of unavailed earned leave as per the actuarial valuation done by Life Insurance Corporation of India.
- The following Table summaries the components of Net Benefit expenses recognized in the Profit & Loss Account and amount recognized in the Balance Sheet for the respective Plans

### A) Expenses recognized in the Profit & Loss Account

	Gratuity	Leave encashment
Current service cost	1,68,772	1,41,703
Interest Cost	1,71,895	-
Expected Return on Planned Assets	(5,29,906)	(64,925)
Net actuarial loss/(gain) on obligation	1,50,354	42,343
<b>Total expenses recognized in the Profit &amp; Loss Account</b>	<b>(38,885)</b>	<b>1,19,121</b>

### B) Change in Defined Benefit obligation during the year ended 31st March,2010

	Gratuity	Leave encashment
<b>Present value of obligation as at beginning of the year</b>	21,48,682	6,01,811
Interest cost	1,71,895	-
Current service cost	1,68,772	1,41,703
Benefits Paid	(2,49,646)	42,343
Actuarial loss/(Gain) on obligation	1,50,354	42,343
<b>Present Value of Obligation as the end of the year</b>	<b>23,90,057</b>	<b>8,28,200</b>



**C) Change in Fair Value of Plan Assets during the year ended 31st March,2010**

	Gratuity	Leave encashment
Fair value of Plan Assets as at the beginning of the year	57,95,043	-
Expected Return on Planned assets	5,29,906	-
Contribution made during the year	-	-
Benefits paid	(2,49,646)	-
Actuarial gain on planned Assets	-	-
<b>Fair Value of plan assets as at close of the year</b>	<b>60,75,303</b>	-

**D) Balance sheet movements**

	Gratuity	Leave encashment
Value of benefit obligation/Net Assets at the beginning of the year	21,48,682	6,01,811
Actual return on plan assets	5,29,906	64,925
Contributions made during the year	-	-
Expenses	(38,885)	1,19,121
Benefits paid	(2,49,646)	42,343
Value of Benefits as at close of the year	23,90,057	8,28,200
Fair value of plan assets as at the end of the year	60,75,303	7,66,096
Funded Status	36,85,246	-

- The Net Assets in respect of Gratuity Plan is not recognized as it is lying in irrevocable trust fund with Life Insurance Corporation of India, approved by income tax authorities.

**E) Actuarial assumption**

	Gratuity	Leave encashment
Discount rate used	8%	8%
Expected return on planned assets	9%	9%
Salary escalation	4%	4%
Withdrawal rate		1 % to 3%



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	Unit	Installed Capacity		Production	
		2009-10	2008-09	2009-10	2008-09
i) Copper Products (b)	MT	<b>18000</b>	18000	<b>7717.842</b>	8500.348
ii) Jelly Filled Telephone cables	LCKM	<b>72.00</b>	72.00	<b>0.613</b>	3.08
iv) Wind Power	MW	<b>12.15</b>	9.00	<b>2.31</b>	2.09

**Note:** a. The Installed Capacities and production are as certified by Management which has been relied upon by the Auditors.

b. Includes Job Work Done 3394.956 MTs (Previous year 4287.810 MT)

## (B) TURNOVER:

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2009-10	2008-09	2009-10	2008-09
i) Copper Products (a)	MT	<b>7712.429</b>	8506.88	<b>18384.04</b>	15879.38
ii) Jelly Filled Telephone cables	Lac CKM	<b>0.613</b>	3.08	<b>807.43</b>	4665.80
iii) Wind Power	Units(Lac)	<b>231.06</b>	209.69	<b>739.12</b>	671.02
iv) Scrap & Miscellaneous items	-	-	-	<b>8.91</b>	47.93
vi) Infrastructure/Real estate Income				<b>40.60</b>	487.70
<b>SUB-TOTAL</b>				<b>19980.09</b>	21751.83
Less: Inter-Unit sales				<b>1081.17</b>	335.80
Less: Excise duty				<b>1446.02</b>	2453.45
<b>TOTAL</b>				<b>17452.91</b>	18962.58

**Note:** a) Includes Job Work of 3394.956 MT (Previous year 4287.81 MT)



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

Particulars	Opening Stock				Closing Stock			
	Quantity		Value (Rs.in lakhs)		Quantity		Value (Rs.in lakhs)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
i) Copper Wire Rods(MTs)	Nil	6.532	Nil	28.03	5.413	Nil	21.49 *	Nil
ii) Cables (LacCKM)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>			<b>NIL</b>	28.03	<b>5.413</b>	Nil	<b>21.49</b>	Nil

\* Includes Excise duty provision of Rs 2.00 lakhs

**(D) RAW MATERIALS CONSUMED:**

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2009-10	2008-09	2009-10	2008-09
i) Copper	MTs	3074.56	3533.578	9454.45	10124.92
ii) Scrap	MTs	1384.25	1072.493	3602.22	3144.10
iii) Polythene granules	MTs	234.525	869.835	124.48	522.98
iv) Poly Al.Tape	MTs	5.283	122.943	6.68	195.77
v) Galvanised Steel Tape	MTs	189.345	578.116	77.19	289.10
vi) Others				352.44	485.48
vii) Inter Unit Transfers					
a) Copper Rods/Wire	MTs			1073.47	249.57
b) Others				7.13	86.23
<b>SUB-TOTAL</b>		<b>4887.963</b>		<b>14698.06</b>	15098.15
Less: Inter-Unit Purchases		<b>70.460</b>		<b>1081.16</b>	335.80
<b>TOTAL</b>		<b>4817.503</b>		<b>13616.90</b>	14762.35



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

Particulars	2009-2010		2008-2009	
	Rs. In lakhs	Value Percentage	Rs. in lakhs	Value Percentage
Raw Materials & Components				
(a) Imported	1599.88	10.88	3838.66	26
(b) Indigenous	13098.18	89.12	11259.49	74
<b>TOTAL</b>	<b>14698.06</b>	<b>100.00</b>	15098.15	100.00
Stores & Spare Parts including consumed for repairs				
(a) Imported	44.40	31.80	35.14	22.63
(b) Indigenous	95.23	68.20	120.13	77.37
<b>TOTAL</b>	<b>139.63</b>	<b>100.00</b>	155.27	100.00

## (F) TRANSACTIONS IN FOREIGN EXCHANGE:

Particulars	2009-10 Rs. In lakhs	2008-2009 Rs. In lakhs
i) Imports (on CIF Basis)		
a) Raw Materials/Traded Goods	1398.65	3448.97
b) Stores & Spares	38.99	27.03
c) Capital Goods	34.11	-
ii) Expenditure in Foreign Currency (Traveling)	10.96	9.69
iii) Earning in Foreign currency (Export sales)	33.43	236.43
iv) Buy-back of FCCB	2097.68	-
v) Expenses incurred in connection with Buy-back of FCCB	11.62	-

19. Previous years figures have been regrouped/ rearranged wherever necessary.



## Segmental Reporting

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

Sl No	Particulars	Telecom Products	Copper Products	Wind power	Infra Structure	Total
<b>1.</b>	<b>REVENUE</b>					
	External Sales (Net of Excise duty)	744.99	15,928.20	739.21	40.61	17,453.01
	Other Operating income	102.17	13.03	-	0.28	115.49
	<b>Total Revenue</b>	<b>847.16</b>	<b>15,941.23</b>	<b>739.21</b>	<b>40.89</b>	<b>17,568.49</b>
<b>2.</b>	<b>RESULTS</b>					
	Segment results	84.15	763.34	435.74	39.23	1,322.74
	Unallocable income/Expenses					328.59
	Operating Profit					1,651.33
	Interest Expenses					192.61
	Income taxes					124.22
	Profit from Ordinary Activities					1,334.51
	<b>Net Profit</b>					<b>1,334.51</b>
<b>3.</b>	<b>Other Information</b>					
	Segment Assets	442.72	3,723.18	6,009.28	14,757.75	24,932.93
	Unallocable Assets					6,045.91
	<b>Total Assets</b>					<b>30,978.84</b>
	Segment Liabilities	119.89	429.80	45.10	5.92	600.54
	Unallocable Liabilities					3,088.34
	<b>Total Liabilities</b>					<b>3,688.89</b>
	Capital Expenditure	0.00	171.58	1,987.24	414.82	2,573.64
	Unallocable Capital Expenditure					487.55
	<b>Total Capital Expenditure</b>					<b>3,061.19</b>
	Depreciation	26.71	143.87	285.24	-	455.81
	Unallocable Depreciation					54.21
	<b>Total Depreciation</b>					<b>510.02</b>
	Non Cash expenses - other than depreciation	87.19	9.60	3.69	-	100.47
	Unallocable non cash expenses					0.08



(Rs in Lakhs)

	Revenues		Results/Net profit		Assets		Liabilities	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Total of reportable segments	<b>17,568.49</b>	18962.58	<b>1322.74</b>	1,551.85	<b>24932.93</b>	26159.82	<b>600.54</b>	1,769.77
Corporate - unallocable (Net)	<b>892.74</b>	1186.03	<b>328.59</b>	475.17	<b>6,045.91</b>	11911.26	<b>3,088.34</b>	1,419.44
Interest expenses			<b>192.61</b>	463.15				
Taxes			<b>124.22</b>	419.60				
As per financial Statements	<b>18461.23</b>	20148.61	<b>1334.51</b>	1103.87	<b>30978.84</b>	38071.08	<b>3688.88</b>	3,189.21

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

Signatory to Schedule 1 to 21

**For Sekhar & Co**  
Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of Board of Directors

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : May 29, 2010

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary





## CONSOLIDATED FINANCIAL STATEMENTS

Bhagyanagar India Limited and its Subsidiary Companies

### AUDITORS REPORT TO THE BOARD OF DIRECTORS OF BHAGYANAGAR INDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of Bhagyanagar India Limited and its Subsidiaries (The Group) as at 31st March, 2010 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 our opinion, we draw your attention of Shareholders and stakeholders to the following in the consolidated Financial Statements:
  1. Note 8 of Schedule 24 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. These bonds are due for repayment in October 2011 at a premium as per the terms of issue of bonds.

2. Note 21 of Schedule 24 B : Sundry Debtors and other Balances: Advances to suppliers under Schedule - 11 "Loans & Advances" include Rs.214.22 Lakhs Paid to M/s. United International Shipping Agent (T) Ltd, towards Cost of copper Cathode. However, copper was stolen and replaced with worthless material on the sea-way. The company has lodged claim with Insurance Company which is under process. As the Management is confident of recovering the entire amount from the Insurance Company / Shipping Agent, no provision for loss of goods has been made in the books of account.
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.
  1. In the case of consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010.
  2. In the case of consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  3. In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Sekhar & Co.**  
Chartered Accountants  
Firm Regn No : 003695-S

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

Place: Secunderabad  
Date: May 29, 2010



**Consolidated Balance Sheet as at 31st March, 2010**

(Amount in Rupees)

	Sch.No	As at 31.03.2010	As at 31.03.2009
<b>Sources of Funds</b>			
Share capital	1	137,853,228	149,000,000
Reserves and Surplus	2	2,108,026,655	2,058,350,037
Share-Holders Funds		2,245,879,883	2,207,350,037
<b>Minority Interest</b>	3	11,589,631	11,570,379
<b>Share warrants (pending allotment) (1,55,00,000 optionally fully convertible warrants)</b>		-	86,810,000
<b>Loan Funds</b>			
Secured loans	4	220,950,051	100,000,000
Unsecured loans	5	527,125,345	816,492,283
<b>TOTAL</b>		<b>3,005,544,910</b>	<b>3,222,222,699</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	6	2,128,447,712	2,141,421,265
Less Depreciation		358,319,360	525,066,723
Net Block		1,770,128,352	1,616,354,542
Capital Work-In-Progress		16,914,251	77,947,600
Investments	7	180,980,212	165,425,762
Current Assets,Loans and advances			
Inventories	8	100,401,395	140,935,621
Sundry debtors	9	175,130,629	252,319,639
Cash & Bank Balances	10	32,007,716	189,944,008
Other Current Assets	11	213,050,816	350,436,417
Loans & Advances	12	643,884,138	613,095,832
		1,164,474,694	1,546,731,517
<b>Less Current Liabilities &amp; Provision</b>			
Current Liabilities	13	90,556,092	183,570,335
Provisions	14	57,404,170	35,351,100
		147,960,262	218,921,435
<b>Net Current Assets</b>		<b>1,016,514,432</b>	<b>1,327,810,082</b>
Net Deferred Tax Assets	15	20,736,883	7,968,115
Foreign Currency Monetary Items Translation	16	-	26,322,586
Difference Account			
<b>Misc expenditure (to the extent not written off or adjusted)</b>			
Preliminary expenses	17	270,780	354,035
Pre-Operative Expenses	18	-	39,977
<b>TOTAL</b>		<b>3,005,544,910</b>	<b>3,222,222,699</b>
Notes to Accounts	24		

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

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

**For Sekhar & Co**

Chartered Accountants  
Firm Regn No. 003695-S

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

Place : Secunderabad  
Date : May 29, 2010

For and on behalf of the Board

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



**Consolidated Profit & Loss account for the year ended 31st March, 2010**

(Amount in Rupees)

	Sch.No	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>Income</b>			
Gross income from operations	19	<b>1,889,902,993</b>	2,146,217,821
Less: Excise duty		<b>144,602,392</b>	245,345,052
Net Income from Operations		<b>1,745,300,601</b>	1,900,872,769
Other Income	20	<b>100,823,207</b>	118,604,900
		<b>1,846,123,808</b>	2,019,477,669
<b>Expenditure</b>			
Materials	21	<b>1,380,731,199</b>	1,502,187,740
Expenses	22	<b>249,894,501</b>	265,030,838
Interest & Financial Charges	23	<b>19,260,690</b>	46,315,433
Depreciation	6	<b>51,002,186</b>	49,839,465
		<b>1,700,888,576</b>	1,863,373,476
Profit for the year		<b>145,235,232</b>	156,104,193
Prior Period Adjustment		<b>42,746</b>	283,661
Profit before Taxation		<b>145,277,978</b>	156,387,854
<b>Provision for Taxation</b>			
- Current year		<b>25,000,000</b>	41,706,785
- Deferred Tax		<b>(12,768,768)</b>	1,384,950
- Fringe Benefit Tax		<b>-</b>	575,850
- Taxes of earlier years		<b>49,445</b>	
Profit after Taxation		<b>132,997,301</b>	112,720,269
Less: Minority Interest(current year's Profit/(loss))		<b>19,252</b>	724,296
Less: Share in net Loss of associate companies		<b>1,188,466</b>	3,594,620
<b>Net Profit after minority interest and share in net loss of the Associates</b>		<b>131,789,583</b>	108,401,353
Balance Brought forward from Previous year		<b>808,381,280</b>	784,831,027
Amount Available for appropriation		<b>940,170,863</b>	893,232,380
Proposed Dividend		<b>27,360,000</b>	29,800,000
Tax on Dividend		<b>4,544,170</b>	5,051,100
Transfer to General Reserve		<b>50,000,000</b>	50,000,000
Surplus Carried to Balance Sheet		<b>858,266,693</b>	808,381,280

The Schedules referred to above form an integral part of Profit and Loss Account  
This is the Profit and Loss Account referred to in our report of even date

**For Sekhar & Co**

Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : May 29, 2010

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



## Consolidated Cash Flow Statement for the year ended March 31, 2010

(Amount in Rupees)

	31.03.2010	31.03.2009	
<b>A. Cash Flow From Operating Activities</b>			
Net Profit before tax as per annexed profit and loss account	145,277,978		156,387,854
<b>Adjustments for :</b>			
Depreciation	51,002,186	49,839,465	
FMITDA Amortised in accordance to Revised AS 11	-	13,161,293	
Lease rents Amortised	512,630	512,630	
Bad Debts Written Off & Provision for Bad Debts	9,541,894	9,301,689	
Balances/Provisions no longer required written back	(5,238,994)	(662,404)	
(Profit)/Loss on Sale of Investments(Net)	1,115,985	3,801,550	
Profit on Sale of Assets	(4,639,675)	(50,305,222)	
Interest Paid	19,260,690	46,315,433	
Interest Received	(84,230,473)	(107,567,446)	
Preliminary expenses written off	83,255	44,171	
Preoperative expenses written off	39,977	8,306	
Preoperative expenses	-	(19,669)	
Dividends Received	(4,997,249)	(10,307,325)	(45,877,529)
Operating Profit before working Capital Changes	127,728,204		110,510,325
<b>(Less)/Add Adjustments for Working Capital Changes</b>			
Inventories	40,534,226	80,173,227	
Loans and Advances	23,258,048	2,435,674	
Other Current Assets	137,385,601	201,425,491	
Trade & Other Receivables	211,531,730	175,658,049	
Trade Payables and other Liabilities	(107,078,784)	(58,573,441)	
Advance from Customers	9,657,052	315,287,873	(14,721,851)
<b>Cash Generated from Operations</b>	443,016,077		496,907,474
Income Tax & Fringe Benefit Tax Paid	(9,239,879)	(40,793,542)	
Taxes of earlier years	(49,445)	-	
Prior Period Adjustments	-	(9,289,324)	(40,793,542)
<b>Net Cash (used in)/from operating Activities (A)</b>	433,726,753	(40,793,542)	456,113,932
<b>B. Cash Flow From Investing Activities</b>			
Purchase of Fixed Assets	(270,885,621)	(53,474,967)	
Sale of Fixed Assets	28,613,310	110,569,466	
Purchase of Shares & other Investments	(258,450)	(91,311,051)	
Sales of Shares & other Investments	1,399,844	22,080,338	
Dividend Received	4,997,249	10,307,325	
Interest Received	84,230,473	107,567,446	
Refunds received from Capital Advances	5,937,500	-	
Changes in Capital Work in Progress	(941,000)	(24,168,249)	
Loans to Joint Ventures and Subsidiaries	(24,806,475)	47,120,319	
<b>Net Cash (used in)/from Investing Activities (B)</b>	(171,713,170)		128,690,627

cont..



## Consolidated Cash Flow Statement for the year ended March 31, 2010

(Amount in Rupees)

	31.03.2010	31.03.2009
<b>C. Cash Flow From Financing Activities</b>		
Buy-back of equity Share Capital	(148,165,567)	-
Buy-back of FCCB	(209,767,500)	-
(Repayment)/Receipt of Borrowings net	154,771,410	(466,784,311)
Interest Paid	(19,260,690)	(46,315,433)
Dividend Paid	(34,642,914)	(52,091,910)
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>(257,065,261)</b>	<b>(565,191,654)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>4,948,322</b>	<b>19,612,905</b>
Cash and Cash Equivalents Opening Balance	78,589,525	58,976,620
Cash and Cash Equivalents Closing Balance	<b>83,537,847</b>	<b>78,589,525</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>4,948,322</b>	<b>19,612,905</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 and Ministry of Company Affairs.

The Cash and cash equivalents given above comprise of:	2009-2010	2008-2009	Change over previous year
Cash in Hand	1,481,702	1,422,693	59,009
Balance in Current Account	7,056,145	21,166,832	(14,110,687)
In Liquid Mutual Funds	75,000,000	56,000,000	19,000,000
<b>TOTAL</b>	<b>83,537,847</b>	<b>78,589,525</b>	<b>4,948,322</b>

- Previous Year Figures have been regrouped wherever necessary to conform to the current year's Classification.
- Cash and Cash equivalents shown above are all freely available for use of the company and they are available for enterprises immediate use.
- In the earlier years Investment in Liquid Mutual Funds were not considered as Cash and Cash Equivalents. In complete compliance with AS - 3 From the current year it has been decided by the management to show the same as part of cash and cash equivalents to reflect the fair position of the cash availability. The Previous year figures of Closing Cash and Cash equivalents have been Changed accordingly. Due to this change Movements in Mutual funds are not considered as a part of Investment Activity but as part of fund management. Previous year's figures of Purchase and sale of Investments have been regrouped accordingly.
- Notes to Accounts(Schedule 21) form an integral part of Cash Flow Statement

In terms of our report of even date

**For Sekhar & Co**  
Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : May 29, 2010

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each	<b>250,000,000</b>	250,000,000
6,89,26,614 (Previous Year 7,45,00,000) Equity shares of Rs 2 each fully paid-up	<b>137,853,228</b>	149,000,000
- Includes 4,72,49,560 Shares allotted as bonus in earlier years		
- Includes 62,390 Shares allotted for consideration other than cash on amalgamation in earlier years		
- Net of 1,66,73,210 Shares bought back in earlier years		
- Net of 55,73,386 Shares bought back in the year 2009-10		
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last account	<b>1,100,000,000</b>	1,050,000,000
Add: Transferred from Profit & Loss Account	<b>50,000,000</b>	50,000,000
Less: Utilised for creation of Redemption Reserve for Buy back of equity shares	<b>(11,146,772)</b>	-
Less: Premium paid on buy-back of shares	<b>(39,276,561)</b>	-
Add: Forfeiture of Share Warrants	<b>86,810,000</b>	-
<b>Balance at the year end</b>	<b>1,186,386,667</b>	1,100,000,000
<b>Capital Reserve</b>		
Balance as per last account	<b>16,676,523</b>	16,676,523
Balance at the year end	<b>16,676,523</b>	16,676,523
<b>Foreign Exchange fluctuation Reserve</b>		
Balance as per last account	<b>35,550,000</b>	87,600,000
Less: Adjusted against previous years's gain on Forex fluctuation on translation of FCCB Liability	-	(52,050,000)
Balance at the year end	<b>35,550,000</b>	35,550,000
<b>Share Premium account</b>		
Balance as per last account	<b>97,742,234</b>	97,742,234
Less: Premium paid on buy-back of equity shares	<b>(97,742,234)</b>	-
Balance at the year end	-	97,742,234
<b>Capital Redemption Reserve</b>		
Balance as per last account	-	-
Add: Created for Buy-back of Equity Shares	<b>11,146,772</b>	-
<b>Balance at the year end</b>	<b>11,146,772</b>	-
<b>Profit &amp; Loss account</b>		
Surplus in the annexed Profit & Loss Account	<b>858,266,693</b>	808,381,280
	<b>2,108,026,655</b>	2,058,350,037



**Schedules Forming Part of the Consolidated Balance Sheet**

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 3 MINORITY INTEREST</b>		
Opening Balance as at 01.04.2009	11,570,379	10,846,083
Current year's Profit & Loss Account	19,252	724,296
Closing Balance as at 31.03.2010	<u>11,589,631</u>	<u>11,570,379</u>
<b>Schedule - 4 Secured Loans</b>		
From Banks		
Cash Credit	750,051	-
Medium Term Loan from Banks	220,200,000	100,000,000
	<u>220,950,051</u>	<u>100,000,000</u>
Due within a year	<u>123,545,452</u>	<u>100,000,000</u>
<b>SCHEDULE - 5 UNSECURED LOANS</b>		
Deferred Sales Tax	27,859,221	27,859,221
Foreign Currency Convertible Bonds 100 bonds (Previous year 150 bonds) of the face value of US\$ 1,00,000 each valued at Rs 45.05 and Rs 50.95 as at 31.03.2010 and 31.03.2009 respectively	450,500,000	764,250,000
Loan from minority share holders	48,766,124	24,383,062
<b>TOTAL</b>	<u>527,125,345</u>	<u>816,492,283</u>



## Schedules Forming Part of the Consolidated Balance Sheet

## SCHEDULE: 6 FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block		
	Cost as on 01.04.2009	Additions During the Period	Deletion/ Adjustments	Cost as on 31.03.2010	Upto 31.03.2009	For the Year	Deletion/ Adjustments	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Free-Hold Land	1,051,994,229	43,501,885	24,100,714	1,071,395,400	-	-	-	-	1,071,395,400	1,051,994,229
Lease-Hold Land	13,362,480	-	752,126	12,610,354	-	-	-	-	12,610,354	13,362,480
Factory Buildings	27,560,604	29,433,434	-	56,994,038	18,237,032	1,300,275	-	19,537,307	37,456,731	9,323,572
Commercial Buildings	2,906,820	-	2,906,820	-	440,546	67,570	508,116	-	-	2,466,274
Plant & Machinery	441,618,165	17,158,242	226,976,905	231,799,502	388,442,353	14,603,464	216,355,030	186,690,787	45,108,715	53,175,812
Wind Power Plant	527,564,642	196,703,910	63,812,678	660,455,874	58,385,860	28,523,943	-	86,909,803	573,546,071	469,178,782
Elec.Installation	25,195,888	483,561	-	25,679,449	23,807,740	401,092	-	24,208,832	1,470,617	1,388,148
Office Equipment	9,779,165	1,950,941	-	11,730,106	6,701,653	580,478	-	7,282,131	4,447,975	3,077,512
Vehicles	30,274,783	6,644,302	1,346,780	35,572,305	20,019,536	3,403,424	886,405	22,536,555	13,035,750	10,255,247
Furniture & Fixtures	5,388,060	10,496,407	-	15,884,467	4,238,541	1,620,030	-	5,858,572	10,025,896	1,149,519
Computer	5,774,419	549,788	-	6,324,207	4,791,454	501,909	-	5,293,363	1,030,844	982,965
Library	2,010	-	-	2,010	2,010	-	-	2,010	-	-
Previous year	2,141,421,265	306,922,470	319,896,023	2,128,447,712	525,066,723	51,002,186	217,749,551	358,319,360	1,770,128,352	1,616,354,542
	2,086,029,630	124,391,088	68,999,453	2,141,421,265	483,449,837	49,839,465	8,222,579	525,066,723	1,616,354,542	





**Schedules Forming Part of the Consolidated Balance Sheet**

(Amount in Rupees)

	As at 31.03.2010		As at 31.03.2009	
	Nos	Amount	Nos	Amount
<b>SCHEDULE - 7 INVESTMENT AT COST</b>				
<b>A) Unquoted securities</b>				
1) In Shares of Joint Stock Companies				
<b>A) Unquoted Investments</b>				
<b>a) In companies under the same management</b>				
Bhagyanagar Infrastructure Limited (Equity share of Rs 10 each fully paid up)	2,750,000	18,330,000	2,750,000	18,330,000
<b>SUB-TOTAL</b>		<b>18,330,000</b>		<b>18,330,000</b>
<b>b) In Associate Companies</b>				
Bhagyanagar Entertainment and Infra Development Company (P) Ltd	23,500	532,268	23,500	535,189
Globecom Infraventures India Pvt Ltd (Equity share of Rs 10 each fully paid up)	5,000	-	5,000	50,000
Advantage Real Estate India Pvt Ltd (Equity share of Rs 10 each fully paid up)	12,500	103,956	12,500	107,362
GMS Realtors Private Limited (Equity share of Rs 10 each fully paid up)	5,000	34,395	5,000	38,486
Surana Ventures Limited (Equity share of Rs 10 each fully paid up)	7,350,000	68,506,295	7,350,000	69,649,331
Surana Green Energy Ventures Private Ltd (Equity share of Rs 10 each fully paid up)	-	-	4,000	25,013
Savitrinata Realtors Private Ltd (Equity share of Rs 10 each fully paid up)	25,500	255,000	25,500	255,000
<b>SUB TOTAL</b>		<b>69,431,914</b>		<b>70,660,381</b>
<b>c) In other companies</b>				
Arihant Optics Limited (Equity share of Rs 10 each fully paid up)	300,000	3,000,000	300,000	3,000,000
Sampre Nutrition Ltd (Equity share of Rs 10 each fully paid up)	26,650	266,500	26,650	266,500
<b>SUB TOTAL</b>		<b>3,266,500</b>		<b>3,266,500</b>
<b>B) Quoted Securities</b>				
<b>a) In companies under same Management</b>				
Surana Telecom and Power Limited (Equity share of Rs 5 each fully paid up)	1,852,298	14,527,621	1,852,298	14,527,621
<b>SUB TOTAL</b>	-	<b>14,527,621</b>	-	<b>14,527,621</b>



Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2010		As at 31.03.2009	
	Nos	Amount	Nos	Amount
<b>b) In Other Companies</b>				
Deccan Chronicle Holdings Limited (Equity Shares of Rs 2 each Fully paid-up)	-	-	7,377	1,505,759
GHCL limited (Formerly Gujrat Heavy Chemicals Limited) (Equity Shares of Rs 10 each Fully paid-up)	4,940	225,244	4,940	225,244
Megasoft Limited (Equity Shares of Rs 10 each Fully paid-up)	1,500	71,385	2,550	121,354
Paramount Communications Limited (Equity Shares of Rs 2 each Fully paid-up)	-	-	1,000	26,030
Parsvnath Devlopers Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	200	43,460
Pokarna Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	1,060	100,700
Reliance National Resources Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	500	43,474
Reliance Communication Ventures Limited (Equity Shares of Rs 10 each Fully paid-up)	-	-	100	29,821
Sree Sakthi Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	1,000	30,000	1,000	30,000
Shree Vasavi Industries Ltd (Equity Shares of Rs 10 each Fully paid-up)	14,000	45,175	14,000	45,175
Vaibhav Gems Limited (Equity Shares of Rs 10 each Fully paid-up)	300	48,623	300	48,623
XL Telecom & Energy Limited (formerly XL Telecom Ltd) (Equity Shares of Rs 10 each Fully paid-up)	-	-	2,500	417,871
<b>SUB TOTAL</b>	<b>21,740</b>	<b>420,427</b>		<b>2,637,511</b>
<b>c) Investment in Debentures</b>				
Titan Industries Limited NCD (Debentures of Face value of Rs 250 each Fully paid-up)	15	3,750	15	3750
<b>SUB TOTAL</b>		<b>3,750</b>		<b>3,750</b>
<b>Total Investment in equity Shares and Debentures</b>		<b>105,980,212</b>		<b>109,425,762</b>



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2010		As at 31.03.2009	
	Nos	Amount	Nos	Amount
<b>3) Investment in Mutual Fund</b>				
Reliance Liquid Fund-Cash Plan- Growth Plan	-	-	2,100,000	21,000,000
Birla Sun life Cash Flus	-	-	1,500,000	15,000,000
GCDB IDFC Cash Fund	-	-	1,000,000	10,000,000
JM Money Manager Fund Super Plan	3,000,000	30,000,000	1,000,000	10,000,000
Reliance Money Manager fund-institutional Plan	40,000	40,000,000	-	-
UTI Liquid Cash Plan-Institutional	5,000	5,000,000	-	-
<b>Total Investments in Mutual Funds</b>		<b>75,000,000</b>		<b>56,000,000</b>
<b>Total Investments in Equity shares, Debentures and Mutual Funds</b>		<b>180,980,212</b>		<b>165,425,762</b>
Aggregate Market Value of Quoted Investments		<b>71,551,826</b>		<b>35,000,672</b>
Aggregate NAV of Mutual Funds		<b>75,108,921</b>		<b>56,191,205</b>
			<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>

### SCHEDULE - 8 INVENTORIES

(As taken, valued and certified by the Management and valued at cost or realisable value whichever is lower)

Raw Materials	<b>97,899,760</b>	119,392,645
Work in process	<b>352,240</b>	21,542,976
Finished Goods	<b>2,149,395</b>	-
<b>TOTAL</b>	<b>100,401,395</b>	<b>140,935,621</b>

### SCHEDULE - 9 SUNDRY DEBTORS

(Unsecured, Considered Good unless otherwise stated)

Debts outstanding for

- More than six months	<b>21,848,242</b>	40,612,613
- Less: Provision for doubtful debts	<b>6,000,000</b>	-
- Debtors above six months, considered good	<b>15,848,242</b>	40,612,613
- Others, considered good	<b>159,282,387</b>	211,707,026
<b>TOTAL</b>	<b>175,130,629</b>	<b>252,319,639</b>



Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 10 CASH AND BANK BALANCES</b>		
Cash in hand	1,481,702	1,422,693
Balance with scheduled Banks		
- In current account	7,056,145	114,066,832
- In Escrow Account	42,798	-
- In Dividend account	1,212,042	1,003,820
- In Fixed Deposit Account	10,000,000	31,815,629
- In deposit account - Kept under lien with banks towards margin money and other facilities	10,725,411	40,710,982
- Accrued interest on Fixed Deposits with Banks	1,489,618	924,052
<b>TOTAL</b>	<b>32,007,716</b>	<b>189,944,008</b>
<b>SCHEDULE - 11 OTHER CURRENT ASSETS</b>		
(Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	218,050,816	355,436,417
Less: Provision for Doubtful loans	5,000,000	5,000,000
<b>TOTAL</b>	<b>213,050,816</b>	<b>350,436,417</b>
<b>SCHEDULE - 12 LOANS &amp; ADVANCES</b>		
(Unsecured Considered Good unless otherwise stated)		
Loans & Advances	48,618,387	60,863,283
Loans to Associates & others	325,373,558	300,567,083
Sundry Advances-Infrastructure	152,500,000	142,550,000
Balances with Statutory bodies	37,251,493	41,743,357
Advance tax	17,253,436	8,013,557
Deposits	15,859,151	37,496,288
Advances to Suppliers	47,028,113	21,862,264
<b>TOTAL</b>	<b>643,884,138</b>	<b>613,095,832</b>
<b>SCHEDULE - 13 CURRENT LIABILITIES</b>		
Sundry Creditors - Micro and small enterprises	-	-
Sundry Creditors - Others	46,492,013	154,616,130
Lease deposits	1,500,000	8,451,879
Other Liabilities	16,108,925	13,350,707
Book overdraft from Bank	9,438,297	-
Unclaimed Dividends	1,212,042	1,003,856
Advances from customers	15,804,815	6,147,763
<b>TOTAL</b>	<b>90,556,092</b>	<b>183,570,335</b>



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 14 PROVISION</b>		
Provision for Taxation	25,000,000	-
Proposed Dividend	27,360,000	29,800,000
Tax on Dividend	4,544,170	5,051,100
Bonus	500,000	500,000
<b>TOTAL</b>	<b>57,404,170</b>	<b>35,351,100</b>
<b>SCHEDULE - 15 DEFERRED TAX ASSETS / (LIABILITIES)</b>		
Deferred Tax Assets as at 1-04-2009	7,968,115	9,353,065
Deferred Tax Asset/(Liability) for the year	12,768,768	(1,384,950)
Net deferred tax assets as on 31.03.2010	<b>20,736,883</b>	<b>7,968,115</b>
<b>SCHEDULE - 16 FOREIGN CURRENCY MONETARY ITEMS TRANSLATION</b>		
<b>Difference Account</b>		
Opening Balance	26,322,586	-
Add: Created on account of Forex Fluctuation on non depreciable assets	-	39,483,879
Less: Gain on forex fluctuation on non-depreciable assets adjusted	(26,322,586)	-
Less: Amortised during the year	-	(13,161,293)
Balance to be carried forward to next year	-	26,322,586
<b>SCHEDULE - 17 PRELIMINARY EXPENSES</b>		
Balance as per Last Account	354,035	398,206
Less: Written off during the year	83,255	44,171
Balance as at the close of the year	<b>270,780</b>	<b>354,035</b>
<b>SCHEDULE - 18 PRE-OPERATIVE EXPENSES</b>		
Balance as per Last Account	39,977	28,614
Add: Additions during the year	-	19,669
Less: Written off during the year	39,977	8,306
Balance as at the close of the year	-	39,977



**Schedules Forming Part of the Consolidated Profit & Loss Account**

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
<b>SCHEDULE - 19 INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	80,742,518	466,580,077
Copper Products	1,838,403,880	1,587,937,679
Infrastructure Leasing & Sales	4,060,546	43,385,119
Gain on Sale of other Assets/infrastructure rights	-	10,000,000
Sale of Wind Power	73,921,485	67,101,959
Scrap & Misc Sales	891,310	4,793,414
	<u>1,998,019,739</u>	<u>2,179,798,248</u>
Less: Inter-Unit Sales	108,116,746	33,580,427
Gross Sales	<u>1,889,902,993</u>	<u>2,146,217,821</u>
Less : Excise duty	144,602,392	245,345,052
<b>Net Sales</b>	<u>1,745,300,601</u>	<u>1,900,872,769</u>
<b>SCHEDULE - 20 OTHER INCOME</b>		
Interest on Loans, Deposits & Others	84,230,473	105,691,051
Interest from Trade Debtors and creditors	1,779,058	1,876,395
Profit on sale of Sundry Assets	579,129	6,189
Dividend	4,997,249	10,307,325
Miscellaneous income	5,000	61,536
Miscellaneous rental income	1,050,000	-
Balances no longer payable written back	5,238,994	662,404
Gain on foreign exchange fluctuation	2,943,304	-
<b>TOTAL</b>	<u>100,823,207</u>	<u>118,604,900</u>



**Schedules Forming Part of the Consolidated Profit & Loss Account**

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
<b>SCHEDULE - 21 MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	119,392,645	173,612,880
b) Purchases net of Modvat	1,448,313,719	1,455,594,940
<b>SUB TOTAL (I)</b>	<b>1,567,706,364</b>	<b>1,629,207,820</b>
c) Less Closing Stock		
Raw Materials	97,899,760	119,392,645
<b>SUB TOTAL (II)</b>	<b>97,899,760</b>	<b>119,392,645</b>
<b>I - II</b>	<b>1,469,806,604</b>	<b>1,509,815,175</b>
Less: Inter-Unit Purchases	108,116,746	33,580,427
Raw materials consumed (A)	<b>1,361,689,858</b>	<b>1,476,234,748</b>
<b>B. INCREASE/DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	21,542,976	44,693,250
Finished Goods	-	2,802,718
	<b>21,542,976</b>	<b>47,495,968</b>
b) Less Closing Stock		
Work in Progress	352,240	21,542,976
Finished Goods	2,149,395	-
	<b>2,501,635</b>	<b>21,542,976</b>
<b>(B)</b>	<b>19,041,341</b>	<b>25,952,992</b>
<b>TOTAL (A) + (B)</b>	<b>1,380,731,199</b>	<b>1,502,187,740</b>



## Schedules Forming Part of the Consolidated Profit &amp; Loss Account

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
<b>SCHEDULE - 22 EXPENSES</b>		
Salary,Wages & Allowances	27,782,117	24,854,153
Contribution to PF and other funds	3,143,922	1,465,880
Staff Welfare expenses	1,394,067	1,140,028
Processing & Conversion charges	7,731,374	18,987,817
Stores Consumed	11,231,698	15,527,819
Power & Fuel	40,499,390	36,719,494
Packing & Forwarding	12,251,524	10,903,964
Postage & Telephone	3,829,161	3,974,454
Insurance	1,121,225	1,411,998
Legal & Licence fees	254,627	221,273
Rates & Taxes	1,381,965	1,019,253
Repairs to	-	-
- Building	2,518,391	1,285,560
- Machinery	12,153,538	10,834,902
- Others	2,727,563	2,934,127
Remuneration to Directors	11,632,000	11,446,050
Statutory Auditors remuneration	-	-
- Statutory Audit fees	268,751	266,926
- Tax audit fees	55,000	55,150
- Other matters	55,000	55,150
- Out of Pocket expenses	25,000	27,575
Other Administrative expenses	9,696,509	6,546,994
Software development charges	405,705	741,635
Commission on Sales	2,496,951	3,763,872
Advertisement	4,885,944	4,527,842
Professional Charges	3,112,482	2,207,710
Travelling & Conveyance	7,651,052	5,983,609
Sitting fees	510,000	350,000
Loss on sale of Fixed Assets	-	58,950
Sundry Balances Written off	3,541,894	6,801,689
Provision for Doubtful debts	6,000,000	2,500,000
Loss on sale of investments	1,115,985	3,801,550
Loss on foreign exchange fluctuation(Net of Gains)	-	6,151,074
Foreign Currency Monetary Items Translation amortised	-	13,161,293
Lease Premium amortised	512,630	512,630
Service Tax Paid	523,035	587,281
Sales Tax Paid (Net)	67,739,706	63,246,643
Entry Tax	14,001	4,075
Sales promotion expenses	1,509,062	899,941
Preliminary expenses written off	83,255	44,171
Pre-operative expenses written off	39,977	8,306
<b>TOTAL</b>	<b>249,894,501</b>	<b>265,030,838</b>
<b>SCHEDULE - 23 INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	1,078,241	1,175,317
Interest on Medium-Term Loan	11,334,476	34,325,161
Financial Charges	6,847,973	10,814,955
<b>TOTAL</b>	<b>19,260,690</b>	<b>46,315,433</b>





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

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

1. The Financial Statements of the Company and its Subsidiary companies 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 equity basis by adjusting post acquisition changes in the investor's share of net assets of the investee after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-23-"Accounting for Investments in Associates in 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:

These are set out under significant accounting policies as given in the stand-alone financial statements of Bhagyanagar India Limited.

### 24 B. Notes to Accounts (Consolidated):

#### 1. Subsidiary Companies Considered for consolidation:

Sl. No.	Name of the company	Paid up Capital (Rs in Lakhs)	Extent of Holding As at 31st March, 2010 (%)	Equity Investment (Rs in Lakhs)	Loans & Advances (Rs in Lakhs)	Maximum amount outstanding during the year (Rs in Lakhs)
1.	Bhagyanagar Properties Private Limited	400	100	400	5876.97	5876.97
2.	Scientia Infocom India Private Limited	400	76	304	1419.42	1663.25
3.	Metropolitan Ventures India Limited	50	74	37	429.70	429.70
4.	Bhagyanagar Metals Limited	5	100	5	Nil	Nil
5.	Bhagyanagar Telecom Limited	5	100	5	Nil	Nil



## 2. Associate companies :

Name of the venture company	Paid up Capital (Rs in lakhs)	Co's Interest	Equity Investment (Rs in lakhs)	Advances (Rs in lakhs)	Maximum amount outstanding during the year (Rs in lakhs)
Surana Ventures Limited	1500	49%	735.00	-	256.20
Savitrimata Realtors Pvt Ltd	5	26%	2.55	1363.45	1363.45
Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	5	47%	2.35	1.09	1.09
Green Energy Systems Pvt Ltd (Formerly Surana Green Energy Ventures Pvt Ltd)	1	40%	0.40	-	0.01
Advantage Real Estate India Pvt Ltd	5	25%	1.25	450.17	549.17
Globecom Infra-Ventures Pvt Ltd	1	50%	0.50	1	10.83
GMS Realtors Private Ltd	1	50%	0.50	-	-

# Surana Ventures Limited, an Associate, is in process of merging Solar Power Division of Surana Telecom and Power Limited with itself. According to the Scheme of Arrangement filed with the High Court of Andhra Pradesh and upon it's being effective, Equity investment of Bhagyanagar India Limited to the extent of Rs 2,94,00,000/= shall be converted into 29,40,000, 12 % Non-Convertible secured Debentures, redeemable in 18 months, of the face value of Rs 10 each. The balance will remain as equity investment

## 3. Minority Interest:

Particulars	Scientia Infocom India Private Limited	Metropolitan Ventures India Limited	Total
Extent of Holding (%)	76	74	
Minority Interest (%)	24	26	
Minority Interest:			
In Shareholders Funds:			
In Share Capital	96,00,000	13,00,000	1,09,00,000
In current years' Profit(Loss)	(4,320)	23,572	19,252
In earlier years' Profit/(Loss)			6,70,379
Balance as at close of the year			1,15,89,631



**4. Investments in Associate Companies considered for consolidation:**

Name of the company	Cost of Investment	Addition/ (reduction) during the year	Share in Net assets	Value of Investments As on 31.03.2010
Surana Ventures Limited	735	-	(49.94) #	685.06
Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	2.35	-	2.97	5.32
Green Energy Systems Pvt Ltd	0.40	(0.40)	-	-
Advantage Real Estate India Pvt Ltd	1.25	-	(0.21)	1.04
Globecom Infra-Ventures Pvt Ltd	0.50	-	(0.50)	-
GMS Realtors Private Ltd	0.50	-	(0.16)	(0.34)

# As referred to in note no 2, share in net assets of Surana Ventures Limited has been considered for consolidation based on Unaudited Accounts of the said company.

**5. Earnings Per Share:**

(Figures in lakhs)

Particulars	31.03.2010	31.03.2009
Net Profit after tax	1329.97	1127.20
Net Profit available for Equity share-holders	1317.90	1084.01
Weighted Average No of Equity Shares - Basic	731.48	745.00
Add: Undiluted effect of potential equity shares on conversion of FCCB	104.45	156.68
Number of equity shares - Dilutive	835.93	901.68
Nominal value of each equity share (Rs)	2.00	2.00
Basic Earning Per Share	1.80	1.46
Diluted Earning Per Share (on conversion of FCCB)	1.58	1.20

**6. Equity Share Capital:**

The company has bought back 55,73,386 Equity shares, till 31st March,2010, of the face value of Rs 2/- each for total consideration of Rs 1482 lakhs. In accordance with the Scheme of Buy-back of equity shares approved by the competent authorities, the company has closed the scheme on 17.05.2010 as it has fulfilled all the requirements. Total number of shares bought back under the scheme are 61,00,000 for a total consideration of Rs 1616.82 lakhs. Equity share capital of the company after the buy-back stands at 684 lakhs shares of the face value of Rs 2-each.



### 7. Secured Loans:

- Cash Credit and Medium term loans from Banks are secured by hypothecation of stocks, Debtors and first charge on pari-passu basis on specific fixed assets of the company respectively and personal guarantee of the Managing Directors.

### 8. Unsecured Loans - Foreign Currency Convertible Bonds:

- During the year 2006-07, the company issued at par, 5 years Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 15 millions comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure.
- During the year under review, i.e. 2009-10, the Company has bought back 50 bonds of US \$ 1,00,000 each, in accordance with the guidelines issued by the Reserve Bank of India from time to time. Out of total book profit of Rs 449.82 lakhs on buy-back of FCCB's, Rs 327.22 lakhs has been adjusted against cost of Fixed Assets in the ratio of application of FCCB proceeds and balance of Rs 122.60 lakhs has been adjusted against the "Foreign Currency Monetary Items Translation Difference Account" Reserve, created during the financial year 2008-09 in accordance with the Revised AS-11 adopted by the Company.
- The remaining bond-holders have an option of converting these bonds into equity shares at the conversion price of Rs 44 per share (Face value Rs 2 each) and the bond-holders are entitled to get 104.45 lakhs shares at any time prior to close of business on 10th October, 2011 unless redeemed.
- The company has a commitment towards the remaining 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 1551.17 lakhs as on 31.03.2010.
- In compliance with the Companies (Accounting Standards) Rules, 2009 issued the Ministry of Corporate Affairs, the notional exchange gain of Rs 590 lakhs during the year due to appreciation in Rupee rate vis-à-vis US\$ amounting to Rs 5.9 per US\$ has been adjusted partly against cost of Depreciable Fixed Assets in the ratio of FCCB proceeds utilized for acquiring those Assets and partly against cost of non-depreciable assets in the ratio of FCCB proceeds utilized for acquiring those assets. Detailed working of the impact of revised AS-11 is given in Note no. 14 to 17
- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2010 is valued at the exchange rate of that date which was Rs 45.05 = 1 US \$ as against exchange rate of 31.03.2009 which was Rs 50.95 = 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.



- **Details of FCCB proceeds are us under:**

	Amount (Rs in Lakhs)
<b>Receipts</b>	
Total FCCB Proceeds received (net of expenses incurred)	6498.23
Less: Interest on FDs' parked outside India	149.56
<b>Net FCCB proceeds received in India</b>	<b>6348.67</b>
<b>Utilization</b>	
Wind Power Machinery	4473.71
Leased Land for Wind Power Plant	46.90
Expansion of Copper Units	364.13
Telecom Machinery	7.50
Investment in Hardware/Information Technology Park	1456.43
<b>Total Utilization</b>	<b>6348.67</b>

**9. Contingent Liability not provided for (As certified by the management):**

Particulars	31-03-2010 Rs. In lakhs	31-03-2009 Rs.in lakhs
a) Counter guarantees given to the Banks against Guarantee Issued by them	<b>723.69</b>	2537.20
b) Letters of Credit opened by Banks/Buyers' credit	<b>124.91</b>	1352.59
c) YTM payable to the FCCB bond-holders	<b>1551.17</b>	1812.93
d) Sales Tax matters under dispute	<b>Nil</b>	11.28
e) Custom duty/Excise duty matters under dispute	<b>265.21</b>	265.21

**10. Fixed Assets -**

- Decrease in cost of free-hold Land, part of which is on account of capitalization of Information Technology Park, amounting to Rs 241 lakhs as shown in Schedule-5 to the Balance Sheet includes decrease of Rs 75.60 lakhs due to apportionment of Book Profit on buy-back of FCCB Bonds in the ratio of utilization of FCCB proceeds.
- Decrease in Cost of Lease-Hold Land amounting to Rs 7.52 lakhs as shown in Schedule-5 to the Balance Sheet includes decrease of Rs 2.39 lakhs due to apportionment of Book Profit on buy-back of FCCB in the ratio of utilization of FCCB proceeds.
- Decrease in cost of Plant & Machinery amounting to Rs 2318 lakhs as shown in Schedule-5 to the Balance Sheet includes decrease of Rs 38.90 lakhs and Rs 21.57 lakhs (Previous year increase of Rs 68.48 lakhs due to notional loss) due to notional gain on foreign exchange fluctuation on account of FCCB liability and apportionment of Book Profit on buy-back of FCCB respectively during the year 2009-10. Further, the company has sold the entire Plant & Machinery of one of its oldest Units, situated in Hyderabad, engaged in manufacturing of Jelly Filled Telephone Cables. Cost and WDV of the same was Rs 2181.87 lakhs and Rs 45.74 lakhs respectively.



- Decrease in cost of Wind Power Plant amounting to Rs 638.13 lakhs as shown in Schedule-5 to the Balance Sheet is on account of decrease of Rs 410.47 lakhs and Rs 227.66 lakhs (Previous year increase of Rs 640.68 lakhs due to notional loss) due to notional gain on foreign exchange fluctuation on account of FCCB liability and apportionment of Book Profit on buy-back of FCCB respectively during the year 2009-10.

## 11. Capital Work-in-Progress:

Opening balance as on 01.04.2009	Rs 775.18 lakhs
Add: Additional construction expenses during the year	Rs 9.41 lakhs
Less: Assets capitalized	Rs 360.37 lakhs
Less: Amount transferred to Advances-Infrastructure #	Rs 250.00 lakhs
Less: Refund received against capital advances	Rs 9.37 lakhs
<b>Closing balance as on 31.03.2010</b>	<b>Rs 164.85 lakhs</b>

#An advance of Rs 250 lakhs was given for acquiring land in TADA SEZ. As the company has started receiving refund of the same, it has been transferred to Infrastructure advances.

## 12. Fixed Assets - Impairment:

In the 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.

## 13. Investments - Subsidiaries:

Brief details of the subsidiaries are given below:

(Rs in lakhs)

Name of the Subsidiary company	Paid-up Capital	Co's Interest	Equity Investment	Advances	Maximum amount outstanding during the year
Bhagyanagar Properties Private Limited	400	100%	400	5876.97	5876.97
Scientia Infocom India Private Ltd	400	76%	304	1419.42	1663.25
Metropolitan Ventures India Limited	50	74%	37	429.70	429.70
Bhagyanagar Metals Limited	5	100%	5	-	-
Bhagyanagar Telecom Limited	5	100%	5	-	-



## 14. Investments - Associates:

Brief details of the Associates are given below:

(Rs in lakhs)

Name of the Venture company	Paid-up Capital	Co's Interest	Equity Investment	Advances	Maximum amount outstanding during the year
Surana Ventures Limited #	1500	49%	735.00	-	256.20
Savitrinata Realtors Pvt Ltd	5	26%	2.55	1352.52	1352.52
Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	5	47%	2.35	-	1.09
Green Energy Systems Pvt Ltd (Formerly Surana Green Energy Ventures Pvt Ltd)	1	40%	0.40	-	0.01
Advantage Real Estate India Pvt Ltd	5	25%	1.25	450.17	549.17
Globecom Infra-Ventures Pvt Ltd	1	50%	0.50	1.00	10.83
GMS Realtors Private Ltd	1	50%	0.50	-	-

# Surana Ventures Limited, an Associate, is in process of merging Solar Power Division of Surana Telecom and Power Limited with itself. According to the Scheme of Arrangement filed with the High Court of Andhra Pradesh and upon it's being effective, Equity investment of Bhagyanagar India Limited to the extent of Rs 2,94,00,000/= shall be converted into 29,40,000, 12 % Non-Convertible secured Debentures, redeemable in 18 months, of the face value of Rs 10 each. The balance will remain as equity investment

## 15. Deferred Taxes

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

Particulars	As at 31-03-2009 Rs. Lakhs	Assets/Liability Arising during the Year	As at 31-03-2010 Rs. Lakhs
<b>Deferred Tax Assets/Liability</b>			
Depreciation - Timing difference	55.24	(45.41)	9.81
MAT Credit available	-	176.50	176.52
Adjustment on account of FCCB issue expenses	24.44	(3.40)	21.04
Net Deferred Tax Assets	79.68	127.69	207.37



## 16. Impact of increase in FCCB Liability and treatment thereof in accordance with revised AS-11 (The effect of changes in foreign exchange rates)

(Rs in lakhs)

Particulars	Debit	Credit
Decrease in FCCB Liability as compared to previous year	590.00	
Decrease in cost of Plant & Machinery		449.37
Amortization of Foreign Currency Monetary Items Translation Difference Account on decrease in cost of non-depreciable assets		140.63
<b>TOTAL</b>	<b>590.00</b>	<b>590.00</b>

## 17. Foreign Currency Monetary Items Translation Difference Account ("FCMITD Account")

(Rs in lakhs)

Particulars	Increase	Decrease
Increase in cost of assets other than depreciable assets in the year 2008-09		575.92
Decrease in cost of assets other than depreciable assets in the year 2007-08		181.08
Amortized 1/3 of the net increase during the year 2008-09		131.61
Closing Balance as on 31.03.2009 to be amortized over a period of two years till 2011		263.23
Opening Balance as on 01.04.2009	<b>263.23</b>	
Reduction due to decrease in cost of non-depreciable Assets	<b>140.63</b>	
Reduction due to Book profit on buy-back of FCCB	<b>122.60</b>	
Amortized during the year 2009-10	-	
Closing balance as on 31.03.2010	-	

## 18. Depreciation:

Depreciation on fixed assets has decreased by Rs 31.24 lakhs and Rs 5.26 due to adoption of The Companies (Accounting Standards) Rules,2009 issued by the Ministry of Corporate Affairs on 31.03.2009 and apportionment of Book profit on account of buy-back of FCCB respectively, thereby resulting into net decrease of 36.83 in depreciation.

## 19. Impact on Profit & Loss Account due to revised AS-11

(Rs in lakhs)

	2009-10	2008-09
Increase/(Decrease) in Profit on non-recognition of exchange difference	<b>(590.00)</b>	748.50
Decrease in Profit due to amortization of "FCMITD Account"	-	131.61
Increase/(Decrease) in Depreciation on capitalization of forex difference to respective assets	<b>(31.24)</b>	34.94
Net increase/(Decrease) in Profit due to change in Accounting Policy	<b>(558.76)</b>	581.95





## 20. Related Party Disclosure

### A: Relationship

Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Surana Telecom and Power Limited	Metropolitan Ventures India Limited	Surana Ventures Limited	G M Surana	Namrata Surana
Innova Technologies Private Limited	Bhagyanagar Properties Private Ltd	Savitrimatea Realtors Pvt Ltd	Narender Surana	Manish Surana.
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom India Private Ltd	BEIDCPL	Devendra Surana	Nivriti Surana
Bhagyanagar Energy & Telecom Pvt Ltd	Bhagyanagar Telecom Ltd	Advantage Real Estate India Pvt Ltd	Narender Munoth	
Bhagyanagar Infrastructure Ltd	Bhagyanagar Metals Ltd	Globecom Infra-ventures Pvt Ltd		
Bhagyanagar Entertainment Ltd		GMS Realtors Pvt Ltd		
Every Time Foods Industries Pvt Ltd				
Surana Infocom Private Ltd				
Andhra Electro Galvanising Works				
Tranquil Avenues India Pvt Ltd				
Royal Skyscrapers India Pvt Ltd				
Celestial Avenues Pvt Ltd				
Innova Infrastructure Pvt Ltd				
Majestic Logistics Pvt Ltd				
Innova Biotech India Pvt Ltd				
Epicentre entertainment Private Ltd				
Bhagyanagar Ventures Pvt Ltd				



## B: Transactions

Nature of Transaction	Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Sale of Goods	<b>190.55</b> (700.46)				
Purchase of Goods	<b>51.50</b> (469.73)				
Sale of Land	<b>180</b> (Nil)				
Job Work-Sales	<b>5.44</b> (7.28)				
Job work -Purchase	<b>12.40</b> (46.92)				
Interest received	<b>131.22</b> (145.69)		<b>147.30</b> (143.26)		
Share warrant Application money -Forfeited	<b>176</b> (Nil)				
Share warrant Application money-Paid			<b>Nil</b> (80)		
Share warrant Application money received back			<b>80</b> (Nil)		
Investments	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>Nil</b> (697.65)		
Advances Given	<b>250.13</b> (Nil)	<b>Nil</b> (255.46)	<b>133.67</b> (Nil)		
Advances received back	<b>Nil</b> (1053.91)	<b>223.96</b> (Nil)	<b>99</b> (167.44)		
Remuneration				<b>116.33</b> (114.46)	<b>7.92</b> (6.00)
Staff Development expenses					<b>Nil</b> (3.94)
Rent	<b>10.27</b> (Nil)			<b>2.40</b> (2.40)	

- Figures in brackets represent figures for the previous year

## 21. Sundry Debtors & other balances:

- In case of balances in Sundry Debtors, Loans and Advances, other current assets and Sundry Creditors, letters seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.
- Advances to Suppliers under Schedule-11 of "Loans & Advances" include Rs 214.22 lakhs paid to M/s. United International Shipping Agent (T) Ltd, Tanzania, towards cost of Copper cathode. How-



ever, Copper was stolen and replaced with worthless material on the sea-way. The Company has lodged claim with Insurance Company which is under process. As the Management is confident of recovering the entire amount from the Insurance Company/Shipping Agent, no provision for loss of goods has been made in the books of Account.

- Sundry creditors include Rs 124.91 lakhs secured by way of Letter of Credit/ Buyers' credit. Further, the Company does not owe any sum to Micro & small enterprises as at the end of the accounting year on account of principal and interest under the Micro, Small and Medium Enterprises Development Act, 2006 as per the information and records available with the company about their industrial status which has been relied upon by the auditors..

## 22. Retirement and other Employees Benefits:

- The Company's employee benefits primarily cover provident fund, gratuity and leave encashment.
- Provident fund is a defined contribution scheme and the company has no further obligation beyond the contribution made to the fund. Contributions are charged to the Profit & Loss Account in the year in which they accrue.
- Gratuity liability is a defined benefit obligation and is based on the actuarial valuation done by the Life Insurance Corporation. The gratuity liability and the net periodic gratuity cost is actually determined after considering discount rates, expected long-term return on plan assets and increase in compensation level. All actuarial gain/Losses are immediately charged to the Profit & Loss Account and are not deferred.
- The company has provided for leave encashment liability at year end on account of unavailed earned leave as per the actuarial valuation done by Life Insurance Corporation of India.
- The following Table summaries the components of Net Benefit expenses recognized in the Profit & Loss Account and amount recognized in the Balance Sheet for the respective Plans

### A) Expenses recognized in the Profit & Loss Account

	Gratuity	Leave encashment
Current service cost	1,68,772	1,41,703
Interest Cost	1,71,895	-
Expected Return on Planned Assets	(5,29,906)	(64,925)
Net actuarial loss/(gain) on obligation	1,50,354	42,343
<b>Total expenses recognized in the Profit &amp; Loss Account</b>	<b>(38,885)</b>	<b>1,19,121</b>

### B) Change in Defined Benefit obligation during the year ended 31st March,2010

	Gratuity	Leave encashment
Present value of obligation as at beginning of the year	21,48,682	6,01,811
Interest cost	1,71,895	-
Current service cost	1,68,772	1,41,703
Benefits Paid	(2,49,646)	42,343
Actuarial loss/(Gain) on obligation	1,50,354	42,343
<b>Present Value of Obligation as the end of the year</b>	<b>23,90,057</b>	<b>8,28,200</b>



## C) Change in Fair Value of Plan Assets during the year ended 31st March,2010

	Gratuity	Leave encashment
Fair value of Plan Assets as at the beginning of the year	57,95,043	-
Expected Return on Planned assets	5,29,906	-
Contribution made during the year	-	-
Benefits paid	(2,49,646)	-
Actuarial gain on planned Assets	-	-
<b>Fair Value of plan assets as at close of the year</b>	<b>60,75,303</b>	<b>-</b>

## D) Balance sheet movements

	Gratuity	Leave encashment
Value of benefit obligation/Net Assets at the beginning of the year	21,48,682	6,01,811
Actual return on plan assets	5,29,906	64,925
Contributions made during the year	-	-
Expenses	(38,885)	1,19,121
Benefits paid	(2,49,646)	42,343
Value of Benefits as at close of the year	23,90,057	8,28,200
Fair value of plan assets as at the end of the year	60,75,303	7,66,096
Funded Status	36,85,246	-

- The Net Assets in respect of Gratuity Plan is not recognized as it is lying in irrevocable trust fund with Life Insurance Corporation of India, approved by income tax authorities.

## E) Actuarial assumption

	Gratuity	Leave encashment
Discount rate used	8%	8%
Expected return on planned assets	9%	9%
Salary escalation	4%	4%
Withdrawal rate		1 % to 3%



**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	Unit	Installed Capacity		Production	
		2009-10	2008-09	2009-10	2008-09
i) Copper Products (b)	MT	<b>18000</b>	18000	<b>7717.842</b>	8500.348
ii) Jelly Filled Telephone cables	LCKM	<b>72.00</b>	72.00	<b>0.613</b>	3.08
iv) Wind Power	MW	<b>12.15</b>	9.00	<b>2.31</b>	2.09

- Note:**
- The Installed Capacities and production are as certified by Management which has been relied upon by the Auditors.
  - Includes Job Work Done 3394.956 MTs (Previous year 4287.810 MT)

**(B) TURNOVER:**

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2009-10	2008-09	2009-10	2008-09
i) Copper Products (a)	MT	<b>7712.429</b>	8506.88	<b>18384.04</b>	15879.38
ii) Jelly Filled Telephone cables	Lac CKM	<b>0.613</b>	3.08	<b>807.43</b>	4665.80
iii) Wind Power	Units(Lac)	<b>231.06</b>	209.69	<b>739.12</b>	671.02
iv) Scrap & Miscellaneous items	-	-	-	<b>8.91</b>	47.93
vi) Infrastructure/Real estate Income				<b>40.60</b>	487.70
<b>SUB-TOTAL</b>				<b>19980.09</b>	21751.83
Less: Inter-Unit sales				<b>1081.17</b>	335.80
Less: Excise duty				<b>1446.02</b>	2453.45
<b>TOTAL</b>				<b>17452.91</b>	18962.58

- Note:** a) Includes Job Work of 3394.956 MT (Previous year 4287.81 MT)



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

Particulars	Opening Stock				Closing Stock			
	Quantity		Value (Rs.in lakhs)		Quantity		Value (Rs.in lakhs)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
i) Copper Wire Rods(MTs)	Nil	6.532	Nil	28.03	5.413	Nil	21.49*	Nil
ii) Cables (LacCKM)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>			<b>NIL</b>	28.03	<b>5.413</b>	Nil	<b>21.49</b>	Nil

\* Includes Excise duty provision of Rs 2.00 lakhs

## (D) RAW MATERIALS CONSUMED:

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2009-10	2008-09	2009-10	2008-09
i) Copper	MTs	3074.56	3533.578	9454.45	10124.92
ii) Scrap	MTs	1384.25	1072.493	3602.22	3144.10
iii) Polythene granules	MTs	234.525	869.835	124.48	522.98
iv) Poly Al.Tape	MTs	5.283	122.943	6.68	195.77
v) Galvanised Steel Tape	MTs	189.345	578.116	77.19	289.10
vi) Others				352.44	485.48
vii) Inter Unit Transfers					
a) Copper Rods/Wire	MTs			1073.47	249.57
b) Others				7.13	86.23
<b>SUB-TOTAL</b>		<b>4887.963</b>		<b>14698.06</b>	15098.15
Less: Inter-Unit Purchases		<b>70.460</b>		<b>1081.16</b>	335.80
<b>TOTAL</b>		<b>4817.503</b>		<b>13616.90</b>	14762.35



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

Particulars	2009-2010		2008-2009	
	Rs. In lakhs	Value Percentage	Rs. in lakhs	Value Percentage
Raw Materials & Components				
(a) Imported	<b>1599.88</b>	<b>10.88</b>	3838.66	26
(b) Indigenous	<b>13098.18</b>	<b>89.12</b>	11259.49	74
<b>TOTAL</b>	<b>14698.06</b>	<b>100.00</b>	15098.15	100.00
Stores & Spare Parts including consumed for repairs				
(a) Imported	<b>44.40</b>	<b>31.80</b>	35.14	22.63
(b) Indigenous	<b>95.23</b>	<b>68.20</b>	120.13	77.37
<b>TOTAL</b>	<b>139.63</b>	<b>100.00</b>	155.27	100.00

**(F) TRANSACTIONS IN FOREIGN EXCHANGE:**

Particulars	2009-10 Rs. In lakhs	2008-2009 Rs. In lakhs
i) Imports (on CIF Basis)		
a) Raw Materials/Traded Goods	<b>1398.65</b>	3448.97
b) Stores & Spares	<b>38.99</b>	27.03
c) Capital Goods	<b>34.11</b>	-
ii) Expenditure in Foreign Currency (Traveling)	<b>10.96</b>	9.69
iii) Earning in Foreign currency (Export sales)	<b>33.43</b>	236.43
iv) Buy-back of FCCB	<b>2097.68</b>	-
v) Expenses incurred in connection with Buy-back of FCCB	<b>11.62</b>	-

23. Previous years figures have been regrouped/rearranged wherever necessary.



## 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: (Rs in Lakhs)

Sl No	Particulars	Telecom Products	Copper Products	Wind power	Infra Structure	Total
<b>1.</b>	<b>REVENUE</b>					
	External Sales (Net of Excise duty)	744.99	15,928.20	739.21	40.61	17,453.01
	Other Operating income	102.17	13.03	-	0.28	115.49
	<b>Total Revenue</b>	<b>847.16</b>	<b>15,941.23</b>	<b>739.21</b>	<b>40.89</b>	<b>17,568.49</b>
<b>2.</b>	<b>RESULTS</b>					
	Segment results	83.50	763.34	435.74	34.22	1,316.80
	Unallocable income/Expenses					328.59
	Operating Profit					1,645.39
	Interest Expenses					192.61
	Income taxes					122.81
	Profit from Ordinary Activities					1,329.97
	<b>Net Profit</b>					<b>1,329.97</b>
<b>3.</b>	<b>Other Information</b>					
	Segment Assets	447.45	3727.52	6009.28	23,829.76	34,014.01
	Unallocable Assets					6,045.91
	<b>Total Assets</b>					<b>40,059.92</b>
	Segment Liabilities	119.89	429.80	45.10	5.92	600.71
	Unallocable Liabilities					3,088.34
	<b>Total Liabilities</b>					<b>3689.05</b>
	Capital Expenditure	0.00	171.58	1,987.24	414.82	2,573.64
	Unallocable Capital Expenditure					487.55
	<b>Total Capital Expenditure</b>					<b>3,061.19</b>
	Depreciation	26.71	143.87	285.24	-	455.81
	Unallocable Depreciation					54.21
	<b>Total Depreciation</b>					<b>510.02</b>
	Non Cash expenses - other than depreciation	87.19	9.60	3.69	-	100.47
	Unallocable non cash expenses					0.08





**Reconciliation of reportable segments with the Financial Statements** (Rs in Lakhs)

	Revenues		Results/Net profit		Assets		Liabilities	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Total of reportable segments	<b>17,568.49</b>	19008.75	<b>1,316.80</b>	1,551.85	<b>34,014.01</b>	35,226.00	<b>600.71</b>	1,769.77
Corporate - unallocable (Net)	<b>892.74</b>	1186.03	<b>328.59</b>	475.17	<b>6,045.91</b>	7,658.62	<b>3,088.34</b>	1,419.44
Interest expenses			<b>192.61</b>	463.15				
Taxes			<b>122.81</b>	436.68				
As per financial Statements	<b>18,461.24</b>	20,194.78	<b>1,329.97</b>	1,127.19	<b>40,059.92</b>	42,884.62	<b>3,689.05</b>	3,189.21

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

Signatory to Schedule 1 to 23

**For Sekhar & Co**  
Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of Board of Directors

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : May 29, 2010

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



Statement Pursuant to Section 212 of Companies Act, 1956 Relating to Subsidiary Companies

S.No	Name of subsidiary Company	Bhagyanagar Metals Limited	Bhagyanagar Properties Private Limited	Bhagyanagar Telecom Limited	Scientia infocom India Private Limited	Metropolitan Ventures India Limited
1	Financial Year ending of the Subsidiary	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10
2	Shares of the subsidiary held by Holding Company on the above date					
	a. Number and Face Value.	50,000 Equity shares of Rs. 10/- each	40,00,000 Equity shares of Rs. 10/- each	50,000 Equity shares of Rs. 10/- each	30,40,000 Equity shares of Rs. 10/- each	3,70,000 Equity shares of Rs. 10/- each
	b. Extent of Holding	100.00%	100.00%	100.00%	76.00%	74.00%
3	Profit/losses of the subsidiary company for its financial year so far as it concerns the members of the holding company which have not been dealt within the accounts of holding company					
	a. For the financial year or the years of the subsidiary aforesaid	(27,253.00)	(33,336.00)	(65,829.00)	(17,999.00)	90,662.00
	b. For the previous financial years of the subsidiary since it became the holding company's subsidiary	-	(1,071,521.00)	-	(615,052.00)	2,856,266.00
4	Net aggregate amount of the profits/ losses of the subsidiary so far as the profits are dealt in the accounts of holding company.					
	a. For the financial year or the years of the subsidiary aforesaid	nil	nil	nil	nil	nil
	b. For the previous financial years of the subsidiary since it became the holding company's subsidiary	nil	nil	nil	nil	nil



**Brief financial particulars of Subsidiary 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 dated 05.04.2010**

(Figures in Lakhs)

Name of the company	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit Before Tax	Provision for Taxation	Profit after Taxation	Proposed Dividend
Bhagyanagar Properties Pvt. Ltd.	400	-	5927.20	0.085	-	-	(4.33)	-	(4.33)	-
Bhagyanagar Metals Ltd.	5	-	4.58	0.02	-	-	(0.27)	-	(0.27)	-
Bhagyanagar Telecom Ltd.	5	-	2.98	0.03	-	-	(0.66)	-	(0.66)	-
Scientia Infocom India Pvt. Ltd.	400	-	2299.5	0.05	-	-	(0.18)	-	(0.18)	-
Metropolitan Ventures India Ltd.	50	29.47	504.17	0.02	-	-	(0.50)	-	0.90	-



## 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) 

L	2	7	2	0	1	A	P	1	9	9	1	P	L	C	0	1	2	4	4	9
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
- b) State Code No 

	0	1
--	---	---
- c) Balance Sheet Date 

3	1		0	3		2	0	1	0
---	---	--	---	---	--	---	---	---	---

  
(Date) (Month) (Year)

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

- a) Public Issue 

										N	i	l
--	--	--	--	--	--	--	--	--	--	---	---	---
- b) Rights Issue 

										N	i	l
--	--	--	--	--	--	--	--	--	--	---	---	---
- c) Bonus Issue 

										N	i	l
--	--	--	--	--	--	--	--	--	--	---	---	---
- d) Private Placement 

										N	i	l
--	--	--	--	--	--	--	--	--	--	---	---	---

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands) 31-03-10

- a) Total Liabilities 

3	1	5	3	5	0	5	.	1	7
---	---	---	---	---	---	---	---	---	---
- b) Total Assets 

3	1	5	3	5	0	5	.	1	7
---	---	---	---	---	---	---	---	---	---
- c) Sources of Funds
- i) Paid up Capital 

	1	3	7	8	5	3	.	2	3
--	---	---	---	---	---	---	---	---	---
- ii) Reserves & Surplus 

2	1	0	8	0	2	6	.	6	6
---	---	---	---	---	---	---	---	---	---
- iii) Secured Loans 

	2	2	0	9	5	0	.	0	5
--	---	---	---	---	---	---	---	---	---
- iv) Unsecured Loans 

	5	2	7	1	2	5	.	3	5
--	---	---	---	---	---	---	---	---	---
- d) Application of Funds
- i) Net Fixed Assets 

1	7	7	0	1	2	8	.	3	5
---	---	---	---	---	---	---	---	---	---
- ii) Investments 

	1	8	0	9	8	0	.	2	1
--	---	---	---	---	---	---	---	---	---
- iii) Net Current Assets 

1	0	1	6	5	1	4	.	4	3
---	---	---	---	---	---	---	---	---	---
- iv) Deferred Tax Asset 

		2	0	7	3	6	.	8	8
--	--	---	---	---	---	---	---	---	---

### IV. Performance of Company (Amount in Rs.Thousands)

- i) Sales and other Income 

1	8	4	6	1	2	3	.	8	1
---	---	---	---	---	---	---	---	---	---
- ii) Total Expenditure 

1	7	0	0	8	8	8	.	5	8
---	---	---	---	---	---	---	---	---	---
- iii) Profit Before Tax 

	1	4	5	2	7	7	.	9	8
--	---	---	---	---	---	---	---	---	---
- iv) Profit After Tax 

	1	3	2	9	9	7	.	3	0
--	---	---	---	---	---	---	---	---	---
- v) Earnings per share (Rs.) 

1	.	8	0
---	---	---	---
- vi) Dividend (%) 

2	0	.	0	0
---	---	---	---	---

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

Item.Code.No.

Name

(ITC Code)

8	5	,	4	4	2	,	0	2	9
---	---	---	---	---	---	---	---	---	---

Jelly Filled Telecommunication Cable

7	4	,	0	3	1	,	2	0	0
---	---	---	---	---	---	---	---	---	---

Copper Rods

7	4	,	0	9	9	,	0	0	0
---	---	---	---	---	---	---	---	---	---

Super Enamelled Copper Wires



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

To,  
KARVY COMPUTERSHARE PVT. LTD.  
Unit : Bhagyanagar India Limited.  
Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081  
Phone: 040-44655000, 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

25th Annual General Meeting 24th September, 2010.

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 25th Annual General Meeting of the Company, Friday 24th day of September, 2010 at 10.30 a.m. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad- 500 016,

\_\_\_\_\_  
\*\* 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.

NO GIFTS WILL BE GIVEN



# 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 25th Annual General Meeting of the Company to be held at Friday 24th day of September, 2010 at 10.30 a.m. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad- 500 016 and at every adjournment thereof.

Signed this ..... day of ....., 2010.

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

NO GIFTS WILL BE GIVEN

\* Applicable for Investors holding shares in electronic form.



