

**BHAGYANAGAR PROPERTIES PRIVATE LIMITED**

**3<sup>RD</sup> ANNUAL REPORT**

**2008-2009**

**BOARD OF DIRECTORS:**

NARENDER SURANA - DIRECTOR  
DEVENDRA SURANA - DIRECTOR  
MANISH SURANA - DIRECTOR

**REGISTERED OFFICE:**

5<sup>th</sup> Floor, Surya Towers,  
Sardar Patel Road,  
Secunderabad - 500 003.

**AUDITORS:**

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

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 3<sup>rd</sup> Annual General Meeting of the Members of **BHAGYANAGAR PROPERTIES PRIVATE LIMITED** will be held on Tuesday, 30<sup>th</sup> June, 2009 at 12.00 noon at the Registered Office of the Company at 5<sup>th</sup> Floor, Surya Towers, S P Road, Secunderabad - 500 003 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 along with Auditors' Report & Directors' Report thereon.
2. To appoint M/s. Sekhar & Co., Chartered Accountants, 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 PROPERTIES PRIVATE LIMITED**

Place : Secunderabad  
Date : 06.06.2009

Sd/-  
**NARENDER SURANA**  
**DIRECTOR**

### **NOTES :**

1. A member entitled to attend and vote 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.
2. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

## DIRECTOR'S REPORT

To  
The Members,

Your Directors have pleasure in presenting the 3<sup>rd</sup> Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2009, together with the Auditors Report thereon.

### FINANCIAL RESULTS:

Your company financial results for the year 2008-09 are given below in summarized format:

Particulars	For the Period ended on 31/03/2009 Rs.	For the Period ended on 31/03/2008 Rs.
<b>INCOME</b>		
a) Income from operations	-	-
b) Sundry Balance Written Off	1,830	-
	-----	-----
	<b>1,830</b>	-
	-----	-----
<b>EXPENDITURE</b>		
a) Administrative Expenses	442,070	173,220
b) Financial Expenses	168	180
c) Preliminary Expenses written off	5,414	5,414
	-----	-----
	<b>447,652</b>	<b>178,814</b>
	-----	-----
<b>(Loss)/Profit before Taxation</b>	<b>(445,822)</b>	<b>(178,814)</b>
	-----	-----
Deferred Tax Reverse	-	(151,607)
Fringe Benefit Tax	850	-
Profit/(Loss) after taxation	(446,672)	(330,421)
Balance B/F from Previous year	(624,849)	(294,428)
	-----	-----
<b>Balance C/F to Balance Sheet</b>	<b>(1,071,521)</b>	<b>(624,849)</b>
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### DIVIDEND:

Your Directors have not recommended for payment of dividend for the year ended 31.03.2009.

### FIXED DEPOSITS:

The Company has not accepted any deposits from the public for the year under review within the meaning of Section 58A of the Companies Act, 1956.

## **CONVERSION FROM 'PUBLIC LIMITED' TO 'PRIVATE LIMITED' COMPANY AND SUBSEQUENT CHANGE OF NAME**

During the year under review, the Company was converted from 'Public Limited' Company to 'Private Limited' with effect from 08<sup>th</sup> December, 2008 in view of the privileges which are available to the Private Limited Company, for which the members accorded their approval in the Extra Ordinary General Meeting held on 18<sup>th</sup> September, 2008. Accordingly the Company has altered and adopted renewed Memorandum and Articles of Association applicable for 'Private Limited' Company.

### **STRATEGIC INVESTORS:**

**During the year under review, the promoters of the Company informed about the** on-going discussions between the Indian Promoter (namely Bhagyanagar India Limited) and potential Foreign Collaborator (namely U. Dori Engineering Works Corporations Ltd., of Israel ("U. Dori")) for acquiring 50% shareholding in the Company by U. Dori either by itself or through one of its subsidiary companies through the purchase of 50% shareholding of the Indian Promoter in the Company, subject to requisite approvals of the Government of India and execution of definitive agreements, to which the board accorded its no objection.

Subsequently, the potential foreign collaborator initiated substantial steps for completion of the envisaged transaction, including submission of an application to the Foreign Investment Promotion Board, Ministry of Finance, Government of India for seeking requisite approval of the Government of India

After the unfortunate terrorist attacks in Mumbai on 26-11-08, and in view of the adverse travel advisory of the Israel Government, the proposed foreign collaborator withdrew his proposal to acquire stake in the Company.

The management is making substantial efforts to identify and other strategic investor, in order to take up the proposed Residential Project on the Company's land near Gachibowli, Hyderabad.

### **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.

### **COMPLIANCE CERTIFICATE:**

In accordance with requirement of Section 383A of the Companies Act, 1956, Certificate from a practicing Company Secretary, is enclosed certifying that all legal requirements, in respect of the Company for the year ended 31st March, 2009 have been complied with marked as Annexure-1.

### **DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:**

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

- i. That in the preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. 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 of the Company for the year under review;
- iii. 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;
- iv. That the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

**PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors ) Rules, 1988, forms part of this Report and is annexed herewith.

**PARTICULARS OF EMPLOYEES:**

During the period under review, there are no employees covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules, 1975.

**ACKNOWLEDGEMENTS:**

The Board desires to place on record its sincere appreciation for the support and co-operation received from the Company's Bankers and Officials of the concerned Government Departments, employees and the members for the confidence reposed by them in the management.

By Order of the Board  
for **BHAGYANAGAR PROPERTIES PRIVATE LIMITED**

Place : Secunderabad  
Date : 06.06.2009

Sd/-  
**NARENDER SURANA**  
**DIRECTOR**

Sd/-  
**DEVENDRA SURANA**  
**DIRECTOR**

## ANNEXURE TO THE DIRECTORS REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors ) Rules, 1988, and forming part of the Directors Report:

### 1. CONSERVATION OF ENERGY:

Energy conservation measures taken: The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources.

Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: Nil

Impact of the clause (1) and (2) above for reduction of energy consumption and consequent impact on the production of goods : N.A

### 2. TECHNOLOGY ABSORPTION:

#### FORM B:

(Disclosure of particulars with respect to technology absorption)

#### A. RESEARCH AND DEVELOPMENT (R&D)

Specific areas in which R& D carried out by the Company	:	Nil
Benefits derived as a result of the above R& D	:	Nil
Future plan of action	:	Nil
Expenditure on R & D		

#### B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans:

Foreign Exchange inflow	:	NIL
Foreign Exchange Outgo	:	NIL

By Order of the Board  
for **BHAGYANAGAR PROPERTIES PRIVATE LIMITED**

Place : Secunderabad  
Date : 06.06.2009

Sd/-  
**NARENDER SURANA**  
DIRECTOR

Sd/-  
**DEVENDRA SURANA**  
DIRECTOR



# SEKHAR & CO.

CHARTERED ACCOUNTANTS

**PARTNERS :**

**K.C. Devdas**, B.Com., F.C.A \*

**C. Amarnath**, B.Com., L.L.B., F.C.A., DISA (ICA)

**G. Ganesh**, B.Com., F.C.A., DISA (ICA)

To  
The Members of  
Bhagyanagar Properties Private Limited  
(Formerly Bhagyanagar Properties Limited)


1. We have audited the attached Balance Sheet of Bhagyanagar Properties Private Limited (Formerly Bhagyanagar Properties Limited) as at March 31, 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of 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. 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 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 the 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:
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by Law have been kept by the company so far as appears from our examination of those books.
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to sub-section (3C) of section 211 of the Act.
  - v. On the basis of written representation received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - vi. In our opinion and to the best of our information and according to the explanation 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:
    - a. in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2009;
    - b. In the case of profit and loss account, of the loss for the year ended on that date; and
    - c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Sekhar & Co.,  
Chartered Accountants

  
G. Ganesh  
Partern  
M.No. 211704



Secunderabad  
Date: 6/6/09.



# SEKHAR & CO.

CHARTERED ACCOUNTANTS

**PARTNERS :**

K.C. Devdas, B.Com., F.C.A

C. Amarnath, B.Com., L.L.B., F.C.A., DISA (ICA)

G. Ganesh, B.Com., F.C.A., DISA (ICA)

## Annexure

Annexure referred in paragraph 3 of our report of even date to the Members of: Bhagyanagar Properties Private Limited (Formerly Bhagyanagar Properties Limited) for the financial year ending March 31 2009.

- 1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) The assets held by the company have been verified by the management and no material discrepancies were noticed on such verification.  
c) During the year, the company has not disposed off any substantial part of the fixed assets.
- 2) In view of the nature of business of the company and its level of activity no inventory is held by the company during the course of the year and hence we have not commented on this paragraph of the order.
- 3) a) The company has not granted any loans to companies or parties covered under section 301 of the Act hence we are not required to comment on paragraphs b, c & d of this part of the order.  
b) The company has not taken any loan from companies or parties covered under section 301 of the Act hence we are not required to comment on paragraph e, f and g of this part of the order.

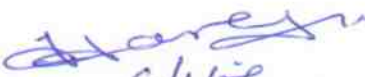
*[Handwritten signature]*  
6/6/09



- 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 nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services.
- 5) a) According to the information and explanations given to us, 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) There being no transactions of material nature we have not commented on this paragraph of the order.
- 6) The company has not accepted any deposits from the public. Hence the provisions of sections 58A and 58AA of the Act are not applicable.
- 7) There is no formal internal audit system in vogue in the company. But keeping in view the nature of transactions and volume of business we are of the opinion that there are sufficient controls commensurate with its size and nature of its business.
- 8) The maintenance of cost records are not prescribed to the business carried on by the company during the year.
- 9) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.  
b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31<sup>st</sup> March, 2009 for the period of more than six months from the date they became payable.  
c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, and excise duty which have not been deposited on account of any dispute.


  
6/6/09  


- 10) The company has been registered for a period less than 5 years, due to which the clause (x) of paragraph 4 of the order is not applicable to the company. However, we wish to bring to the notice of the users of the financial statements that the accumulated losses of the company are Rs. 1,071,521. Further the company has incurred a cash loss of Rs. 446,672 during the financial year covered by our audit.
- 11) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12) The company has not granted any loans on security of shares or debentures and hence we have not commented on paragraph xii of the order.
- 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 Companies(Auditors Report)Order, 2003 are not applicable to the company
- 14) The company is not dealing in or trading in shares and securities, debentures or other investments. Accordingly the provisions of clause 4(xiv) of the order are not applicable to the company.
- 15) The Company has not granted any loans or given guarantees for loans taken by others hence the provisions of this clause are not applicable to the company.
- 16) The company has not availed any term loans from financial institutions hence the provisions of clause 4(xvi) are not applicable to the company.
- 17) The company has not availed any short term loans from financial institutions or banks hence the provisions of clause 4(xvii) are not applicable to the company
- 18) According to the information and explanations given to us the company has not made any preferential allotment to parties and companies covered in register maintained under section 301 of the Act.

  
6/6/07

- 19) The company has not raised by issue of debentures or like securities and hence the question of creation of charge does not arise.
- 20) The company has not raised any money by way of public issues and hence the question of verification of end use does not arise.
- 21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Sekhar & Co  
Chartered Accountants

  
G. Ganesh  
Partner  
M.No. 211704  
Secunderabad  
Date: 6/6/05.





**Bhagyanagar Properties Private Limited**  
**(Formerly Bhagyanagar Properties Limited)**

**Balance Sheet as on 31 - March - 2009**

	Sch.No.	As on 31-Mar - 2009 Rs.	As on 31-Mar - 2008 Rs.
<b>Sources of Funds</b>			
a) Share capital	1	40,000,000	40,000,000
<b>Loan Funds</b>			
a) Unsecured Loans	2	587,276,045	586,516,625
<b>Total</b>		627,276,045	626,516,625
<b>Fixed Asset</b>			
Free hold land	3	592,719,734	592,719,734
		592,719,734	592,719,734
<b>Capital Work In Progress</b>	4	429,250	-
<b>Current Assets Loans and advances</b>			
a) Loans and Advances	5	33,000,000	33,000,000
b) Cash & Bank Balances	6	90,581	162,867
		33,090,581	33,162,867
<b>Less Current Liabilities</b>			
a) Other Current Liabilities	7	45,868	7,066
		45,868	7,066
<b>Net Current assets</b>		33,044,713	33,155,801
Miscellaneous Expenses ( to the extent not written off or adjusted )	8	10,827	16,241
Profit & Loss Account		1,071,521	624,849
Notes to Accounts	10		
<b>Total</b>		627,276,045	626,516,625

The Schedules referred to above form  
an integral part of the Balance Sheet  
As per our report of even date

Signatories to Balance Sheet  
and Schedules 1 to 8 and 10  
for and on behalf of the Board,

For and behalf of Sekhar & Co

Chartered Accountants

  
( G.Ganesh )  
Partner



  
(Narender Surana)  
Director

  
( Devendra Surana )  
Director

Membership No. 211704

Place : Secunderabad

Date : 6/6/09

**Bhagyanagar Properties Private Limited**  
**(Formerly Bhagyanagar Properties Limited)**  
**Profit & Loss Account for the year ended on 31st - March - 2009**

	Sch.No.	As on 31-Mar-09 Rs.	As on 31-Mar-08 Rs.
<b>INCOME</b>			
a) Income from operations		-	-
b) Sundry Balance Written Off		1,830	-
		-----	-----
		1,830	-
<b>EXPENDITURE</b>			
a) Administrative Expenses	9	442,070	173,220
b) Financial Expenses		168	180
c) Preliminary Expenses written Off		5,414	5,414
		-----	-----
		447,652	178,814
(Loss) / Profit before Taxation		-----	-----
		(445,822)	(178,814)
Deferred Tax Reverse		-	(151,607)
n) Frindge Benefit Tax		850	-
Profit/(Loss) after taxation		-----	-----
		(446,672)	(330,421)
Balance B/F from previous Year		-----	-----
		(624,849)	(294,428)
Balance C/F to Balance Sheet		-----	-----
		(1,071,521)	(624,849)
Notes to Accounts	10		

The Schedules referred to above form  
an integral part of the Profit & Loss Account  
As per our report of even date

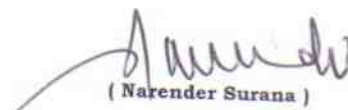
Signatories of Profit & Loss account and  
Schedules 9 and 10  
for and on behalf of the Board,


For and behalf of Sekhar & Co  
Chartered Accountants



( G.Ganesh)  
Partner

Membership No. 211704  
Place : Secunderabad  
Date : 6/6/09

  
(Narender Surana)  
Director

  
(Devendra Surana)  
Director

**Bhagyanagar Properties Private Limited**  
**(Formerly Bhagyanagar Properties Limited)**

**Schedules to the Balance Sheet and Profit & Loss Account**

<b>1. Share Capital</b>	<b>As on 31-Mar - 2009 Rs.</b>	<b>As on 31-Mar - 2008 Rs.</b>
AUTHORIZED 5000000 equity shares of Rs.10/- each	50,000,000	50,000,000
ISSUED SUBSCRIBED AND PAID UP 4000000 equity shares of Rs.10/- each fully paid up (The above shares are held by MIS Bhagyanagar India Limited-The holding Co.)	40,000,000	40,000,000
	40,000,000	40,000,000

<b>2. Unsecured Loans</b>	<b>As on 31-Mar - 2009 Rs.</b>	<b>As on 31-Mar - 2008 Rs.</b>
a) Unsecured Loans from holding company	587,276,045	586,516,625
	587,276,045	586,516,625

<b>3. Land</b>	<b>As on 31-Mar - 2009 Rs.</b>	<b>As on 31-Mar - 2008 Rs.</b>
a) Cost of Land including registration	591,300,000	591,300,000
b) Cost of developing the land	1,419,734	1,419,734
	592,719,734	592,719,734

<b>4. Capital Work In Progress</b>	<b>As on 31-Mar - 2009 Rs.</b>	<b>As on 31-Mar - 2008 Rs.</b>
a) Architect Fees	350,900	-
b) Site Expenses	78,350	-
	429,250	-

<b>5. Loans and Advances</b> (Unsecured Considered good realisable in cash or kind)	<b>As on 31-Mar - 2009 Rs.</b>	<b>As on 31-Mar - 2008 Rs.</b>
a) Sundry Advances	33,000,000	33,000,000
	33,000,000	33,000,000





6. Cash and Bank Balances	As on	As on
	31-Mar - 2009	31-Mar - 2008
	Rs.	Rs.
a) Balance with scheduled Banks		
- In current account	85,450	151,054
b) Cash in Hand	5,131	11,813
	90,581	162,867

7. Current Liabilities	As on	As on
	31-Mar - 2009	31-Mar - 2008
	Rs.	Rs.
a) TDS Payable	39,503	1,448
b) Audit Fees Payable	5,515	5,618
c) F.B.T Payable	850	-
	45,868	7,066

8. Preliminary Expenses	As on	As on
	31-Mar - 2009	31-Mar - 2008
	Rs.	Rs.
a) Opening Balance	16,241	21,655
Less: Preliminary expenses written off during the year	5,414	5,414
<b>Balance as at close of the year</b>	<b>10,827</b>	<b>16,241</b>

9. Administrative Expenses	As on	As on
	31-Mar - 2009	31-Mar - 2008
	Rs.	Rs.
a) Professional Fees	25,750	28,312
b) Conveyance	11,005	3,673
c) Filing Fee	3,264	9,215
d) Audit Fees	5,515	5,618
e) Watch and Ward	324,980	109,053
f) Printing & Stationery	6,264	-
g) Electricity Expenses	16,490	6,342
h) Office Expenses	-	8,229
i) Rates & Taxes	21,050	2,020
j) Advertisements	1,384	-
k) Approval Fees	11,670	-
l) Legal And License Fees	170	-
m) Telephone Expenses	940	-
n) Other Expenses	13,588	758
	442,070	173,220



**Bhagyanagar Properties Private Limited**  
**(Formerly Bhagyanagar Properties Limited)**  
**2008-2009**

**10A. Significant Accounting Policies and Notes on Accounts Forming Part of Balance Sheet and Profit & Loss Account.**

**Significant Accounting Policies**

**i. Basis of Preparation of Financial Statements**

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

**ii. Use of Estimates**

The Preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assts 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. Depreciation**

Depreciation is provided on written down value method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**v. 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.



- vi. **Investments**  
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. The Company has no such Investments.
- vii. **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 realizable value whichever is lower. Cost includes Direct Material, Labour cost and appropriate overheads. There is no inventory in hand as on 31.03.2009.
- viii. **Employee Retirement / Terminal Benefits**  
The employees of the company are covered under Group Gratuity Scheme of Life Insurance Corporation of India. The premium paid thereon is charged to Profit and Loss Account. Leave Encashment liability is provided on the basis of best management estimates on actual entitlement of eligible employees at the end of the year.
- ix. **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.
- x. **Turnover**  
Turnover includes sale of goods, services, sales tax, service tax and Adjusted for discounts (net), excise duty.
- xi. **Revenue Recognition case of Real Estate Transactions.**  
Revenue in case of real estate transactions is made on the basis of Conclusion on contracts for sales and purchases.
- xii. **Segment Reporting**  
Company is presently not operating in more than one segment and hence AS-17 of ICAI for "Segment Reporting" is not applicable.



**xiii. 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.

**xiv. 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.

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

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





## 10B . Notes to Accounts

- i) The Company was incorporated on 25 -April - 2006 and it was converted to Bhagyanagar Properties Private Ltd. on 8th December 2008
- ii) Fixed asset comprise Free Hold Land to an extent 18 Acres at Vattinagulapally Village , Rajendranagar Mandal , Ranga Reddy District from M/s i Labs Information Technology and Life Sciences Parks ( P ) Ltd. for a total sale consideration of Rs 59,13,00,000 including Registration charges, stamp duty and other expenses.
- iii) Since the company is still in the process of land development no Revenue is recognized
- iv) Capital work in progress includes cost of development of land.
- v ) Contingent Liabilities which can crystallise at a later date having major impact over the financial performance of the company in near future are NIL as on date of Balance Sheet.
- vi) The Company is a wholly owned subsidiary of Bhagyanagar India Limited.
- vii ) Capital commitment as on date of balance sheet are NIL.
- viii) In accordance of provisions of "Accounting Standard 22 accounting for taxes on income , the company would have deferred assets ,primarily comprising of accumulated tax losses & unamortized issue expenses.As the process of realisation of Deferred Tax Asset would be long drawn the same is recognised.

As per our report of even date

For and on Behalf of the Board,

For and behalf of Sekhar & Co  
Chartered Accountants

  
( G.Ganesh )  
Partner

Membership No. 211704

Place : Secunderabad

Date : 6/6/09

  
( NARENDER SURANA )  
Director

  
(DEVENDRA SURANA)  
Director

<b>Bhagyanagar Properties Private Limited</b>		
<b>(Formerly Bhagyanagar Properties Limited)</b>		
<b>Cash Flow Statement for the year ended March 31, 2009</b>		
	As on 31.03.2009	As on 31.03.2008
<b>Cash Flow From Operating Activities</b>		
Net Profit before Tax	(445,822)	(178,814)
Adjustment for :		
Add:		
Depreciation		
Preli Exp written off	5,414	5,414
Less: Incorporation Expenses		
<b>Operating profit before working capital changes</b>	<b>(440,408)</b>	<b>(173,400)</b>
Increase in Work in Progress	(429,250)	-
Decrease in Current Assets		
Increase in Current Liabilities	(37,952)	1,448
<b>Change In Working Capital</b>	<b>(391,298)</b>	<b>1,448</b>
<b>Net cash from operating activity</b>	<b>(831,706)</b>	<b>(171,952)</b>
<b>Cash flow from Investment activities</b>		
Increase in fixed assets	-	(873,653)
<b>Net cash from investing activity</b>	<b>(831,706)</b>	<b>(873,653)</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	-	-
Proceeds from Security Premium	-	-
Proceeds from Loans	759,420	960,000
<b>Net cash generated from financing activity</b>	<b>759,420</b>	<b>960,000</b>
Net cash generated	(72,286)	(85,605)
Opening Cash & Cash equivalent	162,867	248,472
<b>Cash and Cash equivalents as at 31/03/2009</b>	<b>90,581</b>	<b>162,867</b>
<b>Increase &amp; Decrease in Cash and Cash equivalents</b>	<b>(72,286)</b>	<b>(85,605)</b>

As per our report of even date

For and on Behalf of the Board

For and behalf of Sekhar & Co.  
Chartered Accountants

(G. Ganesh)  
Partner

Membership No. 211704

Place : Secunderabad

Date : 6/6/09.



(Narender Surana)  
Director

(Devendra Surana)  
Director