

# **BHAGYANAGAR TELECOM LIMITED**

**5<sup>TH</sup> ANNUAL REPORT**

**2009-2010**

**BOARD OF DIRECTORS:**

|                 |   |          |
|-----------------|---|----------|
| G M 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 5<sup>th</sup> Annual General Meeting of the Members of **BHAGYANAGAR TELECOM LIMITED** will be held on Wednesday, the 30<sup>th</sup> day of June, 2010 at 10.30 a.m. at the Registered Office 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 2010, and the Profit and Loss account for the year ended 31<sup>st</sup> March 2010, along with Auditors' Report & Directors' Report thereon.
2. To appoint a Director in place of Shri Manish Surana who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 TELECOM LIMITED**

Place: Secunderabad  
Date: 18.05.2010

Sd/-  
**DEVENDRA 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.

## DIRECTORS REPORT

To  
The Members,

Your Directors have pleasure in presenting the 5<sup>th</sup> Annual Report and the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2010, together with the Auditors Report thereon.

### FINANCIAL RESULTS:

Your company financial results for the year 2009-10 are given below in summarized format:

| Particulars                           | For the Period ended<br>on 31/03/2010<br>Rs. |
|---------------------------------------|--|
| <b>INCOME</b>                         |  |
| a) Income from Operations             | -  |
|                                       | -----  |
|                                       | -  |
|                                       | -----  |
| <b>EXPENDITURE</b>                    |  |
| a) Materials                          | -  |
| b) Expenses                           | 65,829                                       |
| c) Financial Charges                  | -  |
|                                       | -----  |
|                                       | 65,829                                       |
|                                       | -----  |
| Profit before Taxation                | (65,829)                                     |
|                                       | -----  |
| <b>Profit after taxation</b>          | <b>(65,829)</b>                              |
| <b>Balance B/F from Previous Year</b> | <b>-</b>                                     |
|                                       | -----  |
| <b>Balance C/F to Balance Sheet</b>   | <b>(65,829)</b>                              |
|                                       | -----  |

### DIVIDENDS:

Your directors are not recommended for payment of dividend for the year ended 31-03-2010

### 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.

### DIRECTORS:

During the year under review, there is no change in composition of the Board. Shri Manish Surana, Director of the Company retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

**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.

**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, 2010 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 2010 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 TELECOM LIMITED**

Place: Secunderabad  
Date : 18.05.2010

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

Sd/-  
**MANISH 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 TELECOM LIMITED**

Place : Secunderabad  
Date : 18.05.2010

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

Sd/-  
**MANISH SURANA**  
**DIRECTOR**



# SEKHAR & CO.

CHARTERED ACCOUNTANTS

**PARTNERS :**

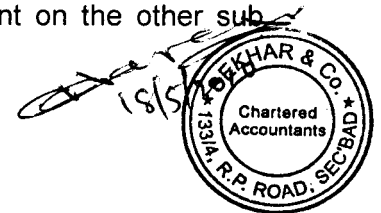
**K.C. Devdas**, B.Com., F.C.A.

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

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

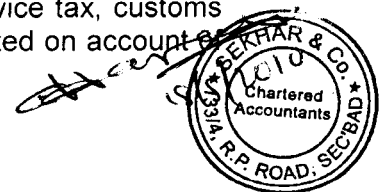
To  
The Members of  
Bhagyanagar Telecom Limited

01. We have audited the attached Balance Sheet of M/s. Bhagyanagar Telecom Limited, as at 31<sup>st</sup> March 2010, the Statement of Profit and Loss Account and also 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.
02. We have conducted our Audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement Presentation. We believe that our audit provides a reasonable basis for our opinion.
03. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) Order, 2004 ( together henceforth called as the 'Order' ) issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act'), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give below, a statement on the matters specified in paragraphs 4 & 5 of the said order.
  - i. The company is not having any Fixed Assets as on the date of balance sheet hence we have not reported on sub clause b & c of this clause of the Order.
  - ii. The Company did not hold any inventory at any time during the year hence we have not reported on sub-clause b & c of this clause of the Order.
  - iii. The company has neither given loans nor taken any loans from parts covered in the registered maintained under section 301 of the "Act". Hence we are not required to comment on the other sub clauses of this clause of the order.





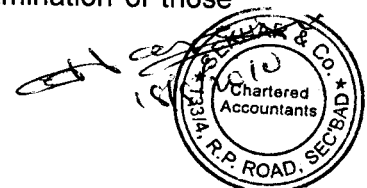
- iv. In our opinion and according to the information and explanations given to use, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure of correct major weaknesses in internal control system of the company.
- v. a) According to the information and explanation 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) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding the vale of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The company has not accepted any deposits which fall under section 58A and 58AA and other relevant provisions of the Act, and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits from the public, hence we have not reported on the reporting requirements of clause 6 of Paragraph 4 of the order.
- vii. The provisions of internal audit are not applicable to the company keeping in view the size of the company and nature of its business. Hence we need not comment on the adequacy of the same.
- viii. The provisions regarding maintenance of cost records under section 209 (1) (d) of the Act are not applicable to the company as the company has not carried on any business during the year.
- ix. 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, custom duty, excise duty and other material statutory dues applicable to it.  
Further, since the 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 given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31.03.2010 for a period of more than six months from the date they became payable.  
c) According to the information and explanation given 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.



- x. The company has been in existence for a period less than five years hence the provisions regarding accumulated losses being more than 50% of net worth and cash losses are not applicable to the company.
- xi. The company has not taken any loans from financial institutions hence the question of default does not apply to the company.
- xii. The company has not given any loans against shares and securities hence the maintenance of relevant records does not apply to the company.
- xiii. 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.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the company.
- xv. The company has not given any guarantees for loans taken by others from banks or financial institutions hence we have not commented on this clause of the order.
- xvi. The company has not availed any term loans hence the question of application of the same does not arise.
- xvii. There being no short term loans availed by the company the question of application of the same for long term purpose does not arise.
- xviii. The company has not made nay allotment of shares to parties and companies covered under the act. Hence we have not commented on this clause of the order.
- xix. The company has not raised any money by debentures or like securities during the year. Hence we have not commented on this clause of the order on creation of security on loans raised.
- xx. The company has not raised any money by way of public issue during the year. Hence we have not commented on this clause of the order.
- xxi. 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.

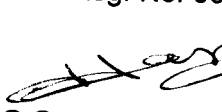
04. Further to our comments in paragraph 3 above, we report that:

- 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, so far as appears from our examination of those books.



- c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of Account;
- d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with Accounting Standards referred to in Section 211(3C) of the Act;
- e) On the basis of the Written representations received from the Directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March 2010 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Act.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the Notes thereon and attached thereto, given in the prescribed manner, the information required by the Act, and also give a true and fair view in conformity with accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the statement of affairs of the Company as at 31<sup>st</sup> March 2010;
- (ii) In the case of the Profit and Loss Account, the **Loss** on that date; and
- (iii) In the case of cash flow statement the cash flows for the year ended on that date.

For SEKHAR & CO.  
CHARTERED ACCOUNTANTS  
Firm Reg. No: 003695 - S

  
G Ganesh  
Partner  
M.No: 211704



Place: Secunderabad  
Date: 18/5/2010

**Bhagyanagar Telecom Limited**

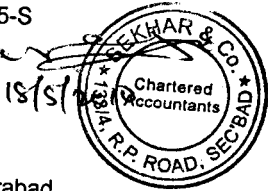
**Balance Sheet as on 31st March,2010**

| SL.No.   |  | Sche.No | As on<br>31-Mar - 2010<br>Rs. | As on<br>31-Mar - 2009<br>Rs. |
|--|--|---------|-------------------------------|-------------------------------|
| I  | <b>Sources of Funds:</b>   |         |                               |                               |
|  | <b>Share Capital:</b>  |         |                               |                               |
|  | A) Authorised 1000000 Equity Shares of Rs. 10/-each                        |         | 10,000,000                    | 10,000,000                    |
|  | B) Issued and Subscribed 50000 Equity Shares of Rs.10/- Each fully paid up | 1       | 500,000                       | 500,000                       |
|  | <b>Total:</b>  |         | <b>500,000</b>                | <b>500,000</b>                |
| II   | <b>Application of Funds</b>  |         |                               |                               |
|  | <b>a)Current assets, Loans &amp; Advances:</b>                             |         |                               |                               |
|  | a) Cash and Bank balances  | 2       | 298,269                       | 308,661                       |
|  | <b>Less: Current Liabilities:</b>  |         | <b>298,269</b>                | <b>308,661</b>                |
|  |  | 3       | 3,222                         | 3,305                         |
|  | Net Current Assets   |         | <b>295,047</b>                | <b>305,356</b>                |
|  | <b>B) Misc Expenditure to the extent not written off or adjusted</b>       |         |                               |                               |
|  | a) Miscellaneous Expenses  | 4       | 139,124                       | 173,905                       |
|  | Preliminary Expenses   |         | -                             | 20,739                        |
|  | b) Pre-operative expenses  |         | 65,829                        | -                             |
| c) Profit and Loss Accounts                        |  |         |                               |                               |
| Significant Account policies and Notes to Accounts | 6  |         |                               |                               |
|  | <b>Total:</b>  |         | <b>500,000</b>                | <b>500,000</b>                |

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

**For and behalf of**  
**Sekhar & Co.,**  
**Chartered Accountants**  
Firm No. 003695-S

G Ganesh  
Partner  
M.No.-211704  
Place: Secunderabad  
Date: 18/5/2010



Signatories to Balance Sheet and Schedules 1 to 5 and 6 for and on behalf of the Board

*(Signature)*  
(Devendra Surana)  
Director

*(Signature)*  
(Manish Surana)  
Director

**Bhagyanagar Telecom Limited**  
**Profit & Loss Account for the period ended 31st March, 2010**

|                                  | Sche<br>dule<br>No. | For the period<br>Ended 31.03.2010 |
|----------------------------------|---------------------|------------------------------------|
| <b>Income</b>                    |                     |                                    |
| a) Income from Operations        |                     | -                                  |
|                                  |                     | -                                  |
| <b>Expenditure</b>               |                     |                                    |
| a) Materials                     |                     | -                                  |
| b) Expenses                      | 5                   | 65,829                             |
| c) Financial Charges             |                     | -                                  |
|                                  |                     | 65,829                             |
| Profit for the year              |                     | (65,829)                           |
| Profit before Taxation           |                     | (65,829)                           |
| Profit after Taxation            |                     | (65,829)                           |
| Balance B/f from Previous year   |                     | -                                  |
| Balance Carried to Balance Sheet |                     | (65,829)                           |
| Notes to Accounts                | 6                   |                                    |

As per our report of even date  
For Sekhar & Co.,  
Chartered Accountants,  
Firm No. 003695-S

G Ganesh  
Partner  
M.No.-211704

Place: Secunderabad.  
Date: 18/5/2010



Signatories to Profit & Loss A/c  
and Schedules 5 to 6  
For and on behalf of the Board,

*(Signature)*  
(Devendra Surana)  
Director

*(Signature)*  
(Manish Surana)  
Director

**Bhagyanagar Telecom Limited**

**Cash flow Statement for the year ended 31st March 2010**

(Amount in Rupees)

| PARTICULARS  | 2009-10         | 2008-09        |
|--|-----------------|----------------|
| <b>A. Cash flow from Operating Activities</b>                |                 |                |
| Net profit before tax as per annexed Profit and loss account | (65,829)        | -              |
| Add: Adjustments for:  |                 |                |
| Depreciation   | -               | -              |
| Preliminary Expenses Written off                             | -               | -              |
| Pre- operative Expenses Written off                          | 34,781          | -              |
| Unrealised gain of Foreign Exchange                          | 20,739          | (7,389)        |
| Lease rents Amortised  | -               | -              |
| Bad debts Written off & Provision for bad debts              | -               | -              |
| Balances/Provisions no longer required written back          | -               | -              |
| Profit on sale of investments(Net)                           | -               | -              |
| Profit on Sale of Assets                                     | -               | -              |
| Interest paid  | -               | -              |
| Interest Received  | -               | -              |
| Dividends Received   | -               | -              |
| <b>Operating profit before working Capital Changes</b>       | <b>(10,309)</b> | <b>(7,389)</b> |
| inventories  | -               | -              |
| Loans and Advances   | -               | -              |
| Other current Assets   | -               | -              |
| Sundry Debtors   | -               | -              |
| Trade payables and other Current liabilities                 | -               | -              |
| Advance from Customers                                       | (83)            | 500            |
| <b>Cash generated from Operations</b>                        | <b>(10,392)</b> | <b>(6,889)</b> |
| Income tax and Fringe Benefit Tax paid                       | -               | -              |
| Taxes of Earlier years                                       | -               | -              |
| <b>Net cash (used in)/from operating activities(A)</b>       | <b>(10,392)</b> | <b>(6,889)</b> |
| <b>B Cash flow from Investing Activities</b>                 |                 |                |
| Purchase of Fixed Assets                                     | -               | -              |
| Sale of Fixed Assets   | -               | -              |
| Purchase of Mutual Fund & Other investment                   | -               | -              |
| Sale of Mutual Funds & Other investments                     | -               | -              |
| Dividend Received on Shares and Mutual Funds                 | -               | -              |
| Interest Received  | -               | -              |
| Changes in Capital Work in Progress                          | -               | -              |
| Loans to Joint Ventures and Subsidiaries                     | -               | -              |
| <b>Net Cash (used in)/from Investing Activities (B)</b>      | <b>-</b>        | <b>-</b>       |

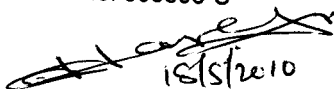


|   |                 |                |
|---|-----------------|----------------|
| <b>C Cash flow from Financing Activities</b>                        |                 |                |
| proceeds from issue of share capital                                | -               | -              |
| Proceeds from FCCB(net realised)                                    | -               | -              |
| FCCB Issue Expenses Charged to Securities                           | -               | -              |
| Premium Account   | -               | -              |
| Proceeds form Short term Loans(Net)                                 | -               | -              |
| Repayment/(Receipt) of Long Term Loans                              | -               | -              |
| Intrest paid  | -               | -              |
| Dividend Paid   | -               | -              |
| <b>Net Cash (used in)/from Investing Activities ©</b>               |                 |                |
| <b>Net Increase / Decrease in cash and Cash Equivalents (A+B+C)</b> | <b>(10,392)</b> | <b>(6,889)</b> |
| Cash and Cash Equivalents Opening Balance                           | 308,661         | 315,550        |
| Cash and Cash Equivalents Closing Balance                           | <b>298,269</b>  | <b>308,661</b> |
| <b>Change in Cash and Cash Equivalents</b>                          | <b>(10,392)</b> | <b>(6,889)</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


In terms of our report of even date


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

  
18/5/2010

G Ganesh  
Partner  
M.No.-211704  
Place: Secunderabad  
Date: 18/5/2010

For and on behalf of Board of Directors

  
(Devendra Surana) Director

  
(Manish Surana) Director

**Schedules to the Balance Sheet**

| <b>1) Share Capital</b>  | <b>As on<br/>31.03.2010</b> | <b>As on<br/>31.03.2009</b> |
|--|-----------------------------|-----------------------------|
| <b>Authorized</b><br>10,00,000 Equity Shares of Rs. 10/- each                            | 10,000,000                  | 10,000,000                  |
| <b>Issued &amp; Subscribed</b><br>5,0000 Equity Shares of Rs. 10/- each<br>fully paid up | 500,000                     | 500,000                     |
| <b>Total</b>   | <b>500,000</b>              | <b>500,000</b>              |

| <b>2) Cash and Bank balances</b> | <b>As on<br/>31.03.2010</b> | <b>As on<br/>31.03.2009</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Cash and Bank balances           | 298,269                     | 308,661                     |
| <b>Total</b>                     | <b>298,269</b>              | <b>308,661</b>              |

| <b>3) Current Liability</b> | <b>As on<br/>31.03.2010</b> | <b>As on<br/>31.03.2009</b> |
|-----------------------------|-----------------------------|-----------------------------|
| Audit fees payable          | 3,222                       | 3,305                       |
| <b>Total</b>                | <b>3,222</b>                | <b>3,305</b>                |

| <b>4) Miscellaneous Expenses</b><br><b>(Misc. Expenditure to the extent not written<br/>off or Adjusted)</b> | <b>As on<br/>31.03.2010</b> | <b>As on<br/>31.03.2009</b> |
|--|-----------------------------|-----------------------------|
| <b>Preliminary Expenses</b>  | 173,905                     | 173,905                     |
| Less:-Preliminary Expenses Written off   | 34,781                      |                             |
| <b>Total</b>   | <b>139,124</b>              | <b>173,905</b>              |





| <b>5) Expenses</b>                                | <b>As on<br/>31.03.2010</b> | <b>As on<br/>31.03.2009</b> |
|---|-----------------------------|-----------------------------|
| Audit Fees  | 3,309                       | -                           |
| Filing fees                                       | 5,600                       | -                           |
| Professional & Consultancy Charges                | 900                         | -                           |
| Preliminary Expenses Written off                  | 34,781                      | -                           |
| Miscellaneous Expenses                            | 500                         | -                           |
| Pre-operative Expenses<br>(incured till 31.03.09) | 20,739                      | -                           |
| <b>Total</b>                                      | <b>65,829</b>               |                             |



## Schedule-6

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

#### **Significant Accounting Policies**

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

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

**ii. Use of Estimates**

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

**iii. Own Fixed Assets**

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

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



**xii. 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.

**xiii. 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.

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

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

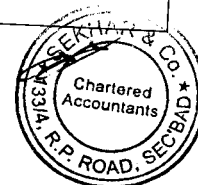


**6B) Notes to Accounts**

**1) Related Party Disclosure**

**A: Relationship**

| <u>Entities in which directors are interested</u> | <u>Holding Company</u>    | <u>Joint venture &amp; Associates</u> | <u>Key Management Personnel</u> | <u>Relatives of key management personnel</u> |
|---|---------------------------|---------------------------------------|---------------------------------|--|
| Surana Telecom and Power Limited                  | Bhagyanagar India Limited |                                       | G M Surana                      | Namrata Surana                               |
| Innova Technologies Private Limited               |                           |                                       | Manish Surana                   | Narender Surana                              |
| Value Infrastructure & Properties Pvt Ltd         |                           |                                       | Devendra Surana                 | Nivriti Surana                               |
| Bhagyanagar Energy & Telecom Pvt Ltd              |                           |                                       |                                 | Vinita Surana                                |
| Bhagyanagar Infrastructure Ltd                    |                           |                                       |                                 |  |
| Bhagyanagar Entertainment 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               |                           |                                       |                                 |  |
| Metropolitan Ventures India Limited               |                           |                                       |                                 |  |



|  |  |  |  |  |
|--|--|--|--|--|
| Scientia Infocom India Private Ltd     |  |  |  |  |
| Bhagyanagar Telecom Ltd                |  |  |  |  |
| Bhagyanagar Properties Private Limited |  |  |  |  |
| Bhagyanagar Ventures Ltd               |  |  |  |  |
| Surana Ventures Limited                |  |  |  |  |
| Savitrimata Realtors Pvt Ltd           |  |  |  |  |
| BEIDCPL                                |  |  |  |  |
| Advantage Real Estate India Pvt Ltd    |  |  |  |  |
| Globecom Infra-ventures Pvt Ltd        |  |  |  |  |
| GMS Realtors Pvt Ltd                   |  |  |  |  |

**B : Transactions**

| <u>Nature of Transaction</u> | <u>Entities in which directors are interested</u> | <u>Holding Company</u> | <u>Associates</u> | <u>Key Management Personnel</u> | <u>Relatives of key management personnel</u> |
|------------------------------|---|------------------------|-------------------|---------------------------------|--|
| Unsecured Loan               | Nil (Nil)   | Nil                    | Nil               | Nil                             | Nil  |

(Rs in lacs)



**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) | U64203AP2005PLC045838 |         |        |
| b) | State Code No                    | 01                    |         |        |
| c) | Balance Sheet Date               | 31                    | 03      | 2010   |
|    |                                  | (Date)                | (Month) | (Year) |

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

|    |                   |     |
|----|-------------------|-----|
| a) | Public Issue      | Nil |
| b) | Rights Issue      | Nil |
| c) | Bonus Issue       | Nil |
| d) | Private Placement | Nil |

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

|      |   |          |          |
|------|---|----------|----------|
| a)   | Total Liabilities   |          | 5,00,000 |
| b)   | Total Assets  |          | 5,00,000 |
| c)   | Sources of Funds  |          |          |
| i)   | Paid up Capital   | 5,00,000 |          |
| ii)  | Reserves & Surplus  | -        |          |
| iii) | Secured Loans   | -        |          |
| iv)  | Unsecured Loans   | -        |          |
| d)   | Application of Funds                                      |          |          |
| i)   | Net Fixed Assets  | -        |          |
| ii)  | Investments   | -        |          |
| iii) | Net Current Assets  | 2,95,047 |          |
| iv)  | Miscellaneous Expenses<br>(to the extent not written off) | 1,39,124 |          |
| V)   | P & L Accounts  | 65,829   |          |

**IV. Performance of Company (Amount in Rs.)**

|      |                          |          |
|------|--------------------------|----------|
| i)   | Sales and other Income   | -        |
| ii)  | Total Expenditure        | 65,829   |
| iii) | Profit Before Tax        | (65,829) |
| iv)  | Profit After Tax         | (65,829) |
| v)   | Earnings per share (Rs.) | -1.31    |
| vi)  | Dividend (%)             | NIL      |

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

Item.Code.No.  
Real Estate & Infrastructure Business

For and on behalf of the Board

|       |                |                 |               |
|-------|----------------|-----------------|---------------|
| Place | : Secunderabad | <b>Sd.-</b>     | <b>Sd/-</b>   |
| Date  | : 18.05.2010   | DEVENDRA SURANA | MANISH SURANA |
|       |                | Director        | Director      |