

BHAGYANAGAR METALS LIMITED

5TH ANNUAL REPORT

2010-2011

BOARD OF DIRECTORS

G M SURANA - DIRECTOR

NARENDER SURANA - DIRECTOR

MANISH SURANA - DIRECTOR

REGISTERED OFFICE

5th 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 4th Annual General Meeting of the Members of **BHAGYANAGAR METALS LIMITED** will be held on Thursday, 19TH May. 2011 at 10.00 a.m. at the Registered Office of the Company at 5th 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 31.03.2011 and Profit and Loss account for the period ended 31.03.2011 along with Auditors' Report & Directors' Report thereon.
2. To appoint a Director in place of Shri G M 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 METALS LIMITED**

Place : Secunderabad
Date : 08.04.2011

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.

DIRECTORS REPORT

To
The Members,

Your Directors have pleasure in presenting the 5th Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2011, together with the Auditors Report thereon.

FINANCIAL RESULTS:

Your company financial results for the year 2010-11 are given below in summarized format:

| Particulars | For the Period ended on 31/03/2011 Rs. | For the Period ended on 31/03/2010 Rs. |
|---------------------------------------|--|--|
| INCOME | | |
| a) Income from Operations | - | - |
| | ----- | ----- |
| | - | - |
| | ----- | ----- |
| EXPENDITURE | | |
| a) Materials | - | - |
| b) Expenses | 8,021 | 27,253 |
| c) Financial Charges | - | - |
| | ----- | ----- |
| | 8,021 | 27,253 |
| | ----- | ----- |
| Profit before Taxation | (8,021) | (27,253) |
| | ----- | ----- |
| Profit after taxation | (8,021) | (27,253) |
| Balance B/F from Previous Year | - | - |
| | ----- | ----- |
| Balance C/F to Balance Sheet | (35,274) | (27,253) |
| | ----- | ----- |

DIVIDEND:

The Directors do not recommend any dividend for the Financial Year 2010-11.

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 the Composition of the Board. Shri G M 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 2011, 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, 2011 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 METALS LIMITED**

Place : Secunderabad
Date: 08.04.2011

Sd/-
NARENDER SURANA
CHAIRMAN

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 | : | Nil |

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 METALS LIMITED**

Place : Secunderabad
Date: 08.04.2011

Sd/-
NARENDER SURANA
CHAIRMAN



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)

Auditors Report to the Shareholders

1. We have audited the attached Balance Sheet of Bhagyanagar Metals Limited as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conduct our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 by the Companies (Auditor's Report) (Amendment) Order, 2004 (*Together 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'*) is given below.

A. Fixed Assets : Clause 4(i) of the Order

- i. The Company has no Fixed Assets hence we have not reported on the matters specified in this clause.

B. Inventories : Clause 4(ii) of the Order

- i. The Company has not held any inventory during the period covered by the audit hence we have not reported on the matters specified in this clause.
- ii.

C. Loans and Advances & Loans against Pledge of Securities (Clauses 4(iii) of 4 (xii) of the Order.

- i. The Company has granted loans to 1(One) Company covered under section 301 of the Act. The maximum amount involved during the year is ₹.3,96,325 and year-end balance is ₹.3,92,444.
- ii. The company has not charged any Interest on the loans as it is made to the holding company. Keeping in view the other terms and conditions we are of the opinion the terms and conditions of the sanction of loan are not *prima facie* prejudicial to the interest of the company.
- iii. The Loan being interest free the question of default in payment of interest does not arise. There is no default in repayment of principal. The parties are regular in payment of interest wherever due as per the terms and conditions of sanction of loans
- iv. There are no overdue amounts in excess of ₹.1 Lakh in respect of loans granted, to companies, firms or other parties in the Act maintained under section 301 of the Act.



- v. The Company has not taken any loans from Companies / Parties covered under section 301 of the Act. Hence we have not reported on the other sub-clauses of this clause of the order.
- vi. The company has not granted any loans on pledge of shares, debentures or other securities hence we have not reported on the clause 4(xii) of the 'Order'

D. Transactions with parties under section 301 of the Act. Clause 4(v) of the Order :

- i. There are no transactions that need to have been entered under this clause hence we have not reported on the matters specified under this clause.

E. Deposits –Clause 4(vi) of the Order.

During the year the company has not accepted any deposits within the meaning of section 58A and section 58AA of the 'Act'.

F. Internal Audit – Clause 4(vii) of the Order.

Keeping view the size and nature of operations of the company the provisions of this clause are not applicable to the company.

G. Cost Records - Clause 4(viii) of the Order

The maintenance of cost records are not applicable to the nature of operations of the company..

H. Statutory Payments – Clause 4(ix) of the Order.

- i. According to the records of the Company, apart from the certain instances of delays in depositing undisputed income tax deducted at source, Employee's State Insurance, Provident Fund and Sales tax, the company has been regular in depositing undisputed statutory dues including Provident fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues with appropriate authorities.
- ii. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of statutory dues which has remained outstanding as at 31st March 2011 for a period of more than six months from the date they became payable.
- iii. According to the information and explanations given to us and records of the company there are no dues of sales tax / income tax / customs duty / wealth tax / service tax / excise duty / cess, which have not been deposited on account of any dispute.

Further, since the Central Government till date has 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.

I. Losses

The accumulated losses as at 31st March 2011 does not exceed Fifty Percent of its networth of the Company. However the Company has incurred cash loss of ₹.3,718 during the year and ₹.3,712 immediately preceding financial year.


8/4/2011

J. Internal Control

In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business.

K. Miscellaneous

- i. The Company is not a chit fund, nidhi / mutual benefit fund and therefore requirements to such class of companies are not applicable.
- ii. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the 'Act'.
- iii. The company has not taken any loans from financial institution or bank or debenture holders and accordingly the question of default does not arise.
- iv. The company has not granted loans and advances on the basis of security by pledge of shares, debentures and other securities.
- v. As explained and verified, the company is not dealing or trading in shares, securities, debentures and other investments.
- vi. As explained, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- vii. The company has not obtained any loans, accordingly clause(xvi) and (xvii) of para 4 of the 'Order' is not applicable.
- viii. The Company has not issued any shares / debentures during the year. Accordingly compliance of clause (xviii) to (xx) of para 4 of 'Order' is not applicable.
- ix. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

4. Further to our comments above, we report that:

- i. We have obtained all the information and explanations, which to our best of our knowledge and belief, were necessary for the purposes of the audit.
- ii. In our opinion, proper books of accounts 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 Accounting Standards referred to in section 211(3C) of the 'Act'.



- v. On the basis of written representations received from the Directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2011 from being appointed as a Director in terms of Section 274(1)(g) of the 'Act'.
- vi. 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, give 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.
1. In the case of Balance Sheet, the state of affairs of the Company as at 31st March 2011.
 2. In the Case of Profit and Loss account the '**Loss**' for the year ended on that date.
 3. In the case of cash flow statement the Cash flows for the year ended on that date.

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



[Handwritten signature]
08/04/2011

*G. Ganesh
M.No. 211704
Partner*

*Secunderabad, Andhra Pradesh
April 8, 2011*

Bhagyanagar Metals Limited
Balance Sheet as on 31st March,2011

| | Sche.No | As on 31-Mar - 2011 Rs. | As on 31-Mar - 2010 Rs. |
|---|---------|-------------------------------|-------------------------------|
| I | | | |
| <u>Sources of Funds:</u> | | | |
| <u>Share Capital:</u> | | | |
| A) Authorised 50000 Equity Shares of Rs. 10/-each | | 500,000 | 500,000 |
| B) Issued and Subscribed 50000 Equity Shares of Rs.10/- Each fully paid up | 1 | 500,000 | 500,000 |
| Total: | | 500,000 | 500,000 |
| II | | | |
| <u>Application of Funds</u> | | | |
| <u>a)Current assets, Loans & Advances:</u> | | | |
| a) Cash and Bank balances | 2 | 61,577 | 457,739 |
| b)Loan to Holding Company | 5 | 392,444 | |
| | | 454,021 | 457,739 |
| <u>Less: Current Liabilities:</u> | 3 | 2,206 | 2,206 |
| Net Current Assets | | 451,815 | 455,533 |
| <u>B) Misc Expenditure to the extent not written off or adjusted</u> | | | |
| Miscellaneous Expenses | 4 | 12,911 | 17,214 |
| Preliminary Expenses | | 35,274 | 27,253 |
| a) Profit & Loss Account | | | |
| Significant Account policies and Notes to Accounts | 7 | | |
| Total: | | 500,000 | 500,000 |

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

Signatories to Balance Sheet and Schedules 1 to 5 and 7 for and on behalf of the Board

G.Ganesh
Partner
M.No.-211704



(Narender Surana)
Director

(Manish Surana)
Director

Place: Secunderabad
Date:

Bhagyanagar Metals Limited
Profit & Loss Account for the period ended 31st March, 2011

| | Schedule No. | For the period Ended 31.03.2011 | For the period Ended 31.03.2010 |
|----------------------------------|--------------|---------------------------------|---------------------------------|
| Income | | | |
| a) Other Income | | - | - |
| | | - | - |
| Expenditure | | | |
| a) Materials | | | - |
| b) Expenses | 6 | 8,021 | 27,253 |
| c) Financial Charges | | | - |
| | | 8,021 | 27,253 |
| Profit for the year | | (8,021) | (27,253) |
| Profit before Taxation | | (8,021) | (27,253) |
| Profit after Taxation | | (8,021) | (27,253) |
| Balance B/f from Previous year | | (27,253) | - |
| Balance Carried to Balance Sheet | | (35,274) | (27,253) |
| Notes to Accounts | 7 | | |

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

Signatories to Profit & Loss A/c
 and Schedules 6 to 7
 For and on behalf of the Board,

G Ganesh
 Partner
 M.No.-211704
 Place: Secunderabad.
 Date :



(Signature)
 (Narender Surana)
 Director

(Signature)
 (Manish Surana)
 Director

Bhagyanagar Metals Limited

Cash flow Statement for the year ended 31st March 2011

(Amount in Rupees)

| PARTICULARS | 2010-11 | 2009-10 |
|--|---------------------|---------------|
| A. Cash flow from Operating Activities | | |
| Net profit before tax as per annexed Profit and loss account | (8,021) | (27,253) |
| Add: Adjustments for: | | |
| Depreciation | - | - |
| Preliminary Expenses Written off | 4,303 | 4,303 |
| Pre- operative Expenses Written off | | 19,238 |
| Unrealised gain of Foreign Exchange | - | - |
| 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 | - | - |
| Operating profit before working Capital Changes | (3718) | (3712) |
| Inventories | - | - |
| Loans and Advances | - | - |
| Other current Assets | - | - |
| Sundry Debtors | - | - |
| Trade payables and other Current liabilities | - | - |
| Advance from Customers | - | - |
| Cash generated from Operations | (3718) | (3712) |
| Income tax and Fringe Benefit Tax paid | - | - |
| Taxes of Earlier years | - | - |
| Net cash (used in)/from operating activities(A) | (3718) | (3712) |
| B Cash flow from Investing Activities | | |
| 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 Holding Company | (392,444.00) | - |
| Net Cash (used in)/from Investing Activities (B) | (392,444.00) | 0 |



| | | |
|---|-----------------|---------------|
| C Cash flow from Financing Activities | | |
| 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 | - | - |
| Net Cash (used in)/from Financing Activities © | 0 | 0 |
| Net Increase / Decrease in cash and Cash Equivalents (A+B+C) | (396162) | (3712) |
| Cash and Cash Equivalents Opening Balance | 457739 | 461451 |
| Cash and Cash Equivalents Closing Balance | 61577 | 457739 |
| Change in Cash and Cash Equivalents | (396162) | (3712) |

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

For and on behalf of Board of Directors

G.GANESH
Partner
M.No.-211704
Place: Secunderabad
Date:



(Narender Surana)
Director

(Manish Surana)
Director

Schedules to the Balance Sheet

| 1) Share Capital | As on 31.03.2011 | As on 31.03.2010 |
|--|---------------------|---------------------|
| Authorized 50,000 Equity Shares of Rs. 10/- each | 500,000 | 500,000 |
| Issued & Subscribed 50,000 Equity Shares of Rs. 10/- each fully paid up (The above shares are held by M/s Bhagyanagar India Ltd- The holding Co & Its nominees) | 500,000 | 500,000 |
| Total | 500,000 | 500,000 |

| 2) Cash and Bank balances | As on 31.03.2011 | As on 31.03.2010 |
|---------------------------|---------------------|---------------------|
| Cash in hand | 29,454 | 29,454 |
| Bank Balances | 32,123 | 428,285 |
| Total | 61,577 | 457,739 |

| 3) Current Liability | As on 31.03.2011 | As on 31.03.2010 |
|----------------------|---------------------|---------------------|
| Audit fees payable | 2,206 | 2,206 |
| Total | 2,206 | 2,206 |

| 4) Miscellaneous Expenses (Misc. Expenditure to the extent not written off or Adjusted) | As on 31.03.2011 | As on 31.03.2010 |
|---|---------------------|---------------------|
| <u>Preliminary Expenses</u> | 17,214 | 21,517 |
| Less: Preliminary Exp. Written off | 4,303 | 4,303 |
| Total | 12,911 | 17,214 |



| 5) Loans and advances | As on 31.03.2011 | As on 31.03.2010 |
|-------------------------|---------------------|---------------------|
| Loan to holding company | 392,444 | - |
| Total | 392,444 | - |

Schedules to the Profit and Loss Account

| 6) Expenses | As on 31.03.2011 | As on 31.03.2010 |
|---|---------------------|---------------------|
| Audit Fees | 2,206 | 2,206 |
| Filing fees | 612 | 606 |
| Professional & Consultancy Charges | 900 | 900 |
| Preliminary Expenses Written off | 4,303 | 4,303 |
| Preoperative Expenses Written off (Incurred till 31.03.09) | | 19,238 |
| Total | 8,021 | 27,253 |



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

7 A. 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

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.



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. **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. **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.

XI. **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.

XII. **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.



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.

XV. 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.



7B) Notes to Accounts

1) Related Party Disclosure

A: Relationship

| <u>Entities in which directors are interested</u> | <u>Holding Company</u> | <u>Joint Venture & 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 | | | Narender Surana | Devendra Surana |
| Value infrastructure & Properties Pvt Ltd | | | Manish 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 Galvanishing 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 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) | 3,92,444 | Nil | Nil | Nil |



- 2 The company was incorporated on 25-09-2006
- 3 Estimated Contractual Liability on account of Capital Commitment-NIL
- 4 Contingent Liability-NIL
- 5 Additional information pursuant to the provisions of Paragraph 3,4C and 4D of the part II of Schedule VI to the Companies Act, 1956 are not relevant, hence not given
- 6 The Company is a wholly owned subsidiary of Bhagyanagar India Ltd and hence the loan given to the holding company is interest free.

Schedules referred to the above form an integral part of the balance sheet As per our report of even date

Signatories to Balance Sheet and Schedules 1 to 7 for and on behalf of the Board

For and behalf of SEKHAR & CO
Chartered Accountants
Firm Reg.No :003695-S

G.Ganesh
Partner
M.No.211704




(Narender Surana)
Director


(Manish Surana)
Director

Place: Secunderabad
Date:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Pursuant to Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

| | | | | |
|----|--------------------|-----------------------|---------|--------|
| a) | Registration No. | U27310AP2006PLC051252 | | |
| b) | State Code No | 01 | | |
| c) | Balance Sheet Date | 31 | 03 | 2011 |
| | | (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.) 31-03-11

| | | |
|------|----------------------------|----------|
| a) | Total Liabilities | 5,02,206 |
| b) | Total Assets | 5,02,206 |
| c) | Sources of Funds | |
| i) | Paid up Capital | 5,00,000 |
| ii) | Reserves & Surplus | - |
| iii) | Secured Loans | - |
| iv) | Unsecured Loans | - |
| v) | Net deferred tax liability | - |
| d) | Application of Funds | |
| i) | Net Fixed Assets | - |
| ii) | Capital Work-in-progress | - |
| iii) | Investments | - |
| iv) | Net Current Assets | 4,51,815 |

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

| | | |
|-------|----------------------------|--------|
| i) | Turnover | - |
| ii) | Total Expenditure | 8021 |
| iii) | Profit for the Year | (8021) |
| iv) | Profit Before Tax | (8021) |
| v) | Profit After Tax | (8021) |
| vi) | Face Value per share (Rs.) | 10.00 |
| vii) | Earnings per share (Rs.) | -0.16 |
| viii) | Dividend (%) | |

V. Generic names of three Principal Products of Company
Item.Code.No. Name

For and on behalf of the Board

| | | | |
|-------|----------------|------------------------|----------------------|
| Place | : Secunderabad | Sd/- | Sd/- |
| Date | : 08.04.2011 | NARENDER SURANA | MANISH SURANA |
| | | Director | Director |