



**BHAGYANAGAR INDIA LIMITED**

BHAGYANAGAR INDIA LIMITED



**26<sup>th</sup> Annual Report 2010-2011**

# COPPER PRODUCT RANGE

ETP/OFC/SILVER BEARING  
COPPER PRODUCTS

## COPPER FLATS / BUS BARS

Sizes:- Min. 15mm x 3mm  
Max. 150mm x 20mm



Traction Motors, Earthening  
Heavy Electrical Machines,  
Panel Boards

## ANEALED BARE COPPER STRIPES

WITH DIFFERENT RADIOUS  
Sizes:- Max. 18mm x 3mm  
Min. 2.67mm x 1.14mm



Amature Pins in Starter Motors  
Connections in Heavy Electrical  
Machines etc.

## PAPER INSULATED COPPER CONDUCTORS

(Strip & Wire)



Power & Distribution Transformers

## CONTINUOUS COPPER ROD

Sizes:- 8mm to 40mm



### Applications

Telecommunication, Power  
& Distribution Transformers  
Terminals, Battery Connectors  
Electrodes in Wire Cutting Machine &  
Other Power Engineering Publications

## COPPER TUBES

Sizes:- 3/16", 1/14", 5/16", 3/8, 7/16  
1/2", 9/16", 5/8, 11/16", 15/16.1"  
1 1/8", 1.1/4", 1.1/2"and  
Thickness 16 SWG to 25 SWG



### Refrigeration

Air Conditioning, Heat Exchangers  
Commutators & Slip Rings in  
Automobile Industry

## COPPER SHEETS

Sizes:- Max. Width 190mm  
Min. Thickness 0.05mm



Switchgears & Low Range  
Transformers, Automobiles  
Radiators Lighting Arresters,  
Solar Energy Collectors &  
Copper Gaskets &  
Power Cables.

## COTTON TAPE INSULATED COPPER COILS

(Field Coils)



All Kinds of Starter Motors for  
Automobile Engines.

## NALSUN SOLAR COPPER FINNS



Solar Water Heater Manufacturing

## BOARD OF DIRECTORS

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

### CHIEF FINANCIAL OFFICER

Surendra Bhutoria

### COMPANY SECRETARY

Sridevi Madati

### BANKERS

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

### STATUTORY AUDITORS

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

### INTERNAL AUDITORS

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

### REGISTRARS & TRANSFER AGENTS

KARVY COMPUTERSHARE PRIVATE LIMITED  
Plot No. 17-24, Vittalrao Nagar, Madhapur,  
Hyderabad-500 081.  
Tel No.040-44655000  
Fax No.040-23420814, Toll Free No.1800-3454-001  
E-mail : einward.ris@karvy.com,  
Web Site : www.karvy.com  
Regd.Office : Karvy House 46, Avenue 4,  
Street No.1, Banjara Hills, Hyderabad - 500 034

### REGISTERED OFFICE:

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

### STATUTORY COMMITTEES

#### AUDIT COMMITTEE

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

#### REMUNERATION COMMITTEE

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

#### SHAREHOLDERS' GRIEVANCE COMMITTEE

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

### WORKS

#### Copper Division(Auto Electrical, Refrigeration & Solar Components)

##### i. Bhagyanagar India Limited

Plot No. P-9/13(1) & P-9/14,  
IDA Nacharam,  
Hyderabad - 500 076, India.

##### ii. Harinam Wires

Plot No. P 9/13 (A),(B),(C)  
Industrial Development Area,  
Nacharam, Hyderabad - 500 076, India.

#### Non-Conventional Energy

- Kapatgudda, Gadag District,  
Karnataka,  
India
- Kasthuriengapuram Village,  
Radhapuram Taluk,  
Tirunelveli District  
Tamilnadu
- Thekkampatti Village, Andipatti Taluk,  
Theni District, Tamilnadu.



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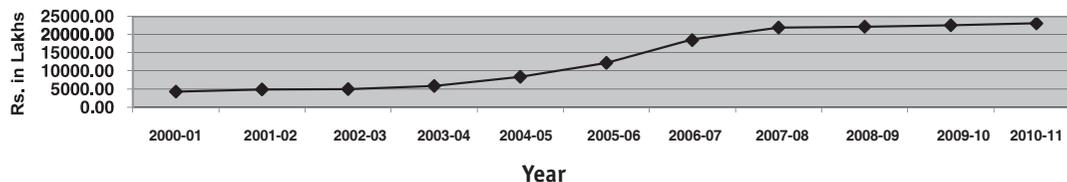
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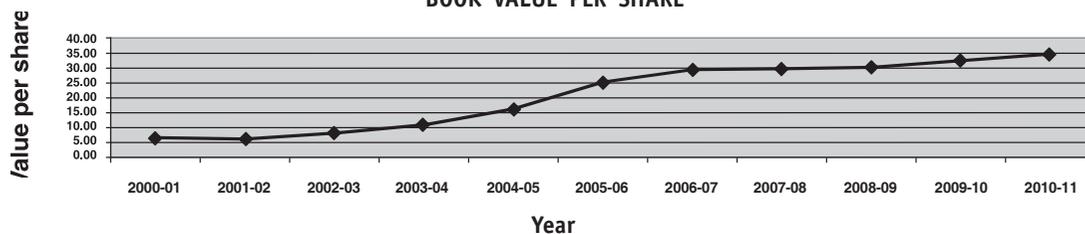


## A Journey to Growth...

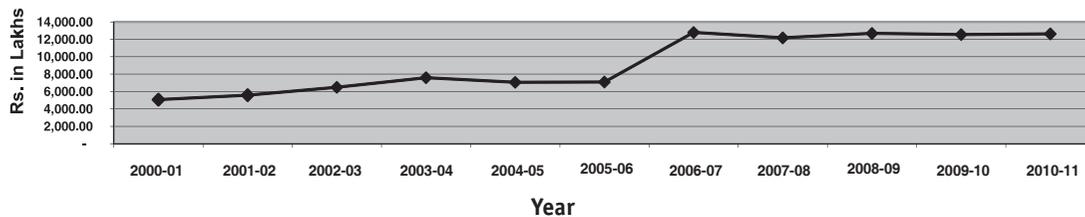
### NETWORTH



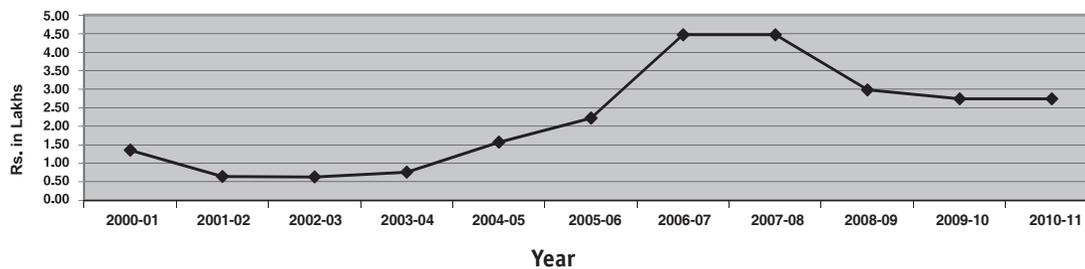
### BOOK VALUE PER SHARE



### GROSS FIXED ASSETS



### DIVIDEND PAYOUT



## Financial Highlights - 10 Years' Record

Rs.in lakhs

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Turnover	<b>18,603</b>	17,453	18,963	19,995	23,843	17,233	13,882	9,650	4,832	15,168
Total Income	<b>19,235</b>	18,461	20,149	22,073	24,833	18,264	14,963	10,119	5,319	15,360
Profit Before tax	<b>1,360</b>	1,459	1,523	4,258	8,041	3,145	2,958	1,028	229	977
Profit After tax	<b>1,019</b>	1,335	1,104	3,741	7,017	2,596	2,696	943	222	884
Equity dividend %	<b>20</b>	20	20	30%	30%	30%	25%	12%	10%	10%
Equity Share Capital	<b>1,368</b>	1,379	1,490	1,490	1,490	740	630	630	630	642
Reserve & Surplus	<b>21,703</b>	21,127	20,614	20,380	17,161	11,448	7,734	5,217	4,361	4,253
Net Worth	<b>23,071</b>	22,506	22,104	21,870	18,651	12,188	8,364	5,848	4,991	4,896
Gross Fixed Assets	<b>12,633</b>	12,554	12,683	12,176	12,798	7,098	7,066	7,594	6,494	5,588
Net Fixed Assets	<b>8,623</b>	8,970	7,433	7,341	8,252	2,602	2,579	3,005	2,188	1,573
Total Assets	<b>30,907</b>	29,499	31,894	34,981	29,006	13,005	9,812	9,634	6,421	6,509
Contribution to National Exchequer	<b>2,884</b>	2,426	3,498	3,998	4,791	4,008	2,392	1,375	857	2,467

## Key Indicators

	2010-11	2009-10	2008-09	2007-2008	2006-2007	2005-06	2004-05	2003-04	2002-03	2001-02
Earning per share- Basic	<b>1.49</b>	1.82	1.48	5.02	9.42	7.02	8.56	2.99	0.70	2.75
Book Value Per Share	<b>33.73</b>	32.64	29.67	29.36	25.03	32.94	26.55	18.57	15.84	15.25
Debt Equity Ratio	<b>0.05:1</b>	0.11:1	0.06:1	0.26:1	0.20:1	0.07:1	0.17:1	0.65:1	0.29:1	0.33:1

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



## NOTICE OF 26th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the members of BHAGYANAGAR INDIA LIMITED, will be held on 21st day of September, 2011 at 10.30 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad- 500 016, to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended 31st March, 2011, along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2011.
3. To appoint a Director in place of Shri G. Mangilal Surana who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri O. Swaminatha Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri R. Surender Reddy who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s. Sekhar & Co., Chartered Accountants, (Registration No. 003695S), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

### SPECIAL BUSINESS:

#### 7. RE-APPOINTMENT OF SHRI N.KRUPAKAR REDDY AS WHOLE TIME DIRECTOR

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri N. Krupakar Reddy, be and is hereby re-appointed as Whole-time Director of the Company and shall continue to act as "Director-Operations" for a further period of 3 years with effect from 07th June, 2011 i.e., upto 06th June, 2014 in the scale of Rs.26,000 - 3,000 - 32,000 per month.

**RESOLVED FURTHER THAT** Shri N.Krupakar Reddy, shall also be entitled for reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits / amenities and other privileges, as may from time to time, be available to other senior executives of the Company as per the service rules of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in the absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution or as may be otherwise considered by it to be in the best interests of the Company."

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

Place : Secunderabad  
Date : 05.08.2011

**Sridevi Madati**  
Company Secretary



## NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

2. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2011 to 21.09.2011 (both days inclusive).

3. Dividend on shares @ 20 % as recommended by the Board of Directors, if declared by the Company at the meeting, will be paid subject to the provisions of Section 205A of the Companies Act, 1956, to those shareholders whose names appear on the Register of Members of the Company as on 16.09.2011 or to their mandates, to the extent eligible, and also to the beneficial owners of equity shares held in electronic form on the same date as per the details furnished by the Depositories for this purpose.

4. The Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders' account, elimination of loss of instruments in transit or fraudulent encashment etc. Currently, the facility is available at locations specified by Reserve Bank of India. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with the name of the shareholder on the Dividend Warrant. In view of the above :

i. Shareholders holding shares in **Physical Form** and desirous of availing the facility are requested to complete the ECS Form attached to this Annual Report and

forward the same to the Company at its registered address.

ii Shareholders holding shares in **Dematerialised Form** are requested to provide the Bank details to their Depository participants for incorporation in their records. The Depository in turn would also forward the required information to the Company.

5. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, Dividends for the financial year ended 31st March, 2004 and thereafter, which remain unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 (c) of the Companies Act, 1956,

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

For the Financial Year	Date of Declaration	Due for Transfer on
2003-04	28.09.2004	27.10.2011
2004-05	01.07.2005	30.07.2012
2005-06	07.08.2006	06.09.2013
2006-07	27.09.2007	26.10.2014
2007-08	17.09.2008	16.10.2015
2008-09	29.09.2009	28.10.2016
2009-10	24.09.2010	23.10.2017

The Members who have not encashed the Dividend Warrant(s) so far for the financial year ended 31st March, 2004 or any subsequent financial years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the Unclaimed Dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.



6. The Company's Equity shares are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051, and the Company has paid the Listing Fees to the said Stock Exchanges.
7. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
8. Members holding shares in physical form, may write to the Company's share transfer agents for any change in their address and bank mandates, members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.

*The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued a circular on April 21,2011 stating that the service of document by a Company can be made through electronic mode . In view of the circular issued by MCA the Company proposes to henceforth deliver document like the Notice calling the Annual General Meeting /Extra Ordinary General Meeting /Auditors / Report of the Directors etc., in electronic form to the email address provided by the shareholders.*
10. *Shareholders are requested to furnish their e-mail ids to enable the Company forward all the requisite information in electronic mode. In case of the Shareholders holding shares in demat form the email IDs of the shareholders registered with DP and mode available to the Company shall be the registered email ID unless communication is received to the contrary.*
11. *Shareholders requiring a printed copy of the Annual Report should forward their request to the Company.*
12. The Securities Exchange Board OF India has notified that the shareholder/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN card to the Company's RTA while transacting in the securities market including transfer, transmission or any other Corporate Action.

Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN card to the Company's RTA while transacting in the securities market including transfer, transmission or any other corporate action.
13. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at M/s KARVY COMPUTERSHARE PRIVATE LIMITED, Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad- 500 081. Further, kindly note that members holding shares in physical form and intending to transfer their shares have to furnish the PAN particulars of transferee along with the share transfer deeds for effecting the physical share transfer.
14. Please note that, any queries pertaining to accounting related aspects, may be posted / handed over to the **Company Secretary** at the Registered Office of the Company at least 48 hours before the Annual General Meeting, so that the same could be clarified to the shareholders at the Annual General Meeting.
15. The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Businesses set out above is annexed herewith.

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

Place : Secunderabad  
Date : 05.08.2011

**Sridevi Madati**  
**Company Secretary**



**EXPLANATORY STATEMENT**

**ITEM NO. 7**

Shri N. Krupakar Reddy was re-appointed as Whole-time Director of the Company by the Board of Directors for a period of 3 years ending 06.06.2014, as per Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 on a remuneration as mentioned in the resolution.

The said re-appointment was made keeping in view the vast knowledge and experience of Shri N. Krupakar Reddy which will be of immense value and benefit to the Company.

As per the provisions of Schedule XIII of the Companies Act, 1956 approval by a resolution of the shareholders in the General Meeting is required for re-appointment of the Wholetime Director. The Remuneration Committee at their meeting held on 02.06.2011 has approved the remuneration payable to Shri N.Krupakar Reddy.

Your Directors recommend the resolution for your approval.

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

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

Place : Secunderabad  
Date : 05.08.2011

**Sridevi Madati**  
Company Secretary



## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the **26th Annual Report** of your Company together with the Audited Balance Sheet as at 31st March 2011 and Profit and Loss A/c for the year ended 31st March, 2011.

### FINANCIAL RESULTS:

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

Particulars	Consolidated Results		Standalone Results	
	2011	2010	2011	2010
<b>Sales and other Income</b>	<b>19,234.68</b>	18,461.24	<b>19,234.67</b>	18,461.23
Profit before Depreciation and Interest	<b>2,124.64</b>	2,154.98	<b>2,127.38</b>	2,160.92
<b>DEDUCT :</b>				
Depreciation	<b>573.09</b>	510.02	<b>573.09</b>	510.02
Interest	<b>200.17</b>	192.61	<b>200.17</b>	192.60
Profit for the year	<b>1,351.38</b>	1,452.35	<b>1,354.12</b>	1,458.30
Prior period Adjustments	<b>5.58</b>	0.43	<b>5.58</b>	0.42
Profit before Taxation	<b>1,356.96</b>	1,452.78	<b>1,359.70</b>	1,458.72
Provision for Taxation : Current Tax	<b>265.00</b>	250.00	<b>265.00</b>	250.00
Deferred Tax	<b>75.72</b>	(127.68)	75.71	(127.69)
Income Tax in respect of earlier years	<b>0.00</b>	0.49	<b>0.00</b>	1.90
Profit after Tax	<b>1,016.24</b>	1,329.97	<b>1,018.99</b>	1,334.51
<b>Less: Minority Interest</b>	<b>(0.16)</b>	0.19	-	-
<b>Less: Change in Reserves on divestment in subsidiary / Associate</b>	<b>(50.60)</b>	-	-	-
<b>Less: Share in net assets of associate cos.</b>	-	11.88	-	-
Surplus brought forward from previous year	<b>8,582.67</b>	8,083.81	<b>8,630.23</b>	8,114.76
Balance available for appropriation	<b>9,649.67</b>	9,401.71	<b>9,649.22</b>	9,449.27
<b>APPROPRIATION:</b>				
<b>Dividend</b>	<b>273.60</b>	273.60	<b>273.60</b>	273.60
Tax on Dividend	<b>45.44</b>	45.44	<b>45.44</b>	45.44
Transfer to General Reserves	<b>500.00</b>	500.00	<b>500.00</b>	500.00
Balance c/f to Balance Sheet	<b>8,830.63</b>	8,582.67	<b>8,830.18</b>	8,630.23
<b>TOTAL</b>	<b>9,649.67</b>	9,401.71	<b>9,649.22</b>	9,449.27

### OPERATIONS:

In the year 2010-11, the Company focused on its core business Copper, its allied products and Wind Power Generation. The turnover in both the segments grew by 11.41% and 16.78% respectively compared to previous year. In real estate business, the Company made exit from A.P. Housing Project at Visakhapatnam.

The income from operations is Rs. 18602.70 lakhs as against Rs.17453.01 lakhs for the corresponding previous year The profit before tax stood at Rs.1359.71 lakhs as against Rs. 1458.73 lakhs for the previous year. The profit after tax stood at Rs.1018.99 lakhs as against Rs.1334.51 lakhs for the corresponding period. The Basic Earnings Per



Share for the year ended 31.03.2011 is 1.49 as against Rs. 1.82 for the corresponding previous year ended 31.03.2010.

### SUBSIDIARIES

During the year 2010-11, the Company divested its stake in wholly owned subsidiary M/s Bhagyanagar Telecom Limited, whose name is changed to Bhagyanagar Green Energy Limited in December 2010, thereby ceasing it to be the Company's subsidiary. Therefore there are currently four subsidiaries as mentioned below:

- M/s Bhagyanagar Metals Limited
- M/s Bhagyanagar Properties Private Limited
- M/s Scientia Infocom India Private Limited
- M/s Metropolitan Ventures India Limited

### CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements incorporating the operations of the Company and its subsidiaries are attached herewith in this Annual Report. The Ministry of Corporate Affairs while exercising its power under section 212 (8) of the Companies Act, 1956 has exempted the Company from publishing the Annual Report of all its subsidiaries vide Letter No. 47/40/2011-CL-III dated 04.02.2011. Further the Ministry of Corporate Affairs, New Delhi, vide Circular No. 5/12/2007 CL-III dated 08.02.2011 granted general exemption under section 212(8) of the Companies Act, 1956 in relation to providing information on the Subsidiary Companies. Accordingly, the accounts of the Subsidiary Companies and the detailed related information will be made available to the investors of the Company and its subsidiaries on request and are also available for inspection at Registered Office of the Company.

### DIVIDEND:

Your Directors recommended a Dividend @ 20% amounting to Rs. 273.60 lakhs for the year ended 31st March 2011. This will entail an outflow of Rs.319.04 lakhs (inclusive of tax thereon). Your Directors also inform that if any FCCB's are converted into equity shares upto the date of closure of the Register of Members of the Company, the resulting shares arising out of the said conversion of FCCBs

would also be eligible for dividend, as recommended by the Board and approved by the members at the ensuing Annual General Meeting of the Company.

### RESERVES:

During the year the Company has transferred an amount of Rs.500 lakhs to General Reserves.

### FIXED DEPOSITS:

The Company had not accepted or invited any Deposits and consequently no deposit has matured /become due for re-payment as on 31st March 2011.

### CLOSURE /DISPOSAL OF JFTC UNIT

During the year 2009-10, the approval of members by way of Postal Ballot was obtained on 29.09.2009 for the purpose of lease /sale/disposal of Company's undertaking situated at Plot No. 61, Pilerne Industrial Estate, Panajim, Goa - 403 001 pursuant to the provisions of Section 293(1)a and 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Accordingly, during the year 2010-11, the Company closed its JFTC operations, disposed off the Plant & Machinery and leased out the land property.

### FUTURE PROJECT INITIATIVES:

The strategy of the Company for financial year 2011-12 is to have continued focus on copper business.

**Copper Business:** The Company aims to achieve growth of 10% in this segment with emphasis on value added products. The Company added following 2 new products during the year to its copper business

- 1) **Commutator for Auto Sector:** The Company obtained requisite approvals and commenced commercial production w.e.f 01.08.2010
- 2) **Copper Coated Aluminum Wires:** This product is used in Electrical Industry. In view of increased difference in the prices of copper and aluminum, the industry started exploring the possibilities of replacement of copper with aluminum wherever possible. Keeping in view the industry trend, the Company also started trial production of Copper coated aluminum wires which are used in electrical industry.



## REAL ESTATE/INFRASTRUCTURE

The Real Estate market continues to be depressed. Therefore, the Company during the year 2010-11, made exit from A.P. Housing Project at Visakhapatnam and during the year 2011-12, exited from Kurnool Land held under SPV, Punjagutta land and TADA SEZ. The status of other projects remains same as mentioned in last annual report

**Wind Power:** The Company currently has an overall installed capacity of 12.15 MW comprising 9 wind turbines. During the current year, the Company generated 254.32 Lacs Units of Power as against 231.06 Lacs Units in the previous year. The Company gained Voluntary Emission Reductions (VER's) through Voluntary Carbon Standards and expects to generate additional revenue by sale of VER's to appropriate buyers.

## BUYBACK OF EQUITY SHARES:

The Board of Directors at their meeting held on 27.01.2011 has approved the Buy-Back of Equity Shares of the Company of Rs.2/- each from open market through stock exchange mechanism, for an aggregate amount not exceeding Rs.14,00,00,000/- (Rupees Fourteen Crores only), up to a minimum of 40,00,000 shares and a maximum of 80,00,000 shares, at the prevailing market price up to a maximum price of Rs. 35/- per equity share, subject to the approval of the Members and receipt of exemption from SEBI under Takeover Code.

The Company sought the approval of the Members through Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956. Subsequently, the promoters of the Company filed an application seeking exemption under Regulation 4 of Takeover Code with Securities Exchange Board of India ("SEBI") on 14.03.2011. SEBI vide its order dated 27.06.2011 granted exemption to the Promoter Group. The Company is in the process of proceeding with the Buyback offer.

## DIRECTORS:

In order to comply with Section 256 of the Companies Act 1956 and Articles of Association of

the Company Shri G. Mangilal Surana, Shri O. Swaminatha Reddy, Shri R. Surender Reddy, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

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

## AUDITORS:

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

## INSURANCE

All the movable and immovable assets of your Company are adequately insured.

## ISO 9001-2000 CERTIFICATION:

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

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

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

- a) That in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair



view of the State of Affairs of the Company at the end of the financial year and of the Profit or Loss account of the Company for the year under review;

- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors have prepared the accounts for the Financial Year ended 31st March 2011 on a 'going concern' basis.

#### **Auditors Observations:**

The Auditors observation reported in point No. 4(vi) of the Auditors Report is not a qualification and it is self explanatory in nature and hence not commented upon.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

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

#### **CORPORATE GOVERNANCE:**

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance.

#### **CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC:**

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be disclosed under Section 217(1)(e) of

the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998, are provided in the Annexure forming part of this Report.

#### **PARTICULARS OF EMPLOYEES:**

During the period under review, none of the employees who were under employment for whole of the year or part of the year, were in receipt of remuneration exceeding Rs.60,00,000 per annum or Rs.5,00,000 per month as set out in Section 217 (2A) of the Companies Act, 1956.

#### **APPRECIATION:**

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

#### **ACKNOWLEDGEMENTS:**

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

For and on behalf of the Board of Directors

Place : Secunderabad  
Date : 05.08.2011

**G. Mangilal Surana**  
Chairman



**ANNEXURE TO THE DIRECTORS' REPORT**

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

**FORM – A**

**1. CONSERVATION OF ENERGY:**

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

**2. TECHNOLOGY ABSORPTION**

: Efforts made in Technology Absorption as per Form B

**FORM – B**

(Disclosure of particulars with respect to Technology Absorption)

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

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

**B. Technology absorption, adaptation and innovation**

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

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

Total Foreign Exchange used and earned :

Used : Rs. 2476.46 Lakhs

Earned : NIL

For and on behalf of the Board of Directors

Place : Secunderabad  
Date : 05.08.2011

**G. Mangilal Surana**  
Chairman



## REPORT ON CORPORATE GOVERNANCE

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

Corporate Governance is more a way of business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the Corporate Governance goes beyond being a regulatory requirement, actually it builds a long-term value to stakeholders, contemplates that Corporate Actions which balance the interests of all stakeholders and satisfy the tests of transparency, accountability, fairness and social responsibility and it must serve the underlying goal of enhancing the shareholder value over a sustained period of time.

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

#### a) The Board of Directors of the Company as on 31st March, 2011 consists of :

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

#### b) Attendance Record for 2010-11:

Sl. No	Name of Director	Category	Meetings attended	Attendance at last AGM on 24.09.2010	Remarks
1	G Mangilal Surana	Non-executive	5	Present	-
2	O Swaminatha Reddy	Independent, Non-executive	5	Present	-
3	R Surender Reddy	Independent, Non-executive	4	Present	-
4	Kamlesh Gandhi	Independent, Non-executive	5	Present	-
5	Dr R.N.Sreenath	Independent, Non-executive	4	Present	-
6	D Venkatasubbiah	Independent, Non-executive	5	Present	-
7	Narender Surana	Executive	5	Present	-
8	Devendra Surana	Executive	5	Present	-
9	Narender Munoth	Executive	-	-	-
10	N Krupakar Reddy	Executive	2	Present	-



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

SL. No.	Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
1	G Mangilal Surana	13	1	1
2	O Swaminatha Reddy	12	-	4
3	R Surender Reddy	8	3	3
4	Kamlesh Gandhi	8	1	1
5	Dr. R N Sreenath	5	1	None
6	D Venkatasubbiah	2	1	None
7	Narender Surana	27	2	None
8	Devendra Surana	29	2	None
9	Narender Munoth	None	None	None
10	N Krupakar Reddy	8	None	None

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

A total of 5 Board Meetings were held during the year as against the minimum requirement of 4 meetings. The maximum gap between any two Board Meetings was not more than four months at any time.

The dates on which the Board meetings were held are:

<b>29.05.2010</b>	<b>05.08.2010</b>	<b>24.09.2010</b>	<b>10.11.2010</b>	<b>27.01.2011</b>
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**e) Pecuniary relationship or transactions of Non-Executive Director:**

Apart from receiving sitting fees for attending the Board and Audit Committee Meetings, the Non-Executive Independent Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgment of such Directors.

**3. Audit Committee:**

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

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

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

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

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by Management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit Reports relating to internal control weaknesses; and



- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory Auditor and the fixation of Audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- the annual financial statements before submission to the Board for approval, with particular reference to following with the Management:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by Management.
  - iv. Significant adjustments made in the financial statements arising out of Audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Qualifications in the draft Audit Report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with Internal Auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

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

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

29.05.2010	05.08.2010	10.11.2010	27.01.2011
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**Attendance Record - 2010-2011**

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

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

**4. Remuneration Committee:**

a) Composition, Name of the Chairman and Members:

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

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

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

**5. Remuneration of Directors:**

The Company pays Sitting fees to all the Non-executive Directors at the rate of Rs.10,000/- for each meeting. The details of Sitting Fees paid to the Non-executive Directors for attending Board Meetings and Committee Meetings during the financial year 2010-11 are as follows:

Sl. No.	Name of Director	Sitting Fees Paid (Rs.)
1.	Shri G Mangilal Surana	90,000
2.	Shri O Swaminatha Reddy	90,000
3.	Shri R Surender Reddy	70,000
4.	Dr. R N Sreenath	40,000
5.	Shri Kamlesh Gandhi	90,000
6.	Shri D Venkatasubbiah	50,000
<b>TOTAL</b>		<b>4,30,000</b>



The remuneration paid to the Executive and Whole-time Directors during the year 2010-2011 are:

(in Rupees)

Name of Director	Salary	H R A	Commission	Perks	Total
Narender Surana	48,00,000	nil	nil	nil	48,00,000
Devendra Surana	48,00,000	nil	nil	nil	48,00,000
Narender Munoth	10,80,000	5,40,000	nil	nil	16,20,000
N K Reddy	2,84,000	nil	nil	nil	2,84,000
<b>TOTAL</b>	<b>1,09,64,000</b>	<b>5,40,000</b>	<b>nil</b>	<b>nil</b>	<b>1,15,04,000</b>

## 6. Shareholders Grievance Committee:

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

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

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 12. There are no outstanding complaints as on 31st March 2011.

The Committee has received 5,903 shares for transfers out of which 4,795 shares were approved and the balance 1,108 were rejected. The Committee received 300 shares for transmission and all of them were approved. The Committee also received 15,040 requests for conversion of physical shares into dematerialisation out of which 10,990 shares were approved and the balance 4,050 shares were rejected on account of mismatch of quantity. There were no transfers or transmissions or demat requests pending as on 31st March 2011.

## 7. General Body Meetings:

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

Year	Locations	Date	Time
25th AGM (2009-10)	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	24th September, 2010	10.30 A.M.
24th AGM (2008-09)	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	29 th September, 2009	12.00 Noon
23rd AGM (2007-08)	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	17th September, 2008	10.30 A.M

### ii) Special Resolutions passed in last 3 Annual General Meetings

- In the AGM held on 17th September, 2008 the Company passed Special Resolution for re-appointment of Shri N.K. Reddy as Wholetime Director for a further period of 3 years
- In the AGM held on 29th September, 2009 the Company passed Special Resolution for appointment of Ms Nivriti Surana as GM(Finance) of the Company w.e.f 28.07.2009
- In the AGM held on 24th September, 2010, the Company had passed no Special Resolution.



**iii) Postal Ballot passed in last year i.e., 2010-11**

In accordance with the provisions of Section 192 A of the Companies Act, 1956, the Company has conducted a POSTAL BALLOT for obtaining the approval of the Shareholders by way of Special Resolution for Buy-Back of fully paid-up Equity Shares of the Company of Rs.2/- each from open market through stock exchange mechanism, for an aggregate amount not exceeding Rs.14,00,00,000 (Rupees Fourteen Crores only), up to a minimum of 40,00,000 shares and a maximum of 80,00,000 shares, at the prevailing market price subject to a maximum price of Rs 35/- per equity share.

**iv) Shri Syed Meera Mohiddin, Company Secretary in Practice scrutinized the Postal Ballots and the Resolution was passed with a majority of 99.97% on 9.03.2011**

**8. Disclosures:**

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

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

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

The Company advanced a loan amount of Rs.3.50 crores to borrower against security of equity shares held by them in a listed company. The equity shares pledged to our Company happened to be more than 5% of the total shares/voting rights requiring disclosure to Stock Exchanges under regulations 7(1), 7(1A), 7(2) of SAST Regulations and Regulation 13(1) of PIT Regulations. Hence, SEBI vide its letter dt 29.11.2010 disposed off the matter by levying a cost of Rs. 2.00 lakhs for such non-disclosure which was honoured by the Company.

**c) The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges as on 31st March, 2011.**

**9. Means of Communication:**

Half yearly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Quarterly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Newspapers in which published	“Business Standard” – English “Andhra Prabha” – Telugu
Website where the results and other official news releases are displayed	<a href="http://www.surana.com">http://www.surana.com</a> <a href="http://www.bhagyanagarindia.com">http://www.bhagyanagarindia.com</a>
The presentations made to institutional investors or to the analysts.	Nil

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

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



## 11. General Shareholders Information:

<b>Annual General Meeting</b>	: Date	: 21.09.2011
	Time	: 10.30 A.M.
	Venue	: Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016
<b>Financial Calendar</b>	: April 1st to March 31st	
<b>Date of Book Closure</b>	: 16.09.2011 to 21.09.2011	<b>(both days inclusive)</b>
<b>Dividend Payment Date</b>	: 28.09.2011	
<b>Listing on Stock Exchanges</b>	: 1. The Bombay Stock Exchange Ltd., Mumbai	
	2. National Stock Exchange of India Limited	
<b>Stock Code</b>	: 512296 on BSE	
	BHAGYNAGAR on NSE	
<b>ISIN Number for NSDL &amp; CDSL</b>	: INE458B01028	

### Market Price Data

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr '10	27.50	23.35	27.55	24.20
May'10	27.00	23.05	27.15	23.35
Jun'10	27.35	23.00	27.00	23.00
Jul'10	24.90	23.20	24.90	23.30
Aug'10	26.50	23.10	26.60	23.00
Sep'10	24.90	23.05	24.80	22.75
Oct'10	28.25	22.65	28.20	22.75
Nov'10	26.30	20.50	26.20	20.60
Dec'10	22.65	19.00	22.50	19.05
Jan'11	24.90	17.50	24.90	16.80
Feb'11	23.00	17.30	22.00	17.15
Mar'11	18.85	15.60	18.65	16.50

### Registrars & Transfer Agents

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

#### **M/s KARVY COMPUTERSHARE PRIVATE LIMITED,**

Plot No. 17-24, Vittalrao Nagar, Madhapur,  
Hyderabad-500 081.

Tel No.040-44655000

Fax No.040-23420814, Toll Free No.1800-3454-001

E-mail : einward.ris@karvy.com,

Web Site : www.karvy.com



**12. Share Transfer System:**

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

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

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

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

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

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

**13. Shareholding Pattern as on 31st March, 2011:**

Category	No. of Shares	% Holding
Promoters	3,42,69,072	50.10
Resident Individuals	1,52,99,263	22.36
Promoters Bodies Corporate	1,02,45,374	14.98
Overseas Corporate Bodies	8,57,406	1.25
Bodies Corporates	22,94,924	3.36
Indian Financial Institutions	14,96,171	2.19
Non Resident Indians	3,653,895	5.34
Government	176,700	0.26
Trusts	34,442	0.05
Clearing Members	61,753	0.09
Mutual Funds	11,000	0.02
<b>TOTAL</b>	<b>6,84,00,000</b>	<b>100.00</b>



## 14. Distribution of Share holding as on 31st March 2011:

Category (Amount)			No. of Cases	% of Cases
1	—	5000	14,151	94.68
5001	—	10000	426	2.85
10001	—	20000	190	1.27
20001	—	30000	52	0.35
30001	—	40000	24	0.16
40001	—	50000	16	0.11
50001	—	100000	30	0.20
100001		& Above	57	0.38
<b>TOTAL</b>			<b>14,946</b>	<b>100 %</b>

## 15. Dematerialisation of Shares & Liquidity

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

## 16. Share Dematerialisation Records:

6,75,20,306 shares representing 98.71% of the total equity capital were held in dematerialized form with the National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March, 2011.

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

During the year 2006-07, the Company issued and allotted 150 zero coupon unsecured Foreign Currency Convertible Bonds (FCCB) due 2011, of US\$100,000 each for an aggregate value of US\$ 15 million with a conversion price of Rs.44/- which are listed on the Luxembourg Stock Exchange.

During the year 2009-10, the Company bought back 50 FCCB's aggregating to US \$ 5.0 million (nominal value) at a discount. The outstanding FCCB's as on date are 100 FCCB's of US \$ 1,00,000 each aggregating to US \$ 10.0 million(nominal value). The Company has not received any request for conversion from the bond holders and the same are pending conversion /redemption as on 17-10-2011.

## 18. Reconciliation of Share Capital Audit:

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



**19. Plant Locations:**

**Copper Division**

i) **Bhagyanagar India Limited**  
Plot No. P-9/13(1) & P-9/14,  
IDA, Nacharam, Hyderabad-500 076, India.

ii) **Harinam Wires**  
Plot No. P 9/13 (A),(B),(C),  
Industrial Development Area,  
Nacharam, Hyderabad-500 076, India.

**Wind Power Division**

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

**20. Addresses for Correspondence:**

Sl. No.	Shareholders Correspondence for	Address
1.	Transfer / Dematerialization / Consolidation / Split of shares, Issue of Duplicate Share Certificates, Non-receipt of dividend/ Bonus shares, etc., change of address of Members and Beneficial Owners and any other query relating to the shares of the Company.	<b>KARVY COMPUTERSHARE PVT. LTD.</b> Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500 081. Tel No.040-44655000 Fax No.040-23420814, Toll Free No.1800-3454-001 E-mail : einward.ris@karvy.com Web Site : www.karvy.com
2.	Investor Correspondence / Queries on Annual Report, Revalidation of Dividend Warrants, Sub-Division, etc.	<b>SRIDEVI MADATI</b> Company Secretary  <b>BHAGYANAGAR INDIA LIMITED</b> 5th Floor, Surya Towers, S.P. Road, Secunderabad – 500 003. Ph Nos. 27845119/44665700 E-mail: cs@surana.com investorservices_bil@surana.com Website: www.surana.com, www.bhagyanagarindia.com

**21. Depository Services:**

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

National Securities Depository Ltd  
Trade World, 4th Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013  
Tel : 091-022-24972964-70  
Fax : 091-022-24972993 / 24976351  
Email : info@nsdl.co.in.

Central Depository Services (India) Ltd  
Phiroze Jeejeebhoy Towers,  
28th Floor,  
Dalal Street,  
Mumbai - 400 023  
Tel : 091-022-22723333/22723224  
Fax : 091-022-22723199  
Email : investors@cDSLindia.com

**22. Nomination Facility:**

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



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

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

Smt. Sridevi Madati, Company Secretary had been appointed as the Compliance Officer for this purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism. The modified code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

## 24. Particulars of Directors, who are retiring by rotation, seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:-

Name of Director	SHRI G M SURANA	SHRI O SWAMINATHA REDDY	SHRI R SURENDER REDDY
<b>Expertise in specific functional areas</b>	Shri.G.M.Surana, graduate in Commerce and law from Osmania University, is the Chairman of the Company. He had around 25 years of rich experience in the Ferrous & Non- Ferrous metal industry in his capacity as promoter, Director, Partner of the various units belong to the Surana Group. Shri G.M Surana was the former Chairman of the Federation of Andhra Pradesh Chamber of Commerce and Industry (FAPCCI), former Director of Indian Overseas Bank, former Director of Andhra Pradesh State Trading Corporation, (APSTC), besides being the Member of Govt. Advisory Board, Minimum Wages Board. He is actively involved in various philanthropic activities	Shri O Swaminatha Reddy a Commerce graduate and fellow member of The Institute of Chartered Accountants of India , New Delhi, being the former Chairman of Andhra Bank and also former Chairman and Managing Director of APSFC, he has a rich vast banking and industrial experience spanning over decades. He has been the Director of the Company since 1994, and guiding the Company in the areas of financial decision making and management policies.	Shri R Surender Reddy a Graduate, having almost three decades of experience in various fields of Industry. He was well known for his social and political activities in the state of Andhra Pradesh. He has been guiding the Company as an Independent Director since 1989.
<b>Date of Birth</b>	08.11.1930	25.12.1930	10.10.1931
<b>Qualification</b>	B.Com, LL.B	B.Com (Hons)., A.C.A.	B.Com



Name of Director	SHRI G M SURANA	SHRI O SWAMINATHA REDDY	SHRI R SURENDER REDDY
<p><b>List of other Companies in which Directorship is held as on 31st March, 2011.</b></p>	<ol style="list-style-type: none"> <li>1. Bhagyanagar Foods &amp; Beverages Pvt Ltd</li> <li>2. Surana Infocom Private Limited</li> <li>3. Every time Foods Industries Pvt. Ltd.</li> <li>4. Bhagyanagar Green Energy Limited</li> <li>5. Scientia Infocom India Pvt Limited.</li> <li>6. Bhagyanagar Entertainment Ltd.</li> <li>7. Innova Technologies Pvt Ltd</li> <li>8. Surana Ventures Limited</li> <li>09. Globecom InfoTech Pvt Ltd</li> <li>10. Bhagyanagar Infrastructure Ltd</li> <li>11. Bhagyanagar Energy &amp; Telecom Pvt Ltd</li> <li>12. Bhagyanagar Metals Limited</li> <li>13 Bhagyanagar Entertainment &amp; Infra Development Company Private Ltd.</li> </ol>	<p><b>DIRECTOR</b></p> <ol style="list-style-type: none"> <li>1. Transport Corp. of India Ltd.</li> <li>2. Surana Ventures Ltd.</li> <li>3. K.C.P. Limited</li> <li>4. Sagar Cements Ltd.</li> <li>5. T.C.I. Finance Ltd.</li> <li>6. Sagar Power Ltd.</li> <li>7. E.P.R. Pharmaceuticals Pvt. Ltd</li> <li>8. E.P.R. Gene Technologies Pvt. Ltd.</li> <li>9. E.P.R. Center for Cancer Reasearch &amp; Biometrics Pvt. Ltd.</li> <li>10. K.M. Power Pvt. Ltd</li> <li>11. TCI Developers Ltd</li> <li>12. Thembu Power Pvt Ltd</li> </ol>	<p><b>DIRECTOR</b></p> <ol style="list-style-type: none"> <li>1. Hyderabad Race Club,</li> <li>2. Suryalata Spinning Mills Ltd.</li> <li>3. Suryaamba Spinning Mills Ltd</li> <li>4. Suryavanshi Spinning Mills Ltd.</li> <li>5. Suryakiran International Ltd</li> <li>6. Suryalakshmi Cotton Mills Ltd.</li> <li>7. Lakskmi Finance &amp; Industries Corpn. Ltd.</li> <li>8. Surana Ventures Limited.</li> </ol>
<p><b>Chairman/Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2011</b></p>	<p>Surana Ventures Limited</p> <ol style="list-style-type: none"> <li>a) Member of Audit Committee.</li> <li>b) Chairman of Shareholder's Grievance Committee</li> </ol>	<ol style="list-style-type: none"> <li>1. Sagar Cements Ltd (Chairman of Audit Committee)</li> <li>2. Transport Corp. of India Ltd. (Chairman of Audit Committee)</li> <li>3. K.C.P. Limited (Chairman of Audit Committee)</li> <li>4. Surana Ventures Ltd. (Chairman of Audit Committee)</li> </ol>	<ol style="list-style-type: none"> <li>1. Suryavanshi Spinning Mills Ltd. (Chairman of Audit Committee)</li> <li>2. Suryalata Spinning Mills Ltd. (Chairman of Audit Committee)</li> <li>3. Suryalakshmi Cotton Mills Ltd. (Chairman of Audit Committee)</li> <li>4. Lakskmi Finance &amp; Industries Corpn. Ltd. (Member of Audit Committee)</li> <li>5. Surana Ventures Ltd. (Member of Audit Committee)</li> </ol>



### DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

Pursuant to the Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th Oct' 2004, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2010-11.

Place : Secunderabad

Date : 05.08.2011

**Narender Surana**

Managing Director

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### AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE

To  
The Members of  
**Bhagyanagar India Limited,**  
Secunderabad.

We have examined the compliance of conditions of Corporate Governance by **Bhagyanagar India Limited** for the year ended 31.03.2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Date : 04.08.2011  
Place : Secunderabad

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



## MANAGEMENT DISCUSSION & ANALYSIS

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

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

#### 1.1 Introduction:

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

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

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

#### 1.2 Industry Analysis:

Copper is used broadly in the manufacture of electrical machinery, building, cabling for power and telecommunications, and automobiles. This metal is also used for making brass and other similar alloys. However, it is the electrical industry that consumes an appreciable bulk of the total amount of copper produced in the world.

The most favorable contributing factors for the growth of Indian Copper industry

include changes in global usage, industrial development in India, and domestic increases in the construction, power and telecommunications, and automobile sectors. The size of Indian Copper Industry is around 4 lakh tons, which as percentage of world copper market is 3%. Copper goes into various uses such as building, cabling for power and telecommunications, automobiles etc. The two major states owned telecommunications service providers namely the BSNL and MTNL have consumed 10% of the country's copper production.

The Indian copper production industry had total revenue of \$264.4 million in 2010, representing a compound annual growth rate (CAGR) of 10% for the period spanning 2006-2010. Market production volumes increased with a CAGR of 7.1% between 2006 and 2010, to reach a total of 35.4 thousand metric tonnes in 2010.

In 2011, India's copper demand is estimated to grow by at least 7 percent - following a similar forecast in 2010 - fed by the power sector. According to India's 11th five year plan (2007-2012), the country's power generation sector is likely to make a huge investment with 150 power projects for the various stages of installation. The performance of the industry is forecast to accelerate, with an anticipated CAGR of 14.1% for the five-year period 2010-2015, which is expected to drive the industry to a value of \$510.7 million by the end of 2015.

The most favorable contributing factors for the growth of the Indian copper industry include changes in global usage, industrial development in India, domestic increases in the construction, power, telecommunications and automobile sectors.

#### 1.3 Business Outlook:

The Company aims to achieve growth of 10% in this segment with emphasis on value added products. The Company added



following 2 new products this year to its copper business

- 1) **Commutator for Auto Sector:** The Company obtained requisite approvals and commenced commercial production w.e.f 01.08.2010
- 2) **Copper Coated Aluminum Wires:** This product is used in Electrical Industry. In view of increased difference in the prices of copper and aluminum, the industry started exploring the possibilities of replacement of copper with aluminum wherever possible. Keeping in view the industry trend, the Company also started trial production of Copper coated aluminum wires which are used in electrical industry.

## 2. REAL ESTATE/INFRASTRUCTURE BUSINESS:

### 2.1. Introduction:

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

### 2.2 Industry Analysis:

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

According to a report 'Emerging trends in Real Estate in Asia Pacific 2011', released by PricewaterhouseCoopers (PwC) and Urban Land Institute (ULI), India is the most viable investment destination in real estate. Residential properties maintain their growth momentum and hence are viewed as more promising than other sectors. ULI is a global non-profit education and research institute.

Real Estate business was one of the key drivers of growth before we witnessed the present economic slowdown. Now, with companies trying to consolidate their positions and finding effective means of sustaining growth, the management of real estate has emerged as one of the key challenges for the corporate sector. The largest occupier of office space in the country has been the Information Technology/Information Technology enabled Services (IT / ITES) segment, primarily the US and European markets. The economic slowdown in these markets have resulted in increasing pressures on the margins of companies operating out of India, which in turn has led to the companies looking to cut costs through reducing expenditure on the real estate segment.

On the global front, India and China and the erstwhile Asian economies such as Indonesia are expected to lead global recovery, even as the advanced economies still suffer from the pangs of recession.

Asian growth rates have settled to a more stable pace by end of 2010 as rapid industrial activity has been overwhelmed by concerns regarding the sovereign debt crisis and instability in the banking sector affecting a number of advanced economies, also posing a significant challenge to Asia.

Real estate witnessed its peak during the first three quarters of 2008 with prices an all time high, largely led by investor driven market speculation. As the downturn unfolded in the second half of 2008, rising economic uncertainty, job cuts and employee layoffs made a huge dent in consumer confidence and spending which in turn sparked a slowdown in demand for real estate projects. Till early 2009, the demand dip continued and the developers focused on micro markets. As a result, the second half of 2009 saw increased sales momentum, voluminous absorption and huge take offs across all micro-markets.



Several developers forayed into this segment in 2010 to cater to the needs of the middle income group buyers. However, the second half of 2010 has witnessed numerous developers enhancing their price expectations in certain fast selling destinations which impacted sales and slowed down absorption in the last few months of 2010. This impacted price as developers were forced to offer discounts to enhance product sales.

Andhra Pradesh particularly Hyderabad continues to underperform in terms of sales as there is no movement in Ressex (Real-Estate Sensitivity Index). The real-estate industry in Hyderabad is replicating the same scenario of lacklustre sales as of the year ended March 2010. The prices of properties have to come down in the Hyderabad market in order to push up sales. Also, the Telangana issue is keeping buyers away from purchasing new properties.

Therefore, with the economy showing no signs of recovery, we cannot expect any change in the trend which remains negative. Hence, until there is appreciable upswing in economy, the wrath of stakeholders undergoing test of times is unavoidable. Of course, a lot also hinges on the political situation.

### **2.3 Business Outlook:**

Due to depressed real estate markets, the Company during the year 2010-11, made exit from A.P. Housing Project at Visakhapatnam and during the year 2011-12, exited from Kurnool Land held under SPV, Punjagutta land and TADA SEZ. The status of other projects remains same as mentioned in last annual report

## **3. NON CONVENTIONAL ENERGY DIVISION:**

### **3.1 Introduction:**

As a part of its Corporate Social Responsibility, and in view raising global concerns over Global warming, BIL in the year 2006, the Company has forayed into the non conventional energy sector with a wind power project with an initial

installed capacity of 5 MW at Kapatgudda, Karnataka State. It was further expanded to 9.0MW in 2007. BIL is committed to its social responsibility and endeavors to consistently expand its generation capacity. In 2009, the Company has added another 1.5MW Wind Turbine Generator in State of Tamilnadu, making the total installed capacity at 10.5MW/Annum.

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

### **3.2 Industry Analysis:**

Today India is the fifth largest Wind energy producer in the world. Wind energy is the fastest growing renewable energy source with a cumulative deployment of over 13,000 MW capacity, it accounts for nearly 70% of the installed capacity in the renewable energy sector in the country. A cumulative capacity of 12,009 MW has been set up as on June 2010, with an estimated potential in India of 65-70 GW. The total potential for Wind Power in India was first estimated at around 45 GW. The sector is growing rapidly and we are likely to achieve a capacity addition of 2000 MW in this year.

Electricity demand has continuously outstripped production, and a peak energy shortage of around 12.7% prevailed in 2009-10. To meet this shortfall as well as the National Electricity Policy target of 'Electricity for all by 2012, the cleanest options available to India are Renewable Energy Technologies (RETs). The wind power development in the next five years (2010-2014) is expected to develop with a varying capacity addition between 2,500 MW and 4,000 MW annually. The Planning Commission projects the installed capacity to reach approximately 40,000 MW by the year 2022.

Wind energy is continuing to grow steadily in India. In 2009, 1,271 MW of new wind generating capacity was



installed, taking the cumulative figure up to more than 12 GW, representing an annual growth of 13%. In addition, a trend towards small customized windmills for households has been evident with a market growth of 30%.

Wind power in India has been concentrated in a few regions. Especially the southern state, Tamil Nadu maintains its position as the state with the largest wind power installation, with 4,906 MW installed as of March 2010. Although Tamil Nadu accounts for approximately 40% of total installed capacity in the country, other states have started to catch up. This is partly driven by new policy measures and partly driven by the fact that already 90% of gross potential in Tamil Nadu is explored. Interesting states to look at are Karnataka (capacity availability 10 GW), Gujarat (8.7 GW), Andhra Pradesh (8.8 GW), Rajasthan (3.8 GW) and Maharashtra (2.5 GW).

In order to meet the rising energy demand, power generation capacity must increase to nearly 800,000 MW by 2031-32, from the current capacity of around 160,000 MW. With India facing an acute energy scarcity, which is hampering its industrial growth and economic progress, it is essential to tackle the energy crisis through judicious utilization of the abundant renewable energy resources, such as wind. Favourable government policies and incentives are the crucial key drivers in the Wind Sector.

### 3.3 Business Outlook:

The Company currently has an overall installed capacity of 12.15 MW comprising 9 wind turbines. The Company gained Voluntary Emission Reductions (VER's) through Voluntary Carbon Standards and expects to generate additional revenue by sale of VER's to appropriate buyers.

## 4. RISKS AND CONCERNS

The Company's businesses and operations are subject to a variety of risks and uncertainties which are no different from any other company in general and our competitors in particular.

Such risks are the result of both the business environment within which the Company operates and other factors over which there is little or no control. These risks can be categorised as operational, financial, environmental, health and safety, political, market-related and strategic risks. The Company has sufficient risk management policies in place that act as an effective tool in minimising the various risks that the businesses are exposed to during the course of their day-to-day operations as well as in their strategic actions.

### 5. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

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

### 6. FINANCIAL PERFORMANCE & OPERATIONAL PERFORMANCE :

#### A. Financial Condition :

##### *Capital Structure :*

The Equity Share Capital of the Company is Rs.136,800,000 /- comprising of 68,400,000 Equity Shares of Rs.2/- each fully paid.

##### *Reserves and Surplus:*

The Reserves and Surplus of the Company as on 31.03.2011 stand at Rs. 21,703.14 lakhs as compared to Rs. 21,127.83 lakhs in the previous year.



*Fixed Assets :*

During the year, the Company added Rs.259.81 lakhs in Fixed Assets.

*Inventories :*

Inventories, as on 31st March, 2011, amounted to Rs. 2,920.63 lakhs as against Rs. 1,004.01 lakhs in the previous year.

*Sundry Debtors :*

Sundry debtors amounted to Rs. 2,487.40 lakhs as on 31st March, 2011 as against Rs. 1,747.49 lakhs in the previous year. These debtors are considered good and realisable.

*Cash and Bank Balances :*

'Cash and Bank balances' with Scheduled Banks amounting to Rs. 350.77 lakhs as against Rs. 310.64 lakhs in the previous year which include amounts deposited with banks as Security.

*Loans and Advances :*

'Loans and Advances' amount to Rs. 12,568.10 Lakhs as against Rs. 13,662.40 lakhs in the previous year.

*Current Liabilities :*

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

**B. Operational Results :***Turnover :*

During the year 2010-2011, the turnover of the Company was Rs. 20,456.48 lakhs as compared to Rs. 18,899.02 lakhs in the previous year.

The Income from other sources as on 31st March, 2011 was Rs. 631.98 lakhs as compared to Rs. 1,008.23 lakhs in the previous year.

*Expenditure :*

During the year, the Company incurred expenses amounting to Rs. 2716.20 lakhs as compared to Rs. 2,493.00 lakhs in the previous year.

*Depreciation :*

The Company has provided a sum of Rs. 573.09 lakhs towards depreciation for the year as against Rs. 510.02 lakhs in the previous year.

*Provision for Tax :*

The Company has provided a current tax of Rs. 265.00 lakhs and deferred tax liability of Rs 75.72 lakhs for the year 2010-11.

*Net Profit :*

The Net Profit of the Company after tax is Rs. 1,018.99 lakhs as against Rs. 1,334.51 lakhs in the previous year.

*Earnings Per Share :*

The Earnings Per Share of the Company as on 31st March, 2011 is Rs. 1.49 ps for Face Value of Rs.2/- as against Rs. 1.82 ps per share for Face Value of Rs.2/- in the previous year

**HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:**

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

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

As on 31st March, 2011, the Company has a total strength of 161 employees.

**CAUTIONARY STATEMENT:**

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



## AUDITORS REPORT

To the Members of  
**Bhagyanagar India Limited**

1. We have audited the attached Balance Sheet of Bhagyanagar India Limited as at 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 maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- ii. We are informed that management has conducted verification of significant part fixed assets during the course of the year. As per the information and explanations given to us the discrepancies found on such verification are not material.
- iii. The fixed assets disposed of during the year, in our opinion do not constitute substantial part of the fixed assets of the Company and such disposal in our opinion, has not affected the going concern status of the company.

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

- i. The inventory has been physically verified during the year by the management. In

our opinion the frequency of verification is reasonable.

- ii. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - iii. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and books records were not material.
- 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 '2' Group Companies, '1' Wholly Owned Subsidiary, '3' Subsidiaries, '4' Associate Companies. The aggregate of Maximum amount Involved Rs.10,208.55 Lacs and year end outstanding Rs.9,939.13 Lacs.
  - ii. In our opinion the terms of interest and other terms and conditions of the loans given by the company are not 'prima facie' prejudicial to the interest of the Company.
  - iii. 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 Rs.1 Lakh in respect of loans granted, to Companies, firms or other parties in the register maintained under section 301 of the Act.
  - v. The Company has not taken any loans from Companies / Parties and other firms covered under section 301 of the Act. Hence we have not reported on sub-clause f & g of this clause of the 'Order'.
  - vi. We are of the opinion that the Company is maintaining adequate records where the Company has granted loans against security of shares, debentures and other securities.
- D. Transactions with parties under section 301 of the Act. Clause 4(v) of the Order :**
- i. On the basis of our examination of relevant records and on the basis of representation of the management , we are of the opinion that the particulars



of all contracts or arrangements that need to be entered into the register maintained under section 301 of the 'Act' have been so entered.

- ii. The transactions made in pursuance of such contracts or arrangements have been made at prices reasonable having to the prevailing market prices at the relevant point of time.

**E. Internal Control : Clause 4(iv) of the order**

In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and with regard to sale of services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.

**F. 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'.

**G. Internal Audit - Clause 4(vii) of the Order.**

In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.

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

We are informed that the Central Government has not prescribed maintenance of cost records under section 209(1)d of the 'Act', for the manufacturing activities carried on by the Company during the year.

**I. 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. 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.

- ii. According to the information and explanations given to us and records of the company the 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 are as follows.

Nature of Dues/ Financial Year to which dispute is related to	Amount in Rs	Forum where dispute is pending
Custom Duty 2004-05	200 Lacs	Supreme Court of India
Excise Duty 2006-07	2.90 Lacs	CESTAT Mumbai
Excise Duty 2005-08	25.69 Lacs	Asst Commissioner III Hyd

**J. Losses : Clause 4(x) of the order**

The Company does not have any accumulated losses as at 31st March 2011. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

**K. Utilisation of Funds : Clause 4(xi), (xvi) & (xvii)**

- i. The Company has not obtained any term loan during the year.
- ii. On the basis of review of utilisation of funds, which is based on overall examination of the Balance Sheet of the Company, related information made available to us and as represented to us by the management, funds raised on short term basis have not been used for long term investments.
- iii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

**L. Miscellaneous : Clauses 4(xiii) to (xv) and (xviii) to (xxi)**

- i. The Company has not given any Guarantees for loans taken by others from Banks or Financial Institutions.
- ii. The Company is not a chit fund, nidhi / mutual benefit fund and therefore, requirements to such class of Companies are not applicable.



- iii. The Company is not dealing in or trading in shares, securities debentures and other investments.
- iv. The Company has not made any preferential allotment of shares during under Section 301 of the 'Act'.
- v. The Company has not issued any debentures during the year.
- vi. The Company has not raised any money by way of public issue during the year
- vii. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements as the information, representation and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

#### 4. Further to our comments above :

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of audit;
- ii. In our opinion proper books of account as required by law have been kept by the Company as far as appears from our examination of those books;
- 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. Without qualifying we invite your attention to:
  - 1. Note 3 : Notes to Accounts wherein it is stated that the Company has a commitment towards the remaining FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case the option of conversion is not exercised by them, within 5 years from the date of issue of the Bonds. The YTM accrues to the Bond-holders only at the

time of repayment. Contingent liability on account of YTM is Rs 2063.63 lacs as on 31.03.2011 including withholding Tax @ 10%. This will undergo a change in accordance to the currency conversion rates and Income tax rates prevailing on the date of repayment if it is made on non-conversion

- 2. Note 13 Notes to Accounts : During the year 2009-10, the Company paid an advance of Rs 214.22 lacs to M/s United International Shipping Agent (T) Ltd, Tanzania, towards part payment for cost of Copper cathode which is principal raw material for the copper manufacturing units. The payment thus made was disclosed as advances to suppliers under Schedule-11 of "Loans & Advances". However, Copper was stolen and replaced with worthless material on the sea-way. The Company lodged claims with Insurance Company and the shipping agent. The Insurance Company has rejected the claim during the year in the month of October 2010. On the basis of legal opinion received and on the recommendations of the Board of Directors the amount is written off as irrecoverable business loss.
- vii. 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 '**Profit**' 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

**G. Ganesh**  
Partner

Place : Secunderabad  
Date : April 29, 2011

Mem. No: 211704



**Balance Sheet as at 31st March, 2011**

(Amount in Rupees)

	Sch.No	As at 31.03.2011	As at 31.03.2010
<b>Sources of Funds</b>			
Share capital	1	136,800,000	137,853,228
Reserves and Surplus	2	2,170,314,061	2,112,783,434
Share-Holders Funds		<u>2,307,114,061</u>	<u>2,250,636,662</u>
Loan Funds			
Secured loans	3	92,573,829	220,950,051
Unsecured loans	4	474,328,041	478,359,221
<b>TOTAL</b>		<u>2,874,015,931</u>	<u>2,949,945,934</u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,263,310,048	1,255,360,378
Less Depreciation		401,014,555	358,319,360
<b>Net Block</b>		<u>862,295,493</u>	<u>897,041,018</u>
Capital Work-In-Progress		18,667,103	16,485,001
<b>Investments</b>	6	248,092,924	260,863,298
<b>Current Assets, Loans and advances</b>			
Inventories	7	292,062,971	100,401,395
Sundry debtors	8	248,739,810	174,749,379
Cash & Bank Balances	9	35,077,085	31,063,658
Other Current Assets	10	122,905,515	213,050,816
Loans & Advances	11	1,256,809,525	1,366,239,582
		<u>1,955,594,906</u>	<u>1,885,504,830</u>
<b>less Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	182,700,882	90,534,362
Provisions	13	33,999,463	40,150,734
		<u>216,700,345</u>	<u>130,685,096</u>
<b>Net Current Assets</b>		<u>1,738,894,561</u>	<u>1,754,819,734</u>
Net Deferred Tax Assets (See Notes)	14	6,065,850	20,736,883
Foreign Currency Monetary Items Translation	15	-	-
Difference Account			
<b>TOTAL</b>		<u>2,874,015,931</u>	<u>2,949,945,934</u>
<b>Notes to Accounts</b>	21		

The Schedules referred to above form an integral part of Balance Sheet  
This is the Balance Sheet referred to in our report of even date

**For Sekhar & Co**

Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board of Directors

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : April 29, 2011

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary



**Profit & Loss account for the year ended 31st March, 2011**

(Amount in Rupees)

	Sch.No	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>Income</b>			
Gross income from operations	16	2,045,647,919	1,889,902,993
Less: Excise duty		185,377,833	144,602,392
Net Income from Operations		1,860,270,086	1,745,300,601
Other Income	17	63,197,529	100,823,207
		<u>1,923,467,615</u>	<u>1,846,123,808</u>
<b>Expenditure</b>			
Cost of Materials	18	1,439,109,113	1,380,731,199
Expenses	19	271,619,941	249,299,891
Interest & Financial Charges	20	20,016,930	19,260,690
Depreciation		57,308,961	51,002,186
		<u>1,788,054,945</u>	<u>1,700,293,966</u>
Profit for the year		135,412,670	145,829,842
Prior Period Adjustment		558,007	42,746
Profit before Taxation		<u>135,970,677</u>	<u>145,872,588</u>
Provision for Taxation			
- Current year		26,500,000	25,000,000
- Deferred Tax (See Notes)		7,571,751	(12,768,768)
- Taxes of earlier years		-	190,300
<b>Profit after Taxation</b>		<u>101,898,926</u>	<u>133,451,056</u>
Balance Brought forward from Previous year		863,023,472	811,476,586
Amount Available for appropriation		<u>964,922,398</u>	<u>944,927,642</u>
Proposed Dividend		27,360,000	27,360,000
Tax on Dividend		4,544,500	4,544,170
Transfer to General Reserve		50,000,000	50,000,000
Surplus Carried to Balance Sheet		<u>883,017,898</u>	<u>863,023,472</u>

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

**For Sekhar & Co**

Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board of Directors

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : April 29, 2011

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary



## Cash Flow Statement for the year ended March 31, 2011

(Amount in Rupees)

	31.03.2011	31.03.2010
<b>A. Cash Flow From Operating Activities</b>		
<b>Net Profit before tax as per annexed profit and loss account</b>	<b>135,970,677</b>	<b>145,872,588</b>
Adjustments for :		
Depreciation	57,308,961	51,002,186
Unrealised Forex Gains	(4,000,000)	-
Lease rents Amortised	512,630	512,630
Bad Debts Written Off & Provision for Bad Debts	2,224,477	9,541,894
Balances / Provisions no longer required written back	(1,790,890)	(5,238,994)
(Profit)/Loss on Sale of Investments(Net)	(11,408,645)	1,115,985
Profit & Loss on Sale of Assets	(1,290,310)	(4,639,675)
Interest Paid	20,016,930	19,260,690
Interest Received	(32,684,062)	(84,230,473)
Dividends Received	(3,207,565)	(4,997,249)
	<b>25,681,526</b>	<b>(17,673,006)</b>
Operating Profit before working Capital Changes	<b>161,652,203</b>	<b>128,199,582</b>
<b>(Less)/Add Adjustments for Working Capital Changes</b>		
Inventories	(191,661,576)	40,534,226
Loans and Advances	11,139,389	23,258,049
Other Current Assets	90,145,301	137,385,601
Sundry Debtors	(76,214,908)	211,531,730
Trade Payables and other Liabilities	36,173,646	(107,039,715)
Advance from Customers	57,637,097	9,657,052
	<b>(72,781,051)</b>	<b>315,326,943</b>
<b>Cash Generated from Operations</b>	<b>88,871,152</b>	<b>443,526,525</b>
Income Tax & Fringe Benefit Tax Paid	(32,651,601)	(7,533,094)
Taxes of earlier years	-	(190,300)
Prior Period Adjustments	-	(7,723,394)
	<b>(32,651,601)</b>	<b>(7,723,394)</b>
<b>Net Cash (used in)/from operating Activities (A)</b>	<b>56,219,551</b>	<b>(7,723,394)</b>
	<b>56,219,551</b>	<b>435,803,131</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets & Changes in CWIP	(28,163,016)	(271,826,621)
Sale of Fixed Assets	4,195,148	28,613,310
Investment in of Shares & Other Investments (Net)	12,179,029	1,141,389
Dividend Received	3,207,565	4,997,249
Interest Received	32,684,062	84,230,473
Refunds received from Capital Advances	-	5,937,500
Loans to Joint Ventures and Subsidiaries	104,800,986	(2,410,272)
	<b>128,903,774</b>	<b>(149,316,972)</b>
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>128,903,774</b>	<b>(149,316,972)</b>



## Cash Flow Statement for the year ended March 31, 2011

(Amount in Rupees)

	31.03.2011	31.03.2010
<b>C. Cash Flow From Financing Activities</b>		
Buy-back of equity Share Capital	(13,517,027)	(148,165,567)
Buy-back of FCCB	-	(209,767,500)
Proceeds from borrowings (net of re-payments)	(128,407,402)	130,388,348
Interest Paid	(20,016,930)	(19,260,690)
Dividend Paid	(31,757,503)	(34,642,914)
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>(193,698,862)</b>	<b>(281,448,323)</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(8,575,537)</b>	<b>5,037,836</b>
Reconciliation- See Note 2 below		
Cash and Cash Equivalents Opening Balance	<b>82,593,789</b>	77,555,953
Cash and Cash Equivalents Closing Balance	<b>74,018,252</b>	82,593,789
Net Increase /(Decrease) in Cash and Cash Equivalents	<b>(8,575,537)</b>	<b>5,037,836</b>

## Notes:

- The above cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India and Ministry of Company Affairs.
- The Cash and cash equivalents given above comprise of:**

	2010-2011	2009-2010	Change Over previous Year
Cash in Hand	<b>841,858</b>	1,446,456	(604,598)
Balances in Current Account	<b>10,176,394</b>	6,147,333	4,029,061
Balances in Liquid Mutual Funds (Grouped under Investments)	<b>63,000,000</b>	75,000,000	(12,000,000)
<b>TOTAL</b>	<b>74,018,252</b>	<b>82,593,789</b>	<b>(8,575,537)</b>
- The other balances under Cash and Bank Balances are not available for free use by the Company hence they are excluded from Cash and Cash equivalents
- Notes to Accounts(Schedule 21) form an integral part of Cash Flow Statement

In terms of our report of even date

**For Sekhar & Co**

Chartered Accountants

Firm Regn No. 003695-S

For and on behalf of the Board of Directors

**G. Ganesh**

Partner

Membership No : 211704

**G.M. Surana**

Chairman

**Narender Surana**

Managing Director

**Devendra Surana**

Managing Director

Place : Secunderabad

Date : April 29, 2011

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

## Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each	250,000,000	250,000,000
6,84,00,000 (Previous Year 6,89,26,614)		
Equity shares of Rs 2 each fully paid-up	<u>136,800,000</u>	<u>137,853,228</u>
- Includes 4,72,49,560 Shares allotted as bonus in earlier years		
- Includes 62,390 Shares allotted for consideration other than cash on amalgamation in earlier years		
- Net of 2,22,46,596 Shares bought back in earlier years		
- Net of 5,26,614 Shares bought back in the current year		
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last account	1,186,386,667	1,100,000,000
Add: Transferred from Profit & Loss Account	50,000,000	50,000,000
Less: Utilised for creation of Redemption Reserve for Buy back of equity shares	(1,053,228)	(11,146,772)
Add: Transferred from Capital Redemption Reserve on completion of buy-back scheme	12,200,000	-
Less: Premium paid on buy-back of shares	(12,463,799)	(39,276,561)
Add: Forfeiture of Share Warrants	-	86,810,000
<b>Balance at the year end</b>	<u>1,235,069,640</u>	<u>1,186,386,667</u>
<b>Capital Reserve</b>		
Balance as per last account	16,676,523	16,676,523
<b>Balance at the year end</b>	<u>16,676,523</u>	<u>16,676,523</u>
<b>Foreign Exchange fluctuation Reserve</b>		
Balance as per last account	35,550,000	35,550,000
<b>Balance at the year end</b>	<u>35,550,000</u>	<u>35,550,000</u>
<b>Share Premium account</b>		
Balance as per last account	-	97,742,234
Less: Utilised for creation of Redemption Reserve for Buy back of equity shares		
Less: Premium paid on buy-back of equity shares	-	(97,742,234)
<b>Balance at the year end</b>	<u>-</u>	<u>-</u>
<b>Capital Redemption Reserve</b>		
Balance as per last account	11,146,772	-
Add: Created for Buy-back of Equity Shares during the year	1,053,228	11,146,772
Less: Transferred to General Reserve on completion of Buy - back scheme	(12,200,000)	-
<b>Balance at the year end</b>	<u>-</u>	<u>11,146,772</u>
<b>Profit &amp; Loss account</b>		
Surplus in the annexed Profit & Loss Account	883,017,898	863,023,472
<b>TOTAL</b>	<u>2,170,314,061</u>	<u>2,112,783,434</u>



## Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 3 SECURED LOANS</b>		
From Banks		
Cash Credit	7,619,281	750,051
Medium Term Loan from Banks	84,954,548	220,200,000
<b>TOTAL</b>	<b>92,573,829</b>	<b>220,950,051</b>
<b>Due within a year</b>	<b>48,545,452</b>	<b>220,200,000</b>
 <b>SCHEDULE - 4 UN SECURED LOANS</b>		
Deferred Sales Tax	27,828,041	27,859,221
Foreign Currency Convertible Bonds - See Notes 100 bonds (Previous year 150 bonds) of the face value of US\$ 1,00,000 each valued at Rs. 44.65 and Rs. 45.05 as at 31.03.2011 and 31.03.2010 respectively	446,500,000	450,500,000
<b>TOTAL</b>	<b>474,328,041</b>	<b>478,359,221</b>
<b>Due within a year</b>	<b>446,500,000</b>	-



## Schedules Forming Part of the Balance Sheet

### SCHEDULE: 5 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block		
	Cost as on 01.04.2010	Additions During the Period	Deletion/ Adjustments	Cost as on 31.03.2011	Upto 31.03.2010	For the Year Adjustments	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Free-Hold Land	198,308,066	-	-	198,308,066	-	-	-	198,308,066	198,308,066
Lease-Hold Land	12,610,354	-	512,630	12,097,724	-	-	-	12,097,724	12,610,354
Factory Buildings	56,994,038	726,831	22,500	57,698,369	19,537,308	2,292,397	21,829,705	35,868,664	37,456,730
Commercial Buildings	-	925,000	-	925,000	-	-	-	925,000	-
Plant & Machinery	231,799,503	15,067,187	10,161,616	236,705,074	186,690,788	12,843,430	190,288,726	46,416,348	45,108,715
Wind Power Plant	660,455,874	3,862,500	-	664,318,374	86,909,803	35,237,463	122,147,266	542,171,108	573,546,071
Elec.Installation	25,679,449	-	-	25,679,449	24,208,832	348,556	24,557,388	1,122,061	1,470,617
Office Equipment	11,730,106	707,375	-	12,437,481	7,282,134	650,921	7,933,055	4,504,426	4,447,971
Vehicles	35,572,305	4,469,996	7,334,489	32,707,812	22,536,554	3,649,292	20,817,569	11,890,243	13,035,751
Furniture & Fixtures	15,884,457	-	-	15,884,457	5,858,572	1,814,685	7,673,258	8,211,200	10,025,885
Computer	6,324,207	222,025	-	6,546,232	5,293,363	472,217	5,765,579	780,653	1,030,844
Library	2,010	-	-	2,010	2,010	-	2,010	-	-
	1,255,360,369	25,980,914	18,031,235	1,263,310,048	358,319,360	57,308,961	401,014,555	862,295,493	897,041,004
Previous year	1,268,333,931	306,922,470	319,896,023	1,255,360,378	525,066,724	51,002,186	358,319,360	897,041,018	743,267,204



## Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010	
	Nos	Amount	Nos	Amount
<b>SCHEDULE – 6 INVESTMENT AT COST</b>				
<b>A) Unquoted securities</b>				
1) In Shares of Joint Stock Companies				
<b>A) Unquoted Investments</b>				
<b>a) In companies under the same management</b>				
Bhagyanagar Infrastructure Limited (Equity share of Rs 10 each fully paid up)	2750000	18,330,000	2,750,000	18,330,000
<b>SUB-TOTAL</b>		<u>18,330,000</u>		<u>18,330,000</u>
<b>b) In Subsidiary Companies</b>				
Bhagyanagar Green Energy Private Ltd (Formerly Bhagyanagar Telecom Limited) (Equity share of Rs 10 each fully paid up)	-	-	50,000	500,000
Bhagyanagar Properties Private Limited (Equity share of Rs 10 each fully paid up)	4,000,000	40,000,000	4,000,000	40,000,000
Bhagyanagar Metals Limited (Equity share of Rs 10 each fully paid up)	50,000	500,000	50,000	500,000
Scientia Infocom India Private Limited (Equity share of Rs 10 each fully paid up)	3,040,000	30,400,000	3,040,000	30,400,000
Metropolitan Ventures India Limited (Equity share of Rs 10 each fully paid up)	370,000	3,700,000	370,000	3,700,000
<b>SUB TOTAL</b>		<u>74,600,000</u>		<u>75,100,000</u>
<b>c) In Associate Companies</b>				
Bhagyanagar Entertainment and Infra Development Company (P) Ltd	23,500	235,000	23,500	235,000
Globecom Infraventures India Pvt Ltd (Equity share of Rs 10 each fully paid up)	5000	50,000	5,000	50,000
Advantage Real Estate India Pvt Ltd (Equity share of Rs 10 each fully paid up)	12,500	125,000	12,500	125,000
GMS Realtors Private Limited (Equity share of Rs 10 each fully paid up)	5,000	50,000	5,000	50,000
Savitrimata Realtors Private Ltd (Equity share of Rs 10 each fully paid up)		-	25,500	255,000
Surana Ventures Limited (Equity share of Rs 10 each fully paid up)			73,50,000	73,50,000
<b>SUB TOTAL</b>		<u>460,000</u>		<u>74,215,000</u>
<b>d) In other companies</b>				
Arihant Optics Limited (Equity share of Rs 10 each fully paid up)	300000	3,000,000	300000	3,000,000
<b>SUB TOTAL</b>		<u>3,000,000</u>		<u>3,000,000</u>



**Schedules Forming Part of the Balance Sheet**

(Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010	
	Nos	Amount	Nos	Amount
<b>B) Quoted Securities</b>				
<b>a) In companies under same Management</b>				
Surana Telecom and Power Limited (Equity share of Rs 5 each fully paid up)	1837262	14,409,739	1852298	14,527,621
Surana Ventures Limited (Equity share of Rs 10 each fully paid up)	5787946	44,100,000		
<b>SUB TOTAL</b>	-	<b>58,509,739</b>	-	<b>14,527,621</b>
<b>b) In Other Companies</b>				
Indosolar Limited (Equity Shares of Rs 10 each Fully paid-up)	5,000	106,258	-	-
GHCL limited (Formerly Gujrat Heavy Chemicals Limited) (Equity Shares of Rs 10 each Fully paid-up)	4940	225,244	4940	225,244
Megasoft Limited (Equity Shares of Rs 10 each Fully paid-up)	1500	71,385	1500	71,385
Sree Sakthi Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	1000	30,000	1000	30,000
Shree Vasavi Industries Ltd (Equity Shares of Rs 10 each Fully paid-up)	14000	45,175	14000	45,175
Sampre Nutrition Ltd (Equity share of Rs 10 each fully paid up)	26650	266,500	26650	266,500
Vaibhav Gems Limited (Equity Shares of Rs 10 each Fully paid-up)	300	48,623	300	48,623
<b>SUB TOTAL</b>		<b>793,185</b>		<b>686,927</b>
<b>c) Investment in Debentures</b>				
Surana Ventures Limited (12 % non- Convertible debentures- Secured)	2940000	29,400,000	-	-
Titan Industries Limited NCD (Debentures of Face value of Rs 250 each Fully paid-up)	-	-	15	3750
<b>SUB TOTAL</b>		<b>29,400,000</b>		<b>3,750</b>
Total Investment in equity Shares and Debentures		<b>185,092,924</b>		<b>185,863,298</b>
<b>3) Investment in Mutual Fund</b>				
IDFC Fund		20,000,000		-
Birla Sun life Cash Flus		20,000,000		-
JM Money Manager Fund Super Plan		23,000,000		30,000,000
Reliance Money Manager Fund- Insttutional Plan		-		40,000,000
UTI Liquid Cash Plan- Institutional		-		5,000,000
<b>Total Investments in Mutual Funds</b>		<b>63,000,000</b>		<b>75,000,000</b>
<b>Total Investments in Government Securities, Shares and Mutual Funds</b>		<b>248,092,924</b>		<b>260,863,298</b>
<b>Aggregate Market Value of Quoted Investments</b>		<b>297,136,137</b>		<b>71,551,826</b>
<b>Aggregate NAV of Mutual Funds</b>		<b>63,081,217</b>		<b>75,108,921</b>



## Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 7 INVENTORIES</b>		
(As taken, valued and certified by the Management and valued at cost or realisable value whichever is lower)		
Raw Materials	290,398,819	97,899,760
Work in process	-	352,240
Finished Goods	1,664,152	2,149,395
<b>TOTAL</b>	<b>292,062,971</b>	<b>100,401,395</b>
<b>SCHEDULE - 8 SUNDRY DEBTORS</b>		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for		
- More than six months	19,747,983	21,466,992
- Less: Provision for doubtful debts	-	6,000,000
- Debtors above six months, considered good	19,747,983	15,466,992
- Others, considered good	228,991,827	159,282,387
<b>TOTAL</b>	<b>248,739,810</b>	<b>174,749,379</b>
<b>SCHEDULE - 9 CASH AND BANK BALANCES</b>		
Cash in Hand	841,858	1,446,456
Balance with scheduled Banks		
- In current account	10,176,394	6,147,333
- In Escrow Account	42,798	42,798
- In Dividend account	1,358,709	1,212,042
- In Fixed Deposit Account	10,000,000	10,000,000
- In deposit account - Kept under lien with banks towards margin money and other facilities	10,796,020	10,725,411
- Accrued interest on Fixed Deposits with Banks	1,861,306	1,489,618
<b>TOTAL</b>	<b>35,077,085</b>	<b>31,063,658</b>
<b>SCHEDULE - 10 OTHER CURRENT ASSETS</b>		
(Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	122,905,515	218,050,816
Less: Provision for Doubtful Loans	-	5,000,000
	<b>122,905,515</b>	<b>213,050,816</b>
<b>SCHEDULE - 11 LOANS &amp; ADVANCES</b>		
(Unsecured Considered Good unless otherwise stated)		
Loans & Advances	24,635,144	15,618,387
MAT Credit Available - See Notes	7,099,282	-
Loans to Associate & others	220,776,607	325,373,558
Advances to Subsidiary Companies	772,404,845	772,608,880
Sundry Advances-Infrastructure	118,500,000	152,500,000
Balances with Statutory bodies	49,061,166	37,251,493
Deposits	14,913,652	15,859,151
Advances to Suppliers	49,418,829	47,028,113
<b>TOTAL</b>	<b>1,256,809,525</b>	<b>1,366,239,582</b>



## Schedules Forming Part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 12 CURRENT LIABILITIES</b>		
Sundry Creditors - Micro and small enterprises	-	-
Sundry Creditors - Others	96,112,357	46,492,013
Lease deposits	3,000,000	1,500,000
Other Liabilities	8,787,904	16,087,195
Book overdraft from Bank	-	9,438,297
Unclaimed Dividends	1,358,709	1,212,042
Advances from customers	73,441,912	15,804,815
<b>TOTAL</b>	<b>182,700,882</b>	<b>90,534,362</b>
<b>SCHEDULE - 13 PROVISION</b>		
Provision for Taxation (Net of Advance Taxes)	1,594,963	7,746,564
Proposed Dividend	27,360,000	27,360,000
Tax on Dividend	4,544,500	4,544,170
Bonus	500,000	500,000
<b>TOTAL</b>	<b>33,999,463</b>	<b>40,150,734</b>
<b>Schedule - 14 Deferred Tax Assets/(Liabilities) (net)</b>		
Deferred Tax Assets as at 1-04-2010	20,736,883	7,968,115
Deferred Tax assets/(Liability) for the year	(7,571,751)	12,768,768
Amount Transferred to Loans and Advances See Notes	(7,099,282)	
Net deferred tax assets as on 31.03.2011	<b>6,065,850</b>	<b>20,736,883</b>
<b>Schedule - 15 Foreign Currency Monetary Items Translation</b>		
Opening Balance	-	26,322,586
Less: Gain on forex fluctuation on non-depreciable assets adjusted	-	(26,322,586)
Balance to be carried forward to next year	-	-

## Schedules Forming Part of the Profit & Loss Account

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 16 INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	-	80,742,518
Copper Products	1,963,580,713	1,838,403,880
Infrastructure Leasing & Sales	-	4,060,546
Sale of Wind Power	86,326,178	73,921,485
Scrap & Misc Sales	645,140	891,310
	<b>2,050,552,031</b>	<b>1,998,019,739</b>
Less: Inter-Unit Sales	4,904,112	108,116,746
Gross Sales	<b>2,045,647,919</b>	<b>1,889,902,993</b>
Less : Excise duty	185,377,833	144,602,392
<b>Net Sales</b>	<b>1,860,270,086</b>	<b>1,745,300,601</b>



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

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 17 OTHER INCOME</b>		
Interest on Loans, Deposits & Others	32,684,062	84,230,473
Interest from Trade Debtors and creditors	1,419,477	1,779,058
Profit on sale of Sundry Assets	2,012,028	579,129
AMC Charges on CDMA Phones	300,000	-
Profit on sale of Investments	11,408,645	-
Dividend	3,207,565	4,997,249
Miscellaneous income	691,604	5,000
Miscellaneous rental income	4,200,000	1,050,000
Balances no longer payable written back	1,790,890	5,238,994
Gain on foreign exchange fluctuation (Net of losses)	5,483,258	2,943,304
<b>TOTAL</b>	<b>63,197,529</b>	<b>100,823,207</b>
<b>SCHEDULE - 18 MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	97,899,760	119,392,645
b) Purchases net of Modvat including Incidental expenses	1,635,674,801	1,448,313,719
<b>SUB TOTAL (I)</b>	<b>1,733,574,561</b>	<b>1,567,706,364</b>
c) Less Closing Stock		
Raw Materials	290,398,819	97,899,760
Stock-In-Transit		
<b>SUB TOTAL (II)</b>	<b>290,398,819</b>	<b>97,899,760</b>
<b>I - II</b>	<b>1,443,175,742</b>	<b>1,469,806,604</b>
Less: Inter-Unit Purchases	4,904,112	108,116,746
Raw materials consumed (A)	<b>1,438,271,630</b>	<b>1,361,689,858</b>
<b>B. INCREASE/ DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	352,240	21,542,976
Finished Goods	2,149,395	-
	<b>2,501,635</b>	<b>21,542,976</b>
b) Less Closing Stock		
Work in Progress	-	352,240
Finished Goods	1,664,152	2,149,395
	<b>1,664,152</b>	<b>2,501,635</b>
<b>(B)</b>	<b>873,483</b>	<b>19,041,341</b>
<b>TOTAL (A) + (B)</b>	<b>1,439,109,113</b>	<b>1,380,731,199</b>



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

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 19 EXPENSES</b>		
Salary,Wages & Allowances	31,489,193	27,782,117
Contribution to PF and other funds	3,104,720	3,143,922
Staff Welfare expenses	1,407,569	1,394,067
Processing & conversion charges	881,512	7,731,374
Stores Consumed	14,052,857	11,231,698
Power & Fuel	48,172,289	40,499,390
Loss of material in transit	21,422,200	-
Packing & Forwarding	13,640,589	12,251,524
Post.Tel.& Telephone	2,640,467	3,829,161
Insurance	1,083,351	1,121,225
Legal & Licence fees	222,312	231,857
Rates & Taxes	1,292,057	1,381,745
Repairs to		
- Building	1,447,003	2,518,391
- Machinery	11,402,966	12,153,538
- Others	1,941,171	2,727,563
Remuneration to Directors	11,504,000	11,632,000
Auditors remuneration		
- Statutory Audit fees	250,000	250,000
- Tax audit fees	60,000	55,000
- Other matters	60,000	55,000
- Out of Pocket expenses	30,000	25,000
Other Administrative expenses	9,635,918	9,278,297
Software development charges	77,210	405,705
Commission on Sales	658,497	2,496,951
Advertisement and Business Promotion	10,948,645	6,395,006
Professional Charges	2,066,992	3,103,582
Travelling & Conveyance	6,278,286	7,648,527
Sitting fees	430,000	510,000
Sundry Balances Written off	2,224,477	3,541,894
Provision for Doubtful debts/Loans	-	6,000,000
Loss on sale of investments	-	1,115,985
Loss on sale of Sundry Fixed Assets	721,718	-
Lease Premium amortised	512,630	512,630
Service Tax Paid	259,826	523,035
Sales Tax Paid (Net)	71,701,486	67,739,706
Entry Tax	-	14,001
<b>TOTAL</b>	<b>271,619,941</b>	<b>249,299,891</b>
<b>SCHEDULE - 20 INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	2,248,857	1,078,241
Interest on Medium-Term Loan	13,177,845	11,334,476
Financial Charges	4,590,228	6,847,973
<b>TOTAL</b>	<b>20,016,930</b>	<b>19,260,690</b>



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

#### 21A. Significant Accounting Policies

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

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

##### ii. Use of Estimates

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

##### iii. Own Fixed Assets

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

##### iv. Leased Assets

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

##### v. Depreciation

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

##### vi. Impairment of Assets

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

##### vii. Investments

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

##### viii. Inventories

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



**ix. Foreign Currency Transactions**

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

**x. Employee Retirement / Terminal Benefits**

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

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

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

**xii. Turnover**

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

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

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

**xiv. Segment Reporting**

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

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

**xv. Provision for Taxation**

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



### **xvi. Excise and Customs Duty**

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

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

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

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

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

### **xix. Earnings per Share**

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



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

The company has bought back 5,26,614 Equity shares of the face value of Rs.2/- each for total consideration of Rs.135.17 lacs during the year in accordance with the Scheme of Buy-back of equity shares approved by the competent authorities, the company has closed the scheme on 17.05.2010 as it has fulfilled all the requirements. Total number of shares bought back under the scheme are 61,00,000 for a total consideration of Rs.1616.82 lacs. Equity share capital of the company after the buy-back stands at 684 lacs shares of the face value of Rs. 2-each.

**2. Secured Loans:**

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

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

- During the year 2006-07, the company issued at par, 5 years Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 15 millions comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure. Out of the issued bonds, the company bought back 50 bonds of US \$ 1,00,000 each during the year 2009-10.
- The remaining bond-holders have an option of converting these bonds into equity shares at the conversion price of Rs 44 per share (Face value Rs 2 each) and the bond-holders are entitled to get 104.45 lacs shares at any time prior to close of business on 17th October, 2011 unless redeemed.
- The company has a commitment towards the remaining FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case the option of conversion is not exercised by them, within 5 years from the date of issue of the Bonds. The YTM accrues to the Bond-holders only at the time of repayment. Contingent liability on account of YTM is Rs 2063.63 lacs as on 31.03.2011 including withholding Tax @ 10%. This will undergo a change in accordance to the currency conversion rates and Income tax rates prevailing on the date of repayment if it is made on non-conversion.
- In compliance with the Companies (Accounting Standards) Rules,2009 issued the Ministry of Corporate Affairs, the notional exchange gain of Rs 40 lacs during the year due to appreciation in Rupee rate vis-à-vis US\$ amounting to Rs 0.40 per US\$ has been considered as income in the Profit & Loss Account
- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2011 is valued at the exchange rate of that date which was Rs 44.65 = 1 US \$ as against exchange rate of 31.03.2010 which was Rs 45.05 = 1 US\$
- The company is obliged to pay dividend even to those FCCB Holders who convert their bonds into equity after adoption of the financial statements and up to the book closure date for dividend purposes. Incremental dividend payable, if any, will be paid out of the balance available in the Profit & Loss Account. No provision for dividend payable to the FCCB bondholders has been made in the books of accounts.



- Details of utilization of FCCB proceeds are as under which was fully utilized before 31/03/2011:

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

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

	31-03-2011 Rs.in lakhs	31-03-2010 Rs. In lakhs
a) Counter guarantees given to the Banks against Guarantee Issued by them	<b>364.31</b>	723.69
b) Letters of Credit opened by Banks/Buyers' credit	<b>326.02</b>	124.91
c) YTM payable to the FCCB bond-holders	<b>2063.63</b>	1551.17
d) Custom duty/Excise duty matters under dispute	<b>228.59</b>	265.21

#### 5. Fixed Assets - Impairment:

The management has carried out a detailed internal review of the assets with respect value in use, recoverable amount and carrying cost in books and is of the firm opinion that there is no impairment in the value of assets of the company. Hence no provision as required under AS-27, Impairment of Asset is made.

#### 6. Investments - Subsidiaries:

Brief details of the subsidiaries are given below:

(Rs in lakhs)

Name of the Subsidiary Company	Paid-up Capital	Co's Interest	Equity Investment	Advances	Maximum Amount Outstanding during the year
Bhagyanagar Properties Private Limited	400	100%	400	5878.70	5878.70
Scientia Infocom India Private Ltd	400	76%	304	1419.42	1419.42
Metropolitan Ventures India Limited	50	74%	37	429.84	429.84
Bhagyanagar Metals Limited	5	100%	5	-	-



# The company has divested its entire holding of 50,000 equity shares of its wholly owned subsidiary called Bhagyanagar Green Energy Limited (Formerly known as Bhagyanagar Telecom Limited) as the company has exited from the telecom business.

## 7. Investments - Associates:

Brief details of the Associates are given below:

(Rs in lakhs)

Name of the Subsidiary Company	Paid-up Capital	Co's Interest	Equity Investment	Advances	Maximum Amount Outstanding during the year
Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	5	47%	2.35	1.09	1.09
Advantage Real Estate India Pvt Ltd	5	25%	1.25	0.67	450.17
Globecom Infra-Ventures Pvt Ltd	1	50%	0.50	-	1.01
GMS Realtors Private Ltd	1	50%	0.50	-	-

# During the year, the company has sold its entire stake of 26% comprising of 25,500 equity shares of the face value of Rs 10 each in Savitrimata Realtors Private Limited at a premium of Rs 408 each share.

# The Company' stake in Surana Ventures Limited is 23.52% pursuant the Scheme of Arrangement filed by Surana Telecom and Power Limited (STPL) and Surana Ventures Limited (SVL) for merger of Solar Division of STPL with SVL and approved by the High Court of Andhra Pradesh. Reconciliation of Investment of the Company in SVL is given hereunder:

Investment as on 31.03.2010	73,50,000 Shares
Less: Equity shares converted into 12% Redeemable non-convertible Debentures	29,40,000 Shares
Add: Additional shares received on being Share-holders of STPL in the ratio of 4:3	13,77,946 Shares
Investment as on 31.03.2011	57,87,946 Shares

## 8. Deferred Taxes

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

The Figures have been regrouped and the movements in MAT Credit utilization is shown separately as detailed in Note No.9

Particulars	As at 31-03-2010 Rs. Lakhs	Assets/Liability Arising during the Year	As at 31-03-2011 Rs. Lakhs
<b>Deferred Tax Assets/Liability</b>			
Depreciation - Timing difference	9.81	50.84	<b>60.65</b>
MAT Credit available-regrouped see Note 9*	176.52	(176.52)	<b>0.00</b>
Adjustment on account of FCCB issue expenses	21.04	(21.04)	-
<b>Net Deferred Tax Assets</b>	<b>207.37</b>	<b>(146.72)</b>	<b>60.65</b>



## 9. Minimum Alternate Tax - MAT (Non-Current Asset)

The Management after a detailed review of future business growth prospect of the company, the provisions of applicable accounting standards to the company and the Guidance Note issued by Institute of Chartered Accountants of India on Accounting and Disclosure of MAT Credit, is of the opinion that the MAT credit would be reversed by way of adjustment to Income Tax Payable in the forthcoming years.

In the previous year this amount has been treated as Deferred Tax Asset now this has been reclassified as such in the Schedule of Loans and Advances.

S.No.	Amount	Year of Recognition	Reversed during the year	Balance Available	Year of Lapse
1	1,76,52,096	2009-2010	1,05,52,814	70,99,282	2018-19

## 10. Earning Per Share

(Figures in lacs)

	31.03.2011	31.03.2010
Net Profit after tax	1018.98	1334.51
Net Profit available for Equity share-holders	1018.98	1334.51
Weighted Average No of Equity Shares - Basic	684.08	731.48
Add: Undiluted effect of potential equity shares on conversion of FCCB	104.45	104.45
Number of equity shares - Dilutive	788.53	835.93
Nominal value of each equity share (Rs)	2	2
Basic Earning Per Share	1.49	1.82
Diluted Earning Per Share (on conversion of FCCB)	1.29	1.60

## 11. Related Party Disclosure

### A: Relationship

Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Surana Telecom and Power Limited	Metropolitan Ventures India Limited	B E I D C P L	G M Surana	Namrata Surana
Innova Technologies Private Limited	Bhagyanagar Properties Private Ltd	Advantage Real Estate India Pvt Ltd	Narender Surana	Nivriti Surana
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom India Private Ltd	Globecom Infra-ventures Pvt Ltd	Devendra Surana	
Bhagyanagar Energy & Telecom Pvt Ltd	Bhagyanagar Metals Ltd	GMS Realtors Pvt Ltd	Narender Munoth	
Bhagyanagar Infrastructure Ltd				



Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
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				
Bhagyanagar Ventures Pvt Ltd				
Surana Ventures Limited				
Bhagyanagar Green Energy Ltd (Formerly Known as Bhagyanagar Telecom Limited)				



**B: Transactions**

Nature of Transaction	Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Sale of Goods	<b>136.87</b> (190.55)				
Purchase of Goods	<b>836.19</b> (51.50)				
Sale of Land	<b>Nil</b> (180)				
Job Work-Sales	<b>7.37</b> (5.44)				
Job work -Purchase	<b>12.40</b> (12.40)				
Interest received	<b>183.84</b> (131.22)		<b>8.18</b> (147.30)		
Share warrant Application money- Forfeited	<b>Nil</b> (176)				
Share warrant Application money received back			<b>Nil</b> (80)		
Advances Given	<b>5605.92</b> (250.13)	<b>1.89</b> (255.46)	<b>Nil</b> (133.67)		
Advances received back	<b>4201.67</b> (Nil)	<b>Nil</b> (Nil)	<b>1812.95</b> (99)		
Remuneration				<b>115.04</b> (116.33)	<b>7.80</b> (7.92)
Share Application Money Paid	<b>43.35</b>				<b>Nil</b> (Nil)

- Figures in brackets represent figures for the previous year

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

- In case of balances in Sundry Debtors, Loans and Advances, other current assets and Sundry Creditors, letters seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.
- Sundry creditors include Rs 661.95 lacs secured by way of Letter of Credit/ Buyers' credit. Further, the Company does not owe any sum to Micro & small enterprises as at the end of the accounting year on account of principal and interest under the Micro, Small and Medium Enterprises Development Act, 2006 as per the information and records available with the company about their industrial status which has been relied upon by the auditors.



**13. Loss of Material in Transit**

- During the year 2009-10, the company paid an advance of Rs 214.22 lacs to M/s United International Shipping Agent (T) Ltd, Tanzania, towards part payment for cost of Copper cathode which is principal raw material for the copper manufacturing units. The payment thus made was disclosed as Advances to Suppliers under Schedule-11 of "Loans & Advances". However, Copper was stolen and replaced with worthless material on the sea-way.
- The Company lodged claims with Insurance Company and the shipping agent. The Insurance Company has rejected the claim during the year in the month of October 2010.
- On the basis of legal opinion received and on the recommendations of the Board of Directors the amount is written off as irrecoverable business loss..

14. Interest on Loans, Deposits and others as appearing in Schedule-17 - Other Income is net of irrecoverable interest amounting to Rs 148.68 lacs

**15. Retirement and other Employees Benefits:**

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

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

	<b>Gratuity</b>
Current service cost	1,73,868
Interest Cost	1,91,205
Expected Return on Planned Assets	(5,35,500)
Net actuarial loss / (gain) on obligation	2,58,004
<b>Total expenses recognized in the Profit &amp; Loss Account</b>	<b>87,577</b>

**B) Change in Defined Benefit obligation during the year ended 31st March,2011**

	<b>Gratuity</b>
<b>Present value of obligation as at beginning of the year</b>	23,90,057
Interest cost	1,91,205
Current service cost	1,73,868
Benefits Paid	(5,12,016)
<b>Expected Liability at the end of the year</b>	<b>22,43,114</b>



## C) Change in Fair Value of Plan Assets during the year ended 31st March, 2011

	<b>Gratuity</b>
Fair value of Plan Assets as at the beginning of the year	60,75,303
Expected Return on Planned assets	5,35,500
Contribution made during the year	87,577
Benefits paid	(5,12,016)
Actuarial gain on planned Assets	-
<b>Fair Value of plan assets as at close of the year</b>	<b>61,86,364</b>

## D) Balance sheet movements

	<b>Gratuity</b>
Value of benefit obligation/Net Assets at the beginning of the year	23,90,057
Actual return on plan assets	5,35,500
Contributions made during the year	87,577
Expenses	-
Benefits paid	(5,12,016)
Value of Benefits as at close of the year	22,43,114
Fair value of plan assets as at the end of the year	61,86,364
Funded Status	22,50,830

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

## E) Actuarial assumption

	<b>Gratuity</b>
Discount rate used	8%
Expected return on planned assets	9%
Salary escalation	4%
Withdrawal rate	-



**Additional Information Pursuant to the provisions of Paragraph 3, 4C and 4D of the Part II of Schedule VI of the Companies Act, 1956.**

**(A) CAPACITY AND PRODUCTION**

Particulars	Unit	Installed Capacity		Production	
		2010-11	2009-10	2010-11	2009-10
i) Copper Products (b)	MT	<b>18000</b>	18000	<b>6919.986</b>	7717.842
ii) Jelly Filled Telephone cables	LCKM	-	72.00	-	0.613
iv) Wind Power	MW	<b>12.15</b>	12.15	<b>2.54</b>	2.31

- Note:** a. The Installed Capacities and production are as certified by Management which has been relied upon by the Auditors.  
b. Includes Job Work Done 3228.976 MTs ( Previous year 3394.956 MT)

**(B) TURNOVER:**

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2010-11	2009-10	2010-11	2009-10
i) Copper Products (a)	MT	<b>6922.236</b>	7712.429	<b>19635.80</b>	18384.04
ii) Jelly Filled Telephone cables	Lac CKM	-	0.613	-	807.43
iii) Wind Power	Units(Lac)	<b>254.32</b>	231.06	<b>863.26</b>	739.12
iv) Scrap & Miscellaneous items	-	-	-	<b>6.45</b>	8.91
vi) Infrastructure/Real estate Income				-	40.60
<b>SUB-TOTAL</b>				<b>20505.51</b>	19980.09
<b>Less: Inter-Unit sales</b>				<b>49.04</b>	1081.17
<b>Less: Excise duty</b>				<b>1853.78</b>	1446.02
<b>TOTAL</b>				<b>18602.70</b>	17452.91

- Note: a)** Includes Job Work of 3228.976 MT (Previous year 3394.956 MT)



(C) OPENING & CLOSING STOCK OF FINISHED GOODS:

Particulars	Opening Stock				Closing Stock			
	Quantity		Value (Rs.in lakhs)		Quantity		Value (Rs.in lakhs)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
i) Copper Wire Rods(MTs)	5.413	-	21.49	-	3.163	5.413	16.64*	21.49
<b>TOTAL</b>	<b>5.413</b>	<b>-</b>	<b>21.49</b>	<b>-</b>	<b>3.163</b>	<b>5.413</b>	<b>16.64</b>	<b>21.49</b>

\* Includes Excise duty provision of Rs 1.55 lacs (Previous year 2 lacs)

(D) RAW MATERIALS CONSUMED:

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2010-11	2009-10	2010-11	2009-10
i) Copper	MTs	3,147.561	3074.56	12,159.63	9,454.45
ii) ScrapMTs		540.591	1384.25	1,647.82	3,602.22
iiiv) Polythene granules	MTs	-	234.525	-	124.48
iv) Poly AL.Tape	MTs	-	5.283	-	6.68
v) Galvanised Steel Tape	MTs	-	189.345	-	77.19
vi) Others				578.79	352.44
vii) Inter Unit Transfers					
a) Copper Rods/Wire	MTs	11.195	70.460	49.04	1,073.47
b) Others					7.13
<b>SUB-TOTAL</b>		<b>3,699.347</b>	<b>4,887.963</b>	<b>14,435.28</b>	<b>14,698.06</b>
Less: Inter-Unit Purchases		11.195	70.460	49.04	1,081.16
<b>TOTAL</b>		<b>3,688.152</b>	<b>4,817.503</b>	<b>14,386.24</b>	<b>13,616.90</b>



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

Particulars	2010-11		2009-10	
	Rs. In lakhs	Value Percentage	Rs. in lakhs	Value Percentage
Raw Materials & Components				
(a) Imported	2,294.44	15.89	1,599.88	10.88
(b) Indigenous	12,140.84	84.11	13,098.18	89.12
<b>TOTAL</b>	<b>1,4435.28</b>	<b>100.00</b>	14,698.06	100.00
Stores & Spare Parts including consumed for repairs				
(a) Imported	67.95	50.70	44.40	31.80
(b) Indigenous	72.58	49.30	95.23	68.20
<b>TOTAL</b>	<b>140.53</b>	<b>100.00</b>	139.63	100.00

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

Particulars	2010-11 Rs. In lakhs	2009-2010 Rs. In lakhs
i) Imports (on CIF Basis)		
a) Raw Materials/Traded Goods	2,350.79	1,398.65
b) Stores & Spares	58.54	38.99
c) Capital Goods	54.93	34.11
ii) Expenditure in Foreign Currency (Traveling)	12.20	10.96
iii) Earning in Foreign currency (Export sales)	-	33.43
iv) Buy-back of FCCB	-	2,097.68
v) Expenses incurred in connection with Buy-back of FCCB	-	11.62

16. No Commission is paid to managerial personnel or provided for in the accounts for the year ended 31-03-11 and hence the calculation for the same under section 349 of the company's act is not given.
17. Previous years figures have been regrouped/ rearranged wherever necessary.



## Segmental Reporting

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

Sl No	Particulars	Telecom Products	Copper Products	Wind power	Infra Structure	Total
<b>1.</b>	<b>REVENUE</b>					
	External Sales (Net of Excise duty)	(7.34)	17,746.78	863.26	0.00	18,602.70
	Other Operating income	44.78	57.26	-	0.00	102.04
	<b>Total Revenue</b>	<b>37.44</b>	<b>17,804.04</b>	<b>863.26</b>	<b>0.00</b>	<b>18,704.74</b>
<b>2.</b>	<b>RESULTS</b>					
	Segment results	(50.66)	1,147.39	502.21	(0.03)	1,598.91
	Unallocable income/Expenses					(39.04)
	Operating Profit					1,559.88
	Interest Expenses					200.17
	Income taxes					340.72
	Profit from Ordinary Activities					1,018.99
	<b>Net Profit</b>					<b>1,018.99</b>
<b>3.</b>	<b>Other Information</b>					
	Segment Assets	243.93	6542.77	5881.70	12,769.87	25,438.27
	Unallocable Assets					5,468.89
	<b>Total Assets</b>					<b>30,907.16</b>
	Segment Liabilities	63.02	1,007.01	13.36	584.98	1668.36
	Unallocable Liabilities					1,348.18
	<b>Total Liabilities</b>					<b>3016.55</b>
	Capital Expenditure	-	158.39	38.63	-	197.01
	Unallocable Capital Expenditure					62.80
	<b>Total Capital Expenditure</b>					<b>259.81</b>
	Depreciation	16.88	132.16	352.37	-	501.41
	Unallocable Depreciation					71.68
	<b>Total Depreciation</b>					<b>573.09</b>
	Non Cash expenses - other than depreciation	8.59	15.18	3.60	-	27.37
	Unallocable non cash expenses					7.22
						<b>34.59</b>



(Rs in Lakhs)

**Reconciliation of reportable segments with the Financial Statements**

	Revenues		Results/Net profit		Assets		Liabilities	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Total of reportable segments	<b>18,704.74</b>	17568.49	<b>1,598.91</b>	1,322.74	<b>25,438.27</b>	24,932.93	<b>1668.36</b>	600.54
Corporate - unallocable (Net)	<b>529.94</b>	892.74	<b>(39.04)</b>	328.59	<b>5,468.89</b>	6,045.91	<b>1,348.18</b>	3,088.34
Interest expenses			<b>200.17</b>	192.61				
Taxes			<b>340.72</b>	124.22				
As per financial Statements	<b>19,234.67</b>	18,461.23	<b>1,018.99</b>	1,334.50	<b>30,907.16</b>	30,978.84	<b>3,016.54</b>	3,688.88

This is the notes referred to in our report of even date Signatory to Schedule 1 to 21

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

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

Place : Secunderabad  
Date : April 29, 2011

For and on behalf of Board of Directors

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

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



## CONSOLIDATED FINANCIAL STATEMENTS

Bhagyanagar India Limited and its Subsidiary Companies

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

1. We have audited the attached Consolidated Balance Sheet of Bhagyanagar India Limited and its Subsidiaries (The Group) as at 31st March, 2011 and the related Profit and Loss Account and Consolidated Cash Flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. This Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted the audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard - 21 - Consolidated Financial Statements, Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.
4. Without qualifying our opinion, we draw your attention to:
  - i. Note 7 : Notes to Accounts wherein it is stated that the Company has a commitment towards the remaining FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case the option of conversion is not exercised by them, within 5 years from the date of issue of the Bonds. The YTM accrues to the Bond-holders only at the time of repayment. Contingent liability on account of YTM is Rs 2063.63 lacs as on 31.03.2011 including withholding Tax @ 10%. This will undergo a change in accordance to the currency conversion rates and Income tax rates prevailing on the date of repayment if it is made on non-conversion
  - ii. Note 14 Notes to Accounts : During the year 2009-10, the Company paid an advance of Rs 214.22 lacs to M/s United International Shipping Agent (T) Ltd, Tanzania, towards part payment for cost of Copper Cathode which is principal raw material for the copper manufacturing units. The payment thus made was disclosed as Advances to Suppliers under Schedule-11 of "Loans & Advances". However, Copper was stolen and replaced with worthless material on the sea-way. The Company lodged claims with Insurance Company and the shipping agent. The Insurance Company has rejected the claim during the year in the month of October 2010. On the basis of legal opinion received and on the recommendations of the Board of Directors the amount is written off as irrecoverable business loss.
5. Based on our audit, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. In the case of consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011.
  - ii. In the case of consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - iii. In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

**G. Ganesh**  
Partner

Place : Secunderabad  
Date : April 29,2011

Mem. No: 211704



**Consolidated Balance Sheet as at 31st March, 2011** (Amount in Rupees)

	Sch.No	As at 31.03.2011	As at 31.03.2010
<b>Sources of Funds</b>			
Share capital	1	136,800,000	137,853,228
Reserves and Surplus	2	2,170,358,323	2,108,026,655
Share-Holders Funds		<u>2,307,158,323</u>	<u>2,245,879,883</u>
Minority Interest	3	11,573,980	11,589,631
Loan Funds			
Secured loans	4	92,573,829	220,950,051
Unsecured loans	5	523,486,609	527,125,345
<b>TOTAL</b>		<u>2,934,792,741</u>	<u>3,005,544,910</u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	6	2,136,397,382	2,128,447,712
Less Depreciation		401,014,555	358,319,360
Net Block		1,735,382,827	1,770,128,352
Capital Work-In-Progress		19,096,353	16,914,251
Investments	7	173,703,852	180,980,212
Current Assets, Loans and advances		-	-
Inventories	8	292,062,971	100,401,395
Sundry debtors	9	249,121,060	175,130,629
<b>Cash &amp; Bank Balances</b>	10	35,290,013	32,007,716
Other Current Assets	11	122,905,515	213,050,816
Loans & Advances	12	517,797,124	626,630,702-
		<u>1,217,176,683</u>	<u>1,147,221,258</u>
<b>less Current Liabilities &amp; Provision</b>			
Current Liabilities	13	182,716,544	90,556,092
Provisions	14	33,999,463	40,150,734
		<u>216,716,007</u>	<u>130,706,826</u>
<b>Net Current Assets</b>			
Net Deferred Tax Assets	15	1,000,460,676	1,016,514,432
Foreign Currency Monetary Items Translation	16	6,065,850	20,736,883
Difference Account		-	-
<b>Misc expenditure</b>			
<b>(to the extent not written off or adjusted)</b>			
Preliminary expenses	17	83,183	270,780
Pre-Operative Expenses	18	-	-
<b>TOTAL</b>		<u>2,934,792,741</u>	<u>3,005,544,910</u>
Notes to Accounts	24		

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

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

**For Sekhar & Co**

Chartered Accountants

Firm Regn No. 003695-S

For and on behalf of the Board of Directors

**G. Ganesh**

Partner

Membership No : 211704

**G.M. Surana**

Chairman

**Narender Surana**

Managing Director

**Devendra Surana**

Managing Director

Place : Secunderabad

Date : April 29, 2011

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



**Consolidated Profit & Loss account for the year ended 31st March, 2011**

(Amount in Rupees)

	Sch.No	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>Income</b>			
Gross income from operations	19	2,045,647,919	1,889,902,993
Less: Excise duty		185,377,833	144,602,392
Net Income from Operations		1,860,270,086	1,745,300,601
Other Income	20	63,197,529	100,823,207
		<u>1,923,467,615</u>	<u>1,846,123,808</u>
<b>Expenditure</b>			
Materials	21	1,439,109,113	1,380,731,199
Expenses	22	271,894,394	249,894,501
Interest & Financial Charges	23	20,016,930	19,260,690
Depreciation	6	57,308,961	51,002,186
		<u>1,788,329,398</u>	<u>1,700,888,576</u>
Profit for the year		135,138,217	145,235,232
Prior Period Adjustment		558,007	42,746
Profit before Taxation		<u>135,696,224</u>	<u>145,277,978</u>
<b>Provision for Taxation</b>			
- Current year		26,500,000	25,000,000
- Deferred Tax		7,571,751	(12,768,768)
- Fringe Benefit Tax		-	-
- Taxes of earlier years		-	49,445
Profit after Taxation		<u>101,624,473</u>	<u>132,997,301</u>
Less: Minority Interest(current year's Profit/(loss)		(15,651)	19,252
Less: Change in Reserves on divestment in subsidiary / Associate		(5,059,843)	-
Less: Share in net Loss of associate companies		-	1,188,466
<b>Net Profit after minority interest and share in net loss in associates</b>		<b>106,699,967</b>	<b>131,789,583</b>
Balance Brought forward from Previous year		<u>858,266,693</u>	<u>808,381,280</u>
Amount Available for appropriation		<u>964,966,660</u>	<u>940,170,863</u>
Proposed Dividend		27,360,000	27,360,000
Tax on Dividend		4,544,500	4,544,170
Transfer to General Reserve		50,000,000	50,000,000
Surplus Carried to Balance Sheet		<u>883,062,160</u>	<u>858,266,693</u>

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

**For Sekhar & Co**

Chartered Accountants  
Firm Regn No. 003695-S

For and on behalf of the Board of Directors

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : April 29, 2011

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



**Consolidated Cash Flow Statement for the year ended March 31, 2011**

(Amount in Rupees)

	31.03.2011	31.03.2010
<b>A. Cash Flow From Operating Activities</b>		
<b>Net Profit before tax as per annexed profit and loss account</b>	<b>135,696,224</b>	<b>145,277,978</b>
<b>Adjustments for :</b>		
Depreciation	57,308,961	51,002,186
Preliminary Expenses Written off	48,473	83,255
Preoperative Expenses Written off	-	39,977
Unrealised Forex Gains	(4,000,000)	-
Lease rents Amortised	512,630	512,630
Bad Debts Written Off & Provision for Bad Debts	2,224,477	9,541,894
Balances / Provisions no longer required written back	(1,790,890)	(5,238,994)
(Profit)/Loss on Sale of Investments(Net)	(11,408,645)	1,115,985
Profit & Loss on Sale of Assets	(1,290,310)	(4,639,675)
Interest Paid	20,016,930	19,260,690
Interest Received	(32,684,062)	(84,230,473)
Dividends Received	(3,207,565)	(4,997,249)
	<b>25,729,999</b>	<b>(17,549,774)</b>
Operating Profit before working Capital Changes	<b>161,426,223</b>	<b>127,728,204</b>
<b>(Less)/ Add Adjustments for Working Capital Changes</b>		
Inventories	(191,661,576)	40,534,226
Loans and Advances	11,139,389	23,258,048
Other Current Assets	90,145,301	137,385,601
Sundry Debtors	(76,214,908)	211,531,730
Trade Payables and other Liabilities	36,167,578	(107,078,784)
Advance from Customers	57,637,097	9,657,052
	<b>(72,787,119)</b>	<b>315,287,873</b>
<b>Cash Generated from Operations</b>	<b>88,639,104</b>	<b>443,016,077</b>
Income Tax & Fringe Benefit Tax Paid	(32,651,601)	(9,239,879)
Taxes of earlier years	-	(49,445)
Prior Period Adjustments	-	(9,289,324)
	<b>(32,651,601)</b>	<b>(9,289,324)</b>
<b>Net Cash (used in)/from operating Activities (A)</b>	<b>- 55,987,503</b>	<b>(9,289,324) 433,726,753</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets & Changes in CWIP	(28,163,016)	(270,885,621)
Sale of Fixed Assets	4,195,148	28,613,310
Investment in of Shares & Other Investments (Net)	12,179,029	(258,450)
Sale of Shares & other investments	-	1,399,844
Dividend Received	3,207,565	4,997,249
Interest Received	32,684,062	84,230,473
Refunds received from Capital Advances	-	5,937,500
Changes in Capital Work in Progress	-	(941,000)
Loans to Joint Ventures and Subsidiaries	104,204,507	(24,806,475)
	<b>128,307,295</b>	<b>(171,713,170)</b>
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>128,307,295</b>	<b>(171,713,170)</b>

cont..



**Consolidated Cash Flow Statement for the year ended March 31, 2011**

(Amount in Rupees)

	31.03.2011	31.03.2010
<b>C. Cash Flow From Financing Activities</b>		
Buy-back of equity Share Capital	(13,517,027)	(148,165,567)
Buy-back of FCCB	-	(209,767,500)
Proceeds from borrowings (net of re-payments)	(128,014,958)	154,771,410
Interest Paid	(20,016,930)	(19,260,690)
Dividend Paid	(31,757,503)	(34,642,914)
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>(193,306,418)</b>	<b>(257,065,261)</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(9,011,620)</b>	4,948,322
Reconciliation- See Note 2 below		
Cash and Cash Equivalents Opening Balance	83,537,847	78,589,525
Less :Effect on Disinvestment of Subsidiary		
Reduction in OB due to sale of Wholly owned Subsidiary	(295,048)	
Cash and Cash Equivalents Closing Balance	<u>74,231,179</u>	<u>83,537,847</u>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>(9,011,620)</b>	4,948,322

**Notes:**

- The above cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India and Ministry of Company Affairs.
- The Cash and cash equivalents given above comprise of:

	2010-2011	2009-2010	Change over previous year
Cash in Hand	872,617	1,481,702	(609,085)
Less :Effect on Disinvestment of Subsidiary		295,048	295,048
Balances in Current Account	10,358,562	7,056,145	3,302,417
Balances in Liquid Mutual Funds (Grouped under Investments)	63,000,000	75,000,000	(12,000,000)
<b>TOTAL</b>	<b>74,231,179</b>	<b>83,832,895</b>	<b>(9,011,620)</b>
- The other balances under Cash and Bank Balances are not available for free use by the Company hence they are excluded from Cash and Cash equivalents
- Notes to Accounts(Schedule 21) form an integral part of Cash Flow Statement

In terms of our report of even date

**For Sekhar & Co**

Chartered Accountants

Firm Regn No. 003695-S

For and on behalf of the Board of Directors

**G. Ganesh**

Partner

Membership No : 211704

**G.M. Surana**

Chairman

**Narender Surana**

Managing Director

**Devendra Surana**

Managing Director

Place : Secunderabad

Date : April 29, 2011

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each	<b>250,000,000</b>	250,000,000
6,84,00,000 (Previous Year 6,89,26,614) Equity shares of Rs 2 each fully paid-up	<b>136,800,000</b>	137,853,228
- Includes 4,72,49,560 Shares allotted as bonus in earlier years		
- Includes 62,390 Shares allotted for consideration other than cash on amalgamation in earlier years		
- Net of 2,22,46,596 Shares bought back in earlier years		
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last account	<b>1,186,386,667</b>	1,100,000,000
Add: Transferred from Profit & Loss Account	<b>50,000,000</b>	50,000,000
Add: Transferred from capital redemption on completion of buyback	<b>12,200,000</b>	-
Less: Utilised for creation of Redemption Reserve for Buy back of equity shares	<b>(1,053,228)</b>	(11,146,772)
Less: Premium paid on buy-back of shares	<b>(12,463,799)</b>	(39,276,561)
Add: Forfeiture of Share Warrants	-	86,810,000
<b>Balance at the year end</b>	<b>1,235,069,640</b>	1,186,386,667
<b>Capital Reserve</b>		
Balance as per last account	<b>16,676,523</b>	16,676,523
Balance at the year end	<b>16,676,523</b>	16,676,523
<b>Foreign Exchange fluctuation Reserve</b>		
Balance as per last account	<b>35,550,000</b>	35,550,000
Less: Adjusted against previous years's gain on Forex fluctuation on translation of FCCB Liability		-
Balance at the year end	<b>35,550,000</b>	35,550,000
<b>Share Premium account</b>		
Balance as per last account		97,742,234
Less: Premium paid on buy-back of equity shares		(97,742,234)
Balance at the year end	-	-
<b>Capital Redemption Reserve</b>		
Balance as per last account	<b>11,146,772</b>	-
Add: Created for Buy-back of Equity Shares	<b>1,053,228</b>	11,146,772
Less: Transferred to General Reserve on completion of Buy-back scheme	<b>(12,200,000)</b>	-
<b>Balance at the year end</b>	-	11,146,772
<b>Profit &amp; Loss account</b>		
Surplus in the annexed Profit & Loss Account	<b>883,062,160</b>	858,266,693
	<b>2,170,358,323</b>	2,108,026,655



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 3 MINORITY INTEREST</b>		
Opening Balance as at 01.04.2010	11,589,631	11,570,379
Current year's Profit & Loss Account	<b>(15,651)</b>	19,252
Closing Balance as at 31.03.2011	<b>11,573,980</b>	11,589,631
<b>Schedule - 4 Secured Loans</b>		
From Banks		
Cash Credit	7,619,281	750,051
Medium Term Loan from Banks	<b>84,954,548</b>	220,200,000
	<b>92,573,829</b>	220,950,051
Due within a year	<b>48,545,452</b>	123,545,452
<b>SCHEDULE - 5 UNSECURED LOANS</b>		
Deferred Sales Tax	27,828,041	27,859,221
Foreign Currency Convertible Bonds 100 bonds (Previous year 150 bonds) of the face value of US\$ 1,00,000 each valued at Rs 44.65 and Rs 45.05 as at 31.03.2011 and 31.03.2010 respectively	<b>446,500,000</b>	450,500,000
Loan from minority share holders	<b>49,158,568</b>	48,766,124
	<b>523,486,609</b>	527,125,345
Due within a year	<b>446,500,000</b>	



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

**SCHEDULE: 6 FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block			
	Cost as on 01.04.2010	Additions During the Period	Deletion/ Adjustments	Cost as on 31.03.2011	Upto 31.03.2010	For the Year	Deletion/ Adjustments	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Free-Hold Land	1,071,395,400	-	-	1,071,395,400	-	-	-	-	1,071,395,400	1,071,395,400
Lease-Hold Land	12,610,354	-	512,630	12,097,724	-	-	-	-	12,097,724	12,610,354
Factory Buildings	56,994,038	726,831	22,500	57,698,369	19,537,307	2,292,397	-	21,829,704	35,868,656	37,456,731
Commercial Buildings	-	925,000	-	925,000	-	-	-	-	925,000	-
Plant & Machinery	231,799,502	15,067,187	10,161,616	236,705,073	186,690,787	12,843,430	9,245,489	190,288,728	46,416,345	45,108,715
Wind Power Plant	660,455,874	3,862,500	-	664,318,374	86,909,803	35,237,463	-	122,147,266	542,171,108	573,546,071
Elec.Installation	25,679,449	-	-	25,679,449	24,208,832	348,556	-	24,557,388	1,122,061	1,470,617
Office Equipment	11,730,106	707,375	-	12,437,481	7,282,131	650,921	-	7,933,052	4,504,429	4,447,975
Vehicles	35,572,305	4,469,996	7,334,489	32,707,812	22,536,555	3,649,292	5,368,277	20,817,570	11,890,242	13,035,750
Furniture & Fixtures	15,884,467	-	-	15,884,467	5,858,572	1,814,685	-	7,673,257	8,211,211	10,025,895
Computer	6,324,207	222,025	-	6,546,232	5,293,363	472,217	-	5,765,580	780,652	1,030,844
Library	2,010	-	-	2,010	2,010	-	-	2,010	-	-
	2,128,447,712	25,980,914	18,031,235	2,136,397,382	358,319,358	57,308,961	14,613,767	401,014,555	1,735,382,827	1,770,128,354
Previous year	2,141,421,265	306,922,470	319,896,023	2,128,447,712	525,066,723	51,002,186	217,749,551	358,319,360	1,770,128,352	



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010	
	Nos	Amount	Nos	Amount
<b>SCHEDULE – 7 INVESTMENT AT COST</b>				
<b>A) Unquoted securities</b>				
1) In Shares of Joint Stock Companies				
<b>A) Unquoted Investments</b>				
<b>a) In companies under the same management</b>				
Bhagyanagar Infrastructure Ltd. (Equity share of Rs 10 each fully paid up)	27,50,000	18,330,000	27,50,000	18,330,000
<b>SUB-TOTAL</b>		<b>18,330,000</b>		<b>18,330,000</b>
<b>b) In Associate Companies</b>				
Bhagyangar Entertainment, and Infra Development Company (P) Ltd.	23,500	513,773	23,500	532,268
Globecom Infraventures India Pvt. Ltd. (Equity share of Rs 10 each fully paid up)	5,000	-	5,000	-
Advantage Real Estate India Pvt Ltd. (Equity share of Rs 10 each fully paid up)	12,500	125,000	12,500	103,956
GMS Realtors Pvt Ltd. (Equity share of Rs 10 each fully paid up)	5,000	32,156	5,000	34,395
Surana Ventures Ltd. (Equity share of Rs 10 each fully paid up)	-	-	7,350,000	68,506,295
Savitrimata Realtors Pvt Ltd. (Equity share of Rs 10 each fully paid up)	-	-	25,500	255,000
<b>SUB TOTAL</b>		<b>670,928</b>		<b>69,431,914</b>
<b>c) In other companies</b>				
Arihant Optics Ltd. (Equity share of Rs 10 each fully paid up)	3,00,000	3,000,000	3,00,000	3,000,000
<b>SUB TOTAL</b>		<b>3,000,000</b>		<b>3,000,000</b>
<b>B) Quoted Securities</b>				
<b>a) In companies under same Management</b>				
Surana Telecom and Power Ltd. (Equity share of Rs 5 each fully paid up)	1,837,262	14,409,739	1,852,298	14,527,621
Surana Ventures Ltd. (Equity share of Rs 10 each fully paid up)	578,7946	44,100,000	-	-
<b>SUB TOTAL</b>		<b>58,509,739</b>		<b>14,527,621</b>



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010	
	Nos	Amount	Nos	Amount
<b>b) In Other Companies</b>				
Indosolar Limited (Equity Shares of Rs 10 each Fully paid-up)	5,000	106,258	-	-
GHCL limited (Formerly Gujrat Heavy Chemicals Limited) (Equity Shares of Rs 10 each Fully paid-up)	4,940	225,244	4,940	225,244
Megasoft Limited (Equity Shares of Rs 10 each Fully paid-up)	1,500	71,385	1,500	71,385
Sree Sakthi Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	1,000	30,000	1000	30,000
Shree Vasavi Industries Ltd (Equity Shares of Rs 10 each Fully paid-up)	14,000	45,175	14,000	45,175
Sampre Nutrition Ltd (Equity share of Rs 10 each fully paid up)	26,650	266,500	26,650	266,500
Vaibhav Gems Limited (Equity Shares of Rs 10 each Fully paid-up)	300	48,623	300	48,623
<b>SUB TOTAL</b>		<b>793,185</b>		<b>686,927</b>
<b>c) Investment in Debentures</b>				
Surana Ventures Limited (12 % non- Convertible debentures- Secured)	2,940,000	29,400,000	-	-
Titan Industries Limited NCD (Debentures of Face value of Rs 250 each Fully paid-up)	-	-	15	3,750
<b>SUB TOTAL</b>		<b>29,400,000</b>		<b>3,750</b>
<b>Total Investment in equity Shares and Debentures</b>		<b>110,703,852</b>		<b>105,980,212</b>
<b>3) Investment in Mutual Fund</b>				
IDFC Fund		20,000,000		-
Birla Sun life Cash Flus		20,000,000		-
JM Money Manager Fund Super Plan		23,000,000		30,000,000
Reliance Money Manager Fund- Insttutional Plan		-		40,000,000
UTI Liquid Cash Plan- Institutional		-		5,000,000
<b>Total Investments in Mutual Funds</b>		<b>63,000,000</b>		<b>75,000,000</b>
<b>Total Investments in Government Securities, Shares and Mutual Funds</b>		<b>173,703,852</b>		<b>180,980,212</b>
<b>Aggregate Market Value of Quoted Investments</b>		<b>297,136,137</b>		<b>71,551,826</b>
<b>Aggregate NAV of Mutual Funds</b>		<b>63,081,217</b>		<b>75,108,921</b>



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE – 8 INVENTORIES</b>		
(As taken, valued and certified by the Management and valued at cost or realisable value whichever is lower)		
Raw Materials	290,398,819	97,899,760
Work in process	-	352,240
Finished Goods	<u>1,664,152</u>	<u>2,149,395</u>
<b>TOTAL</b>	<b><u>292,062,971</u></b>	<b><u>100,401,395</u></b>
<b>SCHEDULE – 9 SUNDRY DEBTORS</b>		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for		
- More than six months	20,129,233	21,848,242
- Less: Provision for doubtful debts	-	6,000,000
- Debtors above six months, considered good	20,129,233	15,848,242
- Others, considered good	<u>228,991,827</u>	<u>159,282,387</u>
<b>TOTAL</b>	<b><u>249,121,060</u></b>	<b><u>175,130,629</u></b>
<b>SCHEDULE – 10 CASH AND BANK BALANCES</b>		
Cash in hand	872,618	1,481,702
Balance with scheduled Banks		
- In current account	10,358,562	7,056,145
- In Escrow Account	42,798	42,798
- In Dividend account	1,358,709	1,212,042
- In Fixed Deposit Account	10,000,000	10,000,000
- In deposit account - Kept under lien with banks towards margin money and other facilities	10,796,020	10,725,411
- Accrued interest on Fixed Deposits with Banks	<u>1,861,306</u>	<u>1,489,618</u>
<b>TOTAL</b>	<b><u>35,290,013</u></b>	<b><u>32,007,716</u></b>
<b>SCHEDULE – 11 OTHER CURRENT ASSETS</b>		
(Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	122,905,515	218,050,816
Less: Provision for Doubtful loans	-	5,000,000
<b>TOTAL</b>	<b><u>122,905,515</u></b>	<b><u>213,050,816</u></b>
<b>SCHEDULE – 12 LOANS &amp; ADVANCES</b>		
Loans & Advances	57,635,144	48,618,387
MAT Credit Available - See Notes	7,099,282	-
Loans to Associates & others	221,169,051	325,373,558
Sundry Advances-Infrastructure	118,500,000	152,500,000
Balances with Statutory bodies	49,061,166	37,251,493
Deposits	14,913,652	15,859,151
Advances to Suppliers	<u>49,418,829</u>	<u>47,028,113</u>
<b>TOTAL</b>	<b><u>517,797,124</u></b>	<b><u>626,630,702</u></b>



## Schedules Forming Part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE – 13 CURRENT LIABILITIES</b>		
Sundry Creditors - Micro and small enterprises	-	-
Sundry Creditors - Others	96,112,357	46,492,013
Lease deposits	3,000,000	1,500,000
Other Liabilities	8,803,566	16,108,925
Book overdraft from Bank	-	9,438,297
Unclaimed Dividends	1,358,709	1,212,042
Advances from customers	73,441,912	15,804,815
<b>TOTAL</b>	<b>182,716,544</b>	<b>90,556,092</b>
<b>SCHEDULE – 14 PROVISION</b>		
Provision for Taxation	1,594,963	7,746,564
Proposed Dividend	27,360,000	27,360,000
Tax on Dividend	4,544,500	4,544,170
Bonus	500,000	500,000
<b>TOTAL</b>	<b>33,999,463</b>	<b>40,150,734</b>
<b>SCHEDULE – 15 DEFERRED TAX ASSETS/(LIABILITIES)</b>		
Deferred Tax Assets as at 1-04-2010	20,736,883	7,968,115
Deferred Tax Asset/(Liability) for the year	(7,571,751)	12,768,768
Amount Transferred to Loans and Advances See Notes	(7,099,282)	
Net deferred tax assets as on 31.03.2011	<b>6,065,850</b>	<b>20,736,883</b>
<b>SCHEDULE – 16 FOREIGN CURRENCY MONETARY ITEMS TRANSLATION</b>		
<b>Difference Account</b>		
Opening Balance	-	26,322,586
Less: Gain on forex fluctuation on non-depreciable assets adjusted	-	(26,322,586)
Balance to be carried forward to next year	-	-
<b>SCHEDULE – 17 PRELIMINARY EXPENSES</b>		
Balance as per Last Account	270,780	354,035
Less: Reduction on divestment in Subsidiary	139,124	
Less: Written off during the year	48,473	83,255
Balance as at the close of the year	<b>83,183</b>	<b>270,780</b>
<b>SCHEDULE – 18 PRE-OPERATIVE EXPENSES</b>		
Balance as per Last Account	-	39,977
Add: Additions during the year	-	-
Less: Written off during the year	-	39,977
Balance as at the close of the year	-	-



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

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 19 INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	-	80,742,518
Copper Products	1,963,580,713	1,838,403,880
Infrastructure Leasing & Sales	-	4,060,546
Sale of Wind Power	86,326,178	73,921,485
Scrap & Misc Sales	645,140	891,310
	<u>2,050,552,031</u>	<u>1,998,019,739</u>
Less: Inter-Unit Sales	4,904,112	108,116,746
Gross Sales	<u>2,045,647,919</u>	<u>1,889,902,993</u>
Less : Excise duty	185,377,833	144,602,392
<b>Net Sales</b>	<u>1,860,270,086</u>	<u>1,745,300,601</u>
<b>SCHEDULE - 20 OTHER INCOME</b>		
Interest on Loans, Deposits & Others	32,684,062	84,230,473
Interest from Trade Debtors and creditors	1,419,477	1,779,058
Profit on sale of Sundry Assets	2,012,028	579,129
AMC Charges on CDMA Phones	300,000	-
Profit on sale of Investments	11,408,645	-
Dividend	3,207,565	4,997,249
Miscellaneous income	691,604	5,000
Miscellaneous rental income	4,200,000	1,050,000
Balances no longer payable written back	1,790,890	5,238,994
Gain on foreign exchange fluctuation	5,483,258	2,943,304
<b>TOTAL</b>	<u>63,197,529</u>	<u>100,823,207</u>



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

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 21 MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	97,899,760	119,392,645
b) Purchases net of Modvat including incidental expenses	1,635,674,801	1,448,313,719
<b>SUB TOTAL (I)</b>	<u>1,733,574,561</u>	<u>1,567,706,364</u>
c) Less Closing Stock		
Raw Materials	290,398,819	97,899,760
<b>SUB TOTAL (II)</b>	<u>290,398,819</u>	<u>97,899,760</u>
<b>I - II</b>	<u>1,443,175,742</u>	<u>1,469,806,604</u>
Less: Inter-Unit Purchases	4,904,112	108,116,746
Raw materials consumed (A)	<u>1,438,271,630</u>	<u>1,361,689,858</u>
<b>B. INCREASE/DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	352,240	21,542,976
Finished Goods	2,149,395	-
	<u>2,501,635</u>	<u>21,542,976</u>
b) Less Closing Stock		
Work in Progress	-	352,240
Finished Goods	1,664,152	2,149,395
	<u>1,664,152</u>	<u>2,501,635</u>
<b>(B)</b>	<u>837,483</u>	<u>19,041,341</u>
<b>TOTAL (A) + (B)</b>	<u>1,439,109,113</u>	<u>1,380,731,199</u>



Schedules Forming Part of the Consolidated Profit & Loss Account

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 22 EXPENSES</b>		
Salary,Wages & Allowances	31,489,193	27,782,117
Contribution to PF and other funds	3,104,720	3,143,922
Staff Welfare expenses	1,407,569	1,394,067
Processing & Conversion charges	881,512	7,731,374
Stores Consumed	14,052,857	11,231,698
Power & Fuel	48,172,289	40,499,390
Loss of material in transit	21,422,200	-
Packing & Forwarding	13,640,589	12,251,524
Postage & Telephone	2,641,467	3,829,161
Insurance	1,083,351	1,121,225
Legal & Licence fees	235,957	254,627
Rates & Taxes	1,292,057	1,381,965
Repairs to		
- Building	1,447,003	2,518,391
- Machinery	11,402,966	12,153,538
- Others	1,941,171	2,727,563
Remuneration to Directors	11,504,000	11,632,000
Statutory Auditors remuneration		
- Statutory Audit fees	265,442	268,751
- Tax audit fees	60,000	55,000
- Other matters	60,000	55,000
- Out of Pocket expenses	30,000	25,000
Other Administrative expenses	9,818,302	9,696,509
Software development charges	77,210	405,705
Commission on Sales	658,497	2,496,951
Advertisement and Business Promotion	10,948,645	6,395,006
Professional Charges	2,080,192	3,112,482
Travelling & Conveyance	6,278,595	7,651,052
Sitting fees	430,000	510,000
Loss on sale of Fixed Assets	721,718	-
Sundry Balances Written off	2,224,477	3,541,894
Provision for Doubtful debts	-	6,000,000
Loss on sale of investments	-	1,115,985
Lease Premium amortised	512,630	512,630
Service Tax Paid	259,826	523,035
Sales Tax Paid (Net)	71,701,486	67,739,706
Entry Tax	-	14,001
Preliminary expenses written off	48,473	83,255
Pre-operative expenses written off	-	39,977
<b>TOTAL</b>	<b>271,894,394</b>	<b>249,894,501</b>
<b>SCHEDULE - 23 INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	2,248,857	1,078,241
Interest on Medium-Term Loan	13,177,845	11,334,476
Financial Charges	4,590,228	6,847,973
<b>TOTAL</b>	<b>20,016,930</b>	<b>19,260,690</b>



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

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

1. The Financial Statements of the Company and its Subsidiary companies are combined on line by line basis by adding together the book value of like items of Assets, Liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21-" consolidated Financial Statements" issued by ICAI.
2. In case of consolidation of Associate Company's Accounts, the Financial Statements are combined on equity basis by adjusting post acquisition changes in the investor's share of net assets of the investee after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-23-"Accounting for Investments in Associates in consolidated Financial Statements" issued by ICAI.
3. As far as possible, the consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
4. Investments other than in subsidiary and associates has been accounted as per AS-13 "Accounting for Investments"
5. Other significant Accounting Policies:  
These are set out under significant accounting policies as given in the stand-alone financial statements of Bhagyanagar India Limited.

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

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

Sl. No.	Name of the company	Paid up Capital (Rs in Lakhs)	Extent of Holding As at 31st March, 2010 (%)	Equity Investment (Rs in Lakhs)	Loans & Advances (Rs in Lakhs)	Maximum amount outstanding during the year (Rs in Lakhs)
1.	Bhagyanagar Properties Private Limited	400	100	400	5,878.70	5,878.70
2.	Scientia Infocom India Private Limited	400	76	304	1,419.42	1,419.42
3.	Metropolitan Ventures India Limited	50	74	37	429.70	429.70

# The company has divested its entire holding of 50,000 equity shares of its wholly owned subsidiary called Bhagyanagar Green Energy Limited (Formerly known as Bhagyanagar Telecom Limited) as the company has exited from the telecom business.



## 2. Associate companies :

Name of the venture company	Paid up Capital (Rs in lakhs)	Co's Interest	Equity Investment (Rs in lakhs)	Advances (Rs in lakhs)	Maximum amount outstanding during the year (Rs in lakhs)
Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	5	47%	2.35	1.09	1.09
Advantage Real Estate India Pvt Ltd	5	25%	1.25	0.67	450.17
Globecom Infra-Ventures Pvt Ltd	1	50%	0.50	-	1.01
GMS Realtors Private Ltd	1	50%	0.50	-	-

# During the year, the company has sold its entire stake of 26% comprising of 25,500 equity shares of the face value of Rs 10 each in Savitrimata Realtors Private Limited at a premium of Rs 408 each share.

# The Company' stake in Surana Ventures Limited is 23.52% pursuant the Scheme of Arrangement filed by Surana Telecom and Power Limited (STPL) and Surana Ventures Limited (SVL) for merger of Solar Division of STPL with SVL and approved by the High Court of Andhra Pradesh. Reconciliation of Investment of the Company in SVL is given hereunder:

Investment as on 31.03.2010	73,50,000 Shares
Less: Equity shares converted into 12% Redeemable non-convertible Debentures	29,40,000 Shares
Add: Additional shares received on being Share-holders of STPL in the ratio of 4:3	13,77,946 Shares
Investment as on 31.03.2011	57,87,946 Shares

## 3. Minority Interest:

Particulars	Scientia Infocom India Private Limited	Metropolitan Ventures India Limited	Total
Extent of Holding (%)	76	74	
Minority Interest (%)	24	26	
Minority Interest:			
In Shareholders Funds:			
In Share Capital	96,00,000	13,00,000	1,09,00,000
In current years' Profit(Loss)	(3,496)	(12,155)	(15,651)
In earlier years' Profit/(Loss)			6,89,631
Balance as at close of the year			1,15,73,980



#### 4. Investments in Associate Companies considered for consolidation (Rs in Lakhs)

Name of the company	Cost of Investment	Addition/ (reduction) during the year	Share in Net assets	Value of Investments As on 31.03.2011
Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	2.35	-	2.79	5.13
Globecom Infra-Ventures Pvt Ltd	0.50	-	(0.50)	-
GMS Realtors Private Ltd	0.50	-	(0.18)	(0.32)

# The Company is in advanced stage of disinvestment of its stake in Advantage Real Estate India Pvt.Limited and therefore as per the provisions of relevant accounting standards,the investment in the company is not considered for consolidation.

#### 5. Earnings Per Share: (Rs in Lakhs)

Particulars	31.03.2011	31.03.2010
Net Profit after tax	<b>1,016.24</b>	1,329.97
Net Profit available for Equity share-holders	<b>1,067.00</b>	1,317.90
Weighted Average No of Equity Shares - Basic	<b>684.08</b>	731.48
Add: Undiluted effect of potential equity shares on conversion of FCCB	<b>104.45</b>	104.45
Number of equity shares - Dilutive	<b>788.53</b>	835.93
Nominal value of each equity share (Rs)	<b>2.00</b>	2.00
Basic Earning Per Share	<b>1.56</b>	1.80
Diluted Earning Per Share (on conversion of FCCB)	<b>1.35</b>	1.58

#### 5.A. Equity Share Capital:

The company has bought back 5,26,614 Equity shares of the face value of Rs 2/- each for total consideration of Rs 135.17 lacs during the year In accordance with the Scheme of Buy-back of equity shares approved by the competent authorities, the company has closed the scheme on 17.05.2010 as it has fulfilled all the requirements. Total number of shares bought back under the scheme are 61,00,000 for a total consideration of Rs 1616.82 lacs. Equity share capital of the company after the buy-back stands at 684 lacs shares of the face value of Rs 2-each.

#### 6. Secured Loans:

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

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

- During the year 2006-07, the company issued at par, 5 years Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 15 millions comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure..



- The remaining bond-holders have an option of converting these bonds into equity shares at the conversion price of Rs 44 per share (Face value Rs 2 each) and the bond-holders are entitled to get 104.45 lacs shares at any time prior to close of business on 10th October, 2011 unless redeemed.
- The company has a commitment towards the remaining FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case the option of conversion is not exercised by them, within 5 years from the date of issue of the Bonds. The YTM accrues to the Bond-holders only at the time of repayment. Contingent liability on account of YTM is Rs 2063.63 lacs as on 31.03.2011 including withholding Tax @ 10%. This will undergo a change in accordance to the currency conversion rates and Income tax rates prevailing on the date of repayment if it is made on non-conversion.
- In compliance with the Companies (Accounting Standards) Rules,2009 issued the Ministry of Corporate Affairs, the notional exchange gain of Rs 40 lacs during the year due to appreciation in Rupee rate vis-à-vis US\$ amounting to Rs 0.40 per US\$ has been considered as income in the Profit & Loss Account
- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2011 is valued at the exchange rate of that date which was Rs 44.65 = 1 US \$ as against exchange rate of 31.03.2009 which was Rs 45.05 = 1 US\$
- The company is obliged to pay dividend even to those FCCB Holders who convert their bonds into equity after adoption of the financial statements and up to the book closure date for dividend purposes. Incremental dividend payable, if any, will be paid out of the balance available in the Profit & Loss Account. No provision for dividend payable to the FCCB bond-holders has been made in the books of accounts.
- **Details of FCCB proceeds are as under:**

	Amount (Rs in Lakhs)
<b>Receipts</b>	
Total FCCB Proceeds received (net of expenses incurred)	6,498.23
Less: Interest on FDs' parked outside India	149.56
Net FCCB proceeds received in India	6,348.67
<b>Utilization</b>	
Wind Power Machinery	4,473.71
Leased Land for Wind Power Plant	46.90
Expansion of Copper Units	364.13
Telecom Machinery	7.50
Investment in Hardware/Information Technology Park	1,456.43
<b>Total Utilization</b>	<b>6,348.67</b>



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

Particulars	31-03-2011 Rs. In lakhs	31-03-2010 Rs.in lakhs
a) Counter guarantees given to the Banks against Guarantee Issued by them	364.31	723.69
b) Letters of Credit opened by Banks/Buyers' credit	326.02	124.91
c) YTM payable to the FCCB bond-holders	2,063.63	1,551.17
d) Custom duty/Excise duty matters under dispute	228.59	265.21

**9. Fixed Assets - Impairment**

The management has carried out a detailed internal review of the assets with respect value in use, recoverable amount and carrying cost in books and is of the firm opinion that there is no impairment in the value of assets of the company.Hence no provision as required under AS-27,Impairment of Asset is made.

**10. Deferred Taxes**

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

Particulars	As at 31-03-2010 Rs. Lakhs	Assets/(Liability) Arising during the Year	As at 31-03-2011 Rs. Lakhs
<b>Deferred Tax Assets/Liability</b>			
Depreciation - Timing difference	9.81	50.84	<b>60.65</b>
MAT Credit available- regrouped see note 9	176.52	(176.52)	<b>0.00</b>
Adjustment on account of FCCB issue expenses	21.04	(21.04)	-
Net Deferred Tax Assets	207.37	146.72	<b>60.65</b>

**11. Minimum Aleternate Tax - MAT (Non-Current Asset)**

The Management after a detailed review of future business growth prospect of the company, the provisions of applicable accounting standards to the company and the Guidance Note issued by Institute of Chartered Accountants of India on Accounting and Disclosure of MAT Credit, is of the opinion that the MAT credit would be reversed by way of adjustment to Income Tax Payable in the forthcoming years.

In the previous year this amount has been treated as Deferred Tax Asset now this has been reclassified as such in the Schedule of Loans and Advances.

S.No.	Amount	Year of Recognition	Reversed during the year	Balance Available	Year of Lapse
1	1,76,52,096	2009-2010	1,05,52,814	70,99,282	2018-19



## 12. Related Party Disclosure

### A: Relationship

Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Surana Telecom and Power Limited	Metropolitan Ventures India Limited	B E I D C P L	G M Surana	Namrata Surana
Innova Technologies Private Limited	Bhagyanagar Properties Private Ltd	Advantage Real Estate India Pvt Ltd	Narender Surana	Nivriti Surana
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom India Private Ltd	Globecom Infra-ventures Pvt Ltd	Devendra Surana	
Bhagyanagar Energy & Telecom Pvt Ltd	Bhagyanagar Metals Ltd	GMS Realtors Pvt Ltd	Narender Munoth	
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				
Bhagyanagar Ventures Pvt Ltd				
Surana Ventures Limited				
Bhagyanagar Green Energy Ltd (Formerly Known as Bhagyanagar Telecom Limited)				



**B: Transactions**

Nature of Transaction	Entities in which directors are interested	Subsidiary companies	Associates	Key Management Personnel	Relatives of key management personnel
Sale of Goods	<b>136.87</b> (190.55)				
Purchase of Goods	<b>836.19</b> (51.50)				
Sale of Land	<b>Nil</b> (180)				
Job Work-Sales	<b>7.37</b> (5.44)				
Job work-Purchase	<b>12.40</b> (12.40)				
Interest received	<b>183.84</b> (131.22)		<b>8.18</b> (147.30)		
Share warrant Application money Forfeited	<b>Nil</b> (176)				
Share warrant Application money received back			Nil (80)		
Advances Given	<b>5,605.92</b> (250.13)	<b>1.89</b> (255.46)	Nil (133.67)		
Advances received back	<b>4,201.67</b> (Nil)	<b>Nil</b> (Nil)	1,812.95 (99)		
Remuneration				<b>115.04</b> (116.33)	<b>7.80</b> (7.92)
Share Application Money Paid	<b>43.35</b>				<b>Nil</b> (Nil)

- Figures in brackets represent figures for the previous year.

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

- In case of balances in Sundry Debtors, Loans and Advances, other current assets and Sundry Creditors, letters seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.
- Sundry creditors include Rs 661.95 lacs secured by way of Letter of Credit/ Buyers' credit. Further, the Company does not owe any sum to Micro & small enterprises as at the end of the accounting year on account of principal and interest under the Micro, Small and Medium Enterprises Development Act, 2006 as per the information and records available with the company about their industrial status which has been relied upon by the auditors.



## 14. Loss of Material in Transit

- During the year 2009-10, the company paid an advance of Rs 214.22 lacs to M/s United International Shipping Agent (T) Ltd, Tanzania, towards part payment for cost of Copper cathode which is principal raw material for the copper manufacturing units. The payment thus made was disclosed as Advances to Suppliers under Schedule-11 of "Loans & Advances". However, Copper was stolen and replaced with worthless material on the sea-way.
- The Company lodged claims with Insurance Company and the shipping agent. The Insurance Company has rejected the claim during the year in the month of October 2010.
- On the basis of legal opinion received in and on the recommendations of the Board of Directors the amount is written off as irrecoverable business loss.

15. Interest on Loans, Deposits and others as appearing in Schedule-17 Other Income is net of irrecoverable interest amounting to Rs 148.68 lacs

## 16. Retirement and other Employees Benefits:

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

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

	<b>Gratuity</b>
Current service cost	1,73,868
Interest Cost	1,91,205
Expected Return on Planned Assets	(5,35,500)
Net actuarial loss / (gain) on obligation	2,58,004
<b>Total expenses recognized in the Profit &amp; Loss Account</b>	<b>87,577</b>

### B) Change in Defined Benefit obligation during the year ended 31st March,2011

	<b>Gratuity</b>
Present value of obligation as at beginning of the year	23,90,057
Interest cost	1,91,205
Current service cost	1,73,868
Benefits Paid	(5,12,016)
Present Value of Obligation as the end of the year	23,43,114



**C) Change in Fair Value of Plan Assets during the year ended 31st March,2011**

	<b>Gratuity</b>
Fair value of Plan Assets as at the beginning of the year	60,75,303
Expected Return on Planned assets	5,35,500
Contribution made during the year	87,577
Benefits paid	(5,12,016)
Actuarial gain on planned Assets	-
<b>Fair Value of plan assets as at close of the year</b>	<b>61,86,364</b>

**D) Balance sheet movements**

	<b>Gratuity</b>
Value of benefit obligation/Net Assets at the beginning of the year	23,90,057
Actual return on plan assets	5,35,500
Contributions made during the year	87,577
Expenses	-
Benefits paid	(5,12,016)
Value of Benefits as at close of the year	22,43,114
Fair value of plan assets as at the end of the year	61,86,364
Funded Status	22,50,830

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

**E) Actuarial assumption**

	<b>Gratuity</b>
Discount rate used	8%
Expected return on planned assets	9%
Salary escalation	4%
Withdrawal rate	



Additional Information Pursuant to the provisions of Paragraph 3, 4C and 4D of the Part II of Schedule VI of the Companies Act, 1956.

**(A) CAPACITY AND PRODUCTION**

Particulars	Unit	Installed Capacity		Production	
		2010-11	2009-10	2010-11	2009-10
i) Copper Products (b)	MT	<b>18,000</b>	18,000	<b>6,919.986</b>	7,717.842
ii) Jelly Filled Telephone cables	LCKM	-	72.00	-	0.613
iv) Wind Power	MW	<b>12.15</b>	12.15	<b>2.54</b>	2.31

- Note:**
- The Installed Capacities and production are as certified by Management which has been relied upon by the Auditors.
  - Includes Job Work Done 3228.976 MTs ( Previous year 3394.956MT)

**(B) TURNOVER:**

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2010-11	2009-10	2010-11	2009-10
i) Copper Products (a)	MT	<b>6,922.236</b>	7,712.429	<b>19,635.80</b>	18,384.04
ii) Jelly Filled Telephone cables	Lac CKM	-	0.613	-	807.43
iii) Wind Power	Units(Lac)	<b>254.32</b>	231.06	<b>863.26</b>	739.12
iv) Scrap & Miscellaneous items	-	-	-	6.45	8.91
vi) Infrastructure/Real estate Income				-	40.60
<b>SUB-TOTAL</b>				<b>20,505.51</b>	19,980.09
Less: Inter-Unit sales				<b>49.04</b>	1,081.17
Less: Excise duty				<b>1,853.78</b>	1,446.02
<b>TOTAL</b>				<b>18,602.70</b>	17,452.91

- Note:** a) Includes Job Work of 3228.976 MT (Previous year 3394.956 MT)



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

Particulars	Opening Stock				Closing Stock			
	Quantity		Value (Rs.in lakhs)		Quantity		Value (Rs.in lakhs)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
i) Copper Wire Rods(MTs)	5.413	-	21.49	-	3.163	5.413	16.64 *	21.49
<b>TOTAL</b>	<b>5.413</b>	<b>-</b>	<b>21.49</b>		<b>3.163</b>	<b>5.413</b>	<b>16.64</b>	<b>21.49</b>

\* Includes Excise duty provision of Rs 1.55 lacs (Previous year 2 lacs)

**(D) RAW MATERIALS CONSUMED:**

Particulars	Unit	Quantity		Value (Rs. in lakhs)	
		2010-11	2009-10	2010-11	2009-10
i) Copper	MTs	3,147.561	3,074.56	12,159.63	9,454.45
ii) Scrap	MTs	540.591	1,384.25	1,647.82	3,602.22
iiiv) Polythene granules	MTs	-	234.525	-	124.48
iv) Poly AL.Tape	MTs	-	5.283	-	6.68
v) Galvanised Steel Tape	MTs	-	189.345	-	77.19
vi) Others				578.79	352.44
vii) Inter Unit Transfers					
a) Copper Rods/Wire	MTs	11.195		49.04	1073.47
c) Others					7.13
<b>SUB-TOTAL</b>		<b>3,699.347</b>	<b>4,887.963</b>	<b>14,435.28</b>	<b>14,698.06</b>
Less: Inter-Unit Purchases		11.195	70.460	49.04	1,081.16
<b>TOTAL</b>		<b>3,688.152</b>	<b>4,817.503</b>	<b>14,386.24</b>	<b>13,616.90</b>



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

Particulars	2010-2011		2009-2010	
	Rs. In lakhs	Value Percentage	Rs. in lakhs	Value Percentage
Raw Materials & Components				
(a) Imported	2,294.44	15.89	1,599.88	10.88
(b) Indigenous	12,140.84	84.11	13,098.18	89.12
<b>TOTAL</b>	<b>14,435.28</b>	<b>100.00</b>	14,698.06	100.00
Stores & Spare Parts including utilised for maintenance				
(a) Imported	67.95	50.70	44.40	31.80
(b) Indigenous	72.58	49.30	95.23	68.20
<b>TOTAL</b>	<b>140.53</b>	<b>100.00</b>	139.63	100.00

## (F) TRANSACTIONS IN FOREIGN EXCHANGE:

Particulars	2010-11 Rs. In lakhs	2009-2010 Rs. In lakhs
i) Imports (on CIF Basis)		
a) Raw Materials/Traded Goods	2,350.79	1,398.65
b) Stores & Spares	58.54	38.99
c) Capital Goods	54.93	34.11
ii) Expenditure in Foreign Currency (Traveling)	12.20	10.96
iii) Earning in Foreign currency (Export sales)	-	33.43
iv) Buy-back of FCCB	-	2,097.68
v) Expenses incurred in connection with Buy-back of FCCB	-	11.62

17. No Commission is paid to managerial personnel or provided for in the accounts for the year ended 31- 03-11 and hence the calculation for the same under Section 349 of the Companies Act is not given.
18. Previous years figures have been regrouped/rearranged wherever necessary.



## Segmental Reporting

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

Sl No	Particulars	Telecom Products	Copper Products	Wind power	Infra Structure	Total
<b>1.</b>	<b>REVENUE</b>					
	External Sales (Net of Excise duty)	(7.34)	17,746.78	863.26	0.00	18,602.70
	Other Operating income	44.78	57.26	-	0.00	102.04
	<b>Total Revenue</b>	<b>37.44</b>	<b>17,804.04</b>	<b>863.26</b>	<b>0.00</b>	<b>18,704.74</b>
<b>2.</b>	<b>RESULTS</b>					
	Segment results	(50.66)	1,147.31	502.21	(2.69)	1,596.17
	Unallocable income/Expenses					(39.04)
	Operating Profit					1,557.14
	Interest Expenses					200.17
	Income taxes					340.72
	Profit from Ordinary Activities					1,016.25
	<b>Net Profit</b>					<b>1,016.25</b>
<b>3.</b>	<b>Other Information</b>					
	Segment Assets	248.58	6542.77	5881.70	21,841.06	34,514.11
	Unallocable Assets					5,468.89
	<b>Total Assets</b>					<b>39,983.00</b>
	Segment Liabilities	63.02	1,007.03	13.36	585.12	1668.52
	Unallocable Liabilities					1,348.18
	<b>Total Liabilities</b>					<b>3016.71</b>
	Capital Expenditure	0.00	158.39	38.63	-	197.01
	Unallocable Capital Expenditure					62.80
	<b>Total Capital Expenditure</b>					<b>259.81</b>
	Depreciation	16.88	132.16	352.37	-	501.41
	Unallocable Depreciation					71.68
	<b>Total Depreciation</b>					<b>573.09</b>
	Non Cash expenses - other than depreciation	8.59	15.18	3.60	-	27.37
	Unallocable non cash expenses					7.22
						34.59



(Rs in Lakhs)

	Reconciliation of reportable segments with the Financial Statements							
	Revenues		Results/Net profit		Assets		Liabilities	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Total of reportable segments	18,704.74	17,568.49	1,596.17	1,316.80	34,514.11	34,014.01	1668.52	600.71
Corporate - unallocable (Net)	529.94	892.74	(39.04)	328.59	5,468.89	6,045.91	1,348.18	3,088.34
Interest expenses			200.17	192.61				
Taxes			340.72	122.81				
As per financial Statements	19,234.68	18,461.23	1,016.25	1,329.97	39,983.00	40,059.92	3,016.71	3,689.05

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

Signatory to Schedule 1 to 23

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

For and on behalf of Board of Directors

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

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad  
Date : April 29, 2011

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company secretary



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

S.No	Name of subsidiary Company	Bhagyanagar Metals Limited	Bhagyanagar Properties Private Limited	Scientia Infocom India Private Limited	Metropolitan Ventures India Limited
1	Financial Year ending of the Subsidiary	31.03.2011	31.03.2011	31.03.2011	31.03.2011
2	Shares of the subsidiary held by Holding Company on the above date				
	a. Number and Face Value.	50,000 Equity Shares of Rs. 10/- each	40,00,000 Equity Shares of Rs. 10/- each	30,40,000 Equity Shares of Rs. 10/- each	3,70,000 Equity Shares of Rs. 10/- each
	b. Extent of Holding	100.00%	100.00%	76.00%	74.00%
3.	Profit/Losses of the Subsidiary Company for its financial year so far as it concerns the members of the Holding Company which have not been dealt within the accounts of Holding Company				
	a. For the financial year or the years of the subsidiary aforesaid	(8,021.00)	(205,116.00)	(14,565.00)	(46,751.00)
	b. For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	(27,253.00)	(1,504,857.00)	(633,051.00)	2,946,928.00
4.	Net aggregate amount of the Profits/Losses of the subsidiary so far as the profits are dealt in the accounts of Holding Company.				
	a. For the financial year or the years of the subsidiary aforesaid	nil	nil	nil	nil
	b. For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	nil	nil	nil	nil



**Brief financial particulars of Subsidiary in compliance of the condition (iii) of letter of approval of Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956 vide letter dated 04.02.2011**

(Figures in Lakhs)

Name of the company	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit Before Tax	Provision for Taxation	Profit after Taxation	Proposed Dividend
Bhagyanagar Properties Ltd.	400	-	6261.66	0.06	-	-	(2.05)	-	(2.05)	-
Bhagyanagar Metals Ltd.	5	-	4.54	0.02	-	-	(0.08)	-	(0.08)	-
Scientia Infocom India Ltd.	400	-	2300.66	0.06	-	-	(0.15)	-	(0.15)	-
Metropolitan Ventures India Ltd.	50	29.00	508.17	0.02	-	-	(0.47)	-	(0.47)	-



**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)
- b) State Code No
- c) Balance Sheet Date   
(Date) (Month) (Year)

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

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

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs) 31-03-11**

- a) Total Liabilities
- b) Total Assets
- c) Sources of Funds
- i) Paid up Capital
- ii) Reserves & Surplus
- iii) Secured Loans
- iv) Unsecured Loans
- d) Application of Funds
- i) Net Fixed Assets
- ii) Investments
- iii) Net Current Assets
- iv) Deferred Tax Asset

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

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

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

Item.Code.No. (ITC Code)	Name
<input type="text" value="85,442,029"/>	Jelly Filled Telecommunication Cable
<input type="text" value="74,031,200"/>	Copper Rods
<input type="text" value="74,099,000"/>	Super Enamelled Copper Wires



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## Green Initiative in Corporate Governance: Go Paper Less

The Ministry of Corporate Affairs has come up with a Green Initiative of permitting the service of documents including Annual Reports to the Shareholders through e-mail or other permissible electronic modes instead of physical mode vide its Circular No. 17/2011 dated 21 April 2011. This is certainly a welcome move for the society at large as this will reduce paper consumption to a great extent and allow all stakeholders to contribute towards a Greener Environment. To support this green initiative, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the members e-mail registration form and register the same with Karvy Computershare Private Limited.

### Members e-mail Registration Form

Name: ..... e-mail: .....

Address: .....

.....

.....

DP ID : ..... Client ID: .....

Folio No: .....

(in case of physical holding)

No. of equity shares held: .....



Signature

**Members are requested to send this e-mail registration form to the Company's Registrar and Transfer Agents i.e., Karvy Computershare Private Limited at the below mentioned address.**

**M/s Karvy Computershare Private Limited**

17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad-500 081

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

To,  
KARVY COMPUTERSHARE PVT. LTD.  
Unit : Bhagyanagar India Limited.  
Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081  
Phone: 040-44655000, Fax: 040-23420814

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

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

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

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

Place : .....

Date : .....

Signature of First Holder

**Note:**

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



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# BHAGYANAGAR INDIA LIMITED

(Formerly Bhagyanagar Metals Limited)

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

## ATTENDANCE SLIP

26th Annual General Meeting 21st September, 2011.

DP.Id*
Client Id*

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

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

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

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 26th Annual General Meeting of the Company, Wednesday 21st day of September, 2011 at 10.30 a.m. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad- 500 016,

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

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

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

2. NO GIFTS WILL BE GIVEN

\* Applicable for Investors holding shares in electronic form.

\*\* Strike out whichever is not applicable.

NO GIFTS WILL BE GIVEN



# BHAGYANAGAR INDIA LIMITED

(Formerly Bhagyanagar Metals Limited)

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

## PROXY FORM

DP.Id*
Client Id*

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

I/We .....  
of .....  
being member/members of M/s. BHAGYANAGAR INDIA LIMITED, hereby appoint .....  
of .....  
or failing him .....  
of .....  
as my / our proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held at Wednesday 21st day of September, 2011 at 10.30 a.m. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad- 500 016 and at every adjournment thereof.

Signed this ..... day of ....., 2011.

Note : 1. Proxy need not be a member.

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

Please Affix Re.1/- Revenue Stamp
--------------------------------------------

Signature

NO GIFTS WILL BE GIVEN

\* Applicable for Investors holding shares in electronic form.



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# INVESTOR INFORMATION

## DIVIDEND

The Dividend at 20% (₹ 0.40/- per share) will be paid to the shareholders whose names appear on the Register of Members as on 16.09.2011 and to those shareholders whose names appear as Beneficial owners as on 16.09.2011 as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in Electronic Form.

## PAYMENT OF DIVIDEND

Dividend, in case of shareholders availing the ECS Facility, will be credited directly into their Bank Accounts. Dividend warrants, in the case of shareholders not availing the ECS Facility, will be sent directly to their registered address and will be valid for a period of 6 months from the date of the warrant. After expiry of the said 6 months, the warrants shall be sent to the Registered Office of the Company for revalidation.

## SHARE REGISTRY

The Registry of Physical Share Certificates is done by our Registrars and Transfer Agents, M/s KARVY COMPUTERSHARE PRIVATE LIMITED, Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500-081. The shareholders can send the shares for Transfer/ Transmission/ Split/Consolidation and Issue of Duplicate Share Certificates, Request for Change of Address to the above address. Intimation regarding change of address, in the case of holder of shares in physical form, may be sent to M/s KARVY COMPUTERSHARE PRIVATE LIMITED, at the above mentioned address and in the case of holders of shares in Electronic Form, to their Depository participants.

## LISTING

The Company's shares are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

## DEMATERIALISATION OF SHARES

The shares of the Company are under compulsory dematerialised trading since 8th May, 2000. The Company has entered into a tripartite agreement with the National Securities Depository Limited, Central Depository Services (India) Limited and the Company's Depository Registrars, M/s KARVY COMPUTERSHARE PRIVATE LIMITED, Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500-081, for induction of the Company's shares into the depository system. The ISIN number allocated to the Company's securities is INE458B01028. Those shareholders, who have not dematerialised their shares, may send their shares / Option Letters to the Company, through their Depository Participants with whom they hold an account, for getting the shares dematerialised.

## QUALITY OBJECTIVE

"An effective and clearly understood quality system by employees. Teamwork to build-up quality consciousness amongst all our employees. Continuous improvement in every activity for achieving excellence.

Timely corrective action to prevent anticipated factors affecting quality & productivity."



## BHAGYANAGAR INDIA LIMITED

( Formerly Bhagyanagar Metals Limited )

**REGISTERED OFFICE :**

Bhagyanagar India Limited

5th Floor, Surya Towers

Sardar Patel Road, Secunderabad - 500 003, India

Tel: +91-040-27845119, 44665700, 27841198

Fax : +91-040-27818868

E-mail: [surana@surana.com](mailto:surana@surana.com)

Investor Complaints: [cs@surana.com](mailto:cs@surana.com), [investorservices\\_bil@surana.com](mailto:investorservices_bil@surana.com)

Website: [www.surana.com](http://www.surana.com), [www.bhagyanagarindia.com](http://www.bhagyanagarindia.com)