



## BOARD OF DIRECTORS

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

## 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

### 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  
Syndicate Bank  
State Bank of Indore  
Barclays Bank  
Allahabad Bank  
Development Credit Bank

### 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,  
Vittal Rao Nagar,  
Madhapur, Hyderabad- 500 081

## WORKS

### Copper Division

(Auto Electric, Refrigeration & Solar Components)

#### i. India Extrusion

P/9/131/1, I.D.A.,  
Nacharam, Hyderabad,  
India- 500 076.

#### ii Harinam Wires

Industrial Development Area,  
Nacharam, Hyderabad,  
India - 500 076.

#### iii Bhagyanagar India Limited

Plot No. P-9/14,  
Road No. 6, IDA Nacharam,  
Hyderabad, India - 500 076.

### Telecom Division

**Bhagyanagar India Limited**  
Plot No. 61,  
Pilerne Industrial Estate,  
Panajim, Goa  
India- 403 001.

### Wind Power Division

Kapatgudda, Gadag District,  
Karnataka,  
India

### REGISTERED OFFICE:

Bhagyanagar India Limited  
5th Floor, Surya Towers,  
S.P. Road, Secunderabad  
India - 500 003  
Tel: +91 40 27845119, 27841198  
Fax : +91 40 27818868  
E-mail: info@surana.com, surana@surana.com



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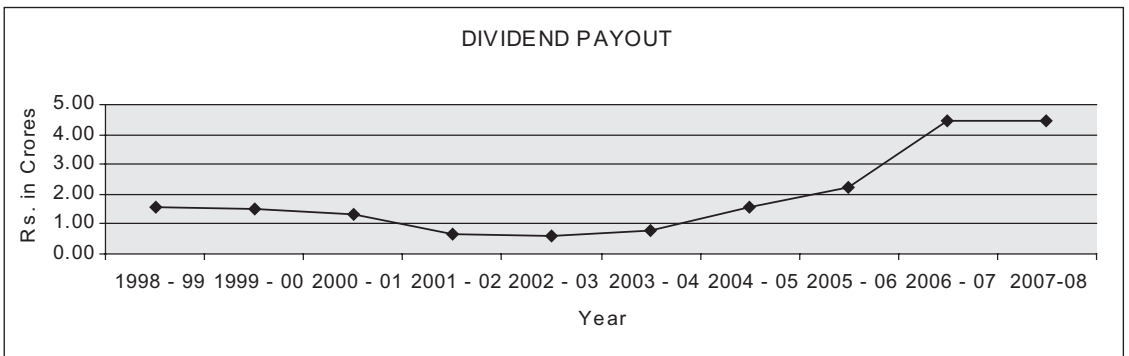
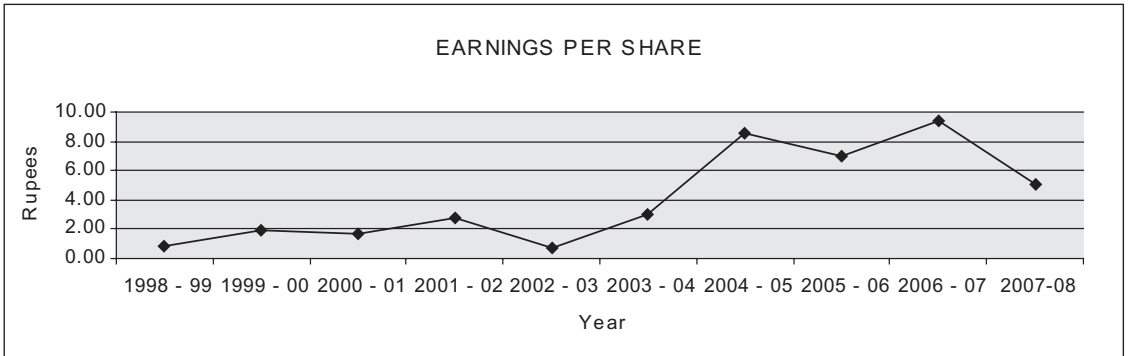
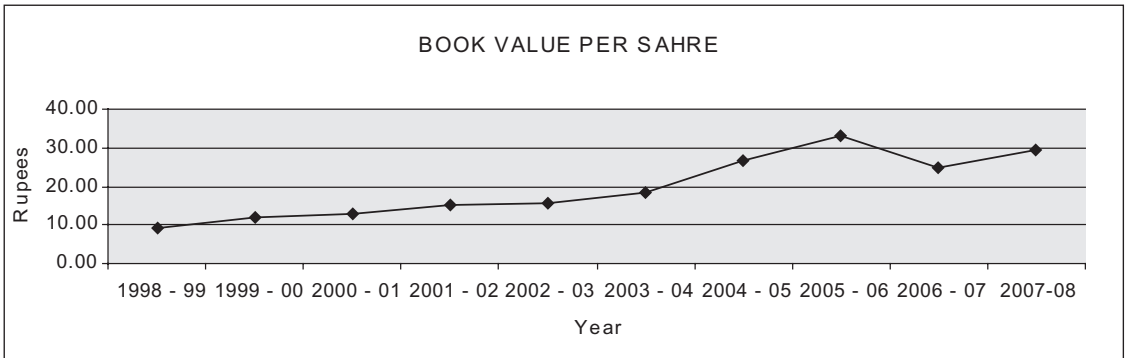
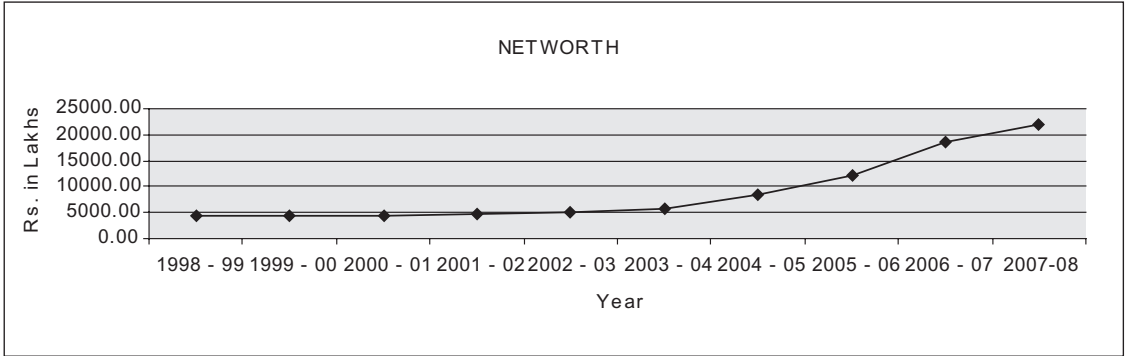
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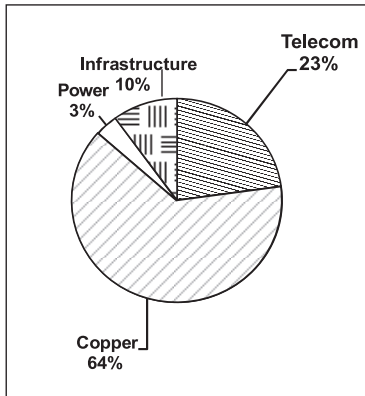
## *A Journey to Growth...*



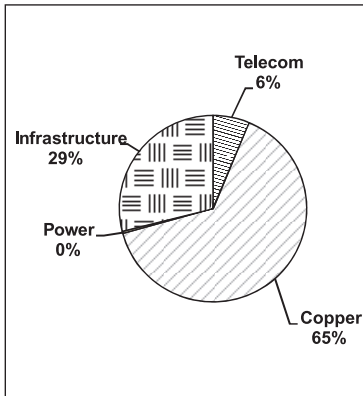


# A Journey to Growth...

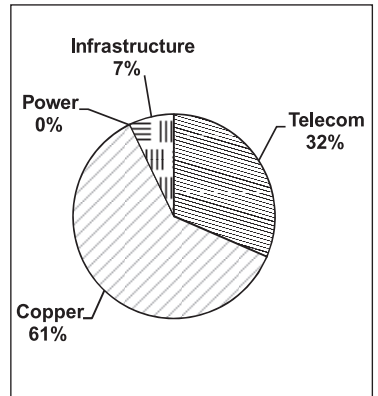
Segmental Revenue (07-08)



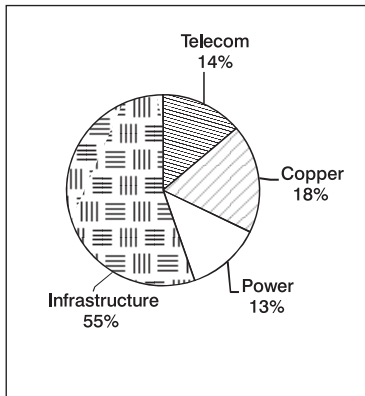
Segmental Revenue (06-07)



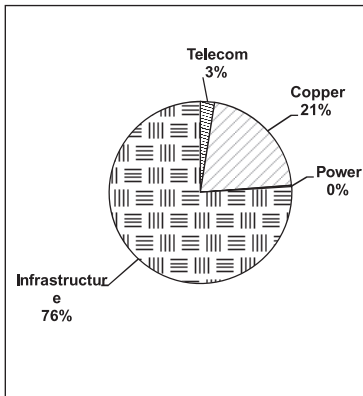
Segmental Revenue (05-06)



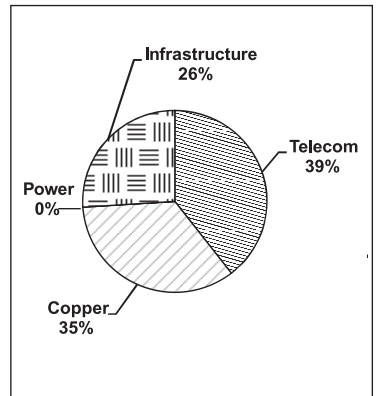
Segmental Profit (07-08)



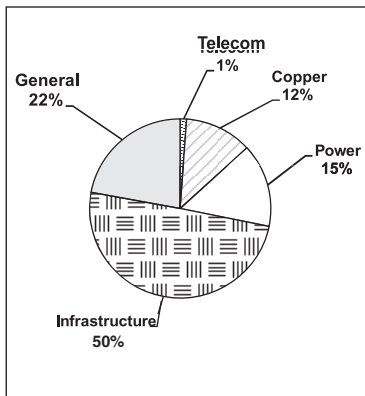
Segmental Profit (06-07)



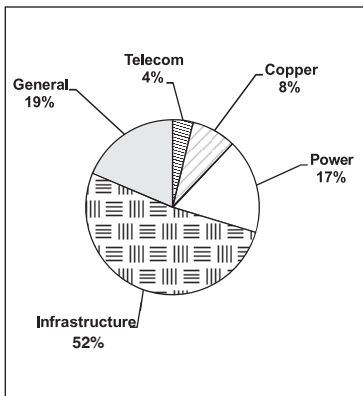
Segmental Profit (05-06)



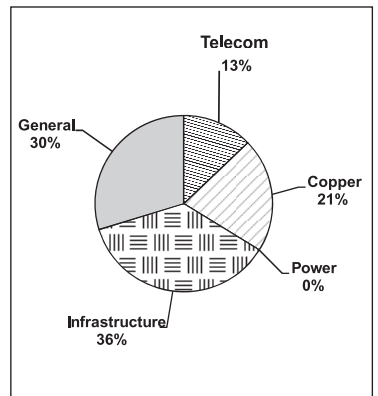
Capital Employed (07-08)



Capital Employed (06-07)



Capital Employed (05-06)





## *Financial Highlights -10 Years' Record*

(Rs in Lakhs)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Turnover	19,995	23,843	17,233	13,882	9,650	4,832	15,168	17,323	15,750	12,191
Total Income	22,073	24,833	18,264	14,963	10,119	5,319	15,360	17,418	15,860	12,267
Profit Before tax	4,258	8,041	3,145	2,958	1,028	229	977	805	973	517
Profit After tax	3,741	7,017	2,596	2,696	943	222	884	555	733	380
Equity dividend %	30%	30%	30%	25%	12%	10%	10%	20%	20%	16%
Equity Share Capital	1,490	1,490	740	630	630	630	642	677	752	964
Reserve & Surplus	20,380	17,161	11,448	7,734	5,217	4,361	4,253	3,622	3,743	3,522
Net Worth	21,870	18,651	12,188	8,364	5,848	4,991	4,896	4,299	4,496	4,486
Gross Fixed Assets	12,176	12,798	7,098	7,066	7,594	6,494	5,588	5,073	4,975	4,696
Net Fixed Assets	7,341	8,252	2,602	2,579	3,005	2,188	1,573	1,382	1,695	1,767
Total Assets	34,981	29,006	13,005	9,812	9,634	6,421	6,509	6,248	6,304	5,700
Contribution to National Exchequer	3,998	4,791	4,008	2,392	1,375	857	2,467	3,166	2,993	2,380

## *Key Indicators*

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Earning per share- Basic	5.02	9.42	7.02	8.56	2.99	0.70	2.75	1.64	1.95	0.79
Book Value Per Share	29.36	25.03	32.94	26.55	18.57	15.84	15.25	12.70	11.96	9.31
Debt Equity Ratio	0.26:1	0.20:1	0.07:1	0.17:1	0.65:1	0.29:1	0.33:1	0.45:1	0.40:1	0.27:1

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 23rd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of the members of BHAGYANAGAR INDIA LIMITED, will be held on **Wednesday, the 17th day of September, 2008 at 10.30 A.M.** at 3rd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003, to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended 31st March, 2008, along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2008.
3. To appoint a Director in place of Shri O.Swaminatha Reddy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R. Surender Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Sekhar & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:

"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, 2008 i.e., upto 06th June 2011 in the scale of Rs.20,000 - 2,000 - 26,000 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

SRIDEVI MADATI  
COMPANY SECRETARY

Place : Secunderabad  
Date : 28th July, 2008



**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 12.09.2008 to 17.09.2008 (both days inclusive).
3. Dividend on shares @ 30% 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 12.09.2008 or to their mandates, to the extent eligible, and also to the beneficial owners of equity shares held in electronic form on the same date as per the details furnished by the Depositories for this purpose.
4. The Securities and Exchange Board of India (SEBI) and the Department of Company Affairs have made it mandatory for all the listed companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders' account, elimination of loss of instruments in transit or fraudulent encashment etc. Currently, the facility is available at locations specified by RBI. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with the name of the shareholder on the Dividend Warrant. In view of the above :
  - i. Shareholders holding shares in Physical Form and desirous of availing the facility are requested to complete the ECS Form attached to this Annual Report and forward the same to the Company at its registered address.
  - ii Shareholders holding shares in Dematerialised Form are requested to provide the Bank details to their Depository participants for incorporation in their records. The Depository in turn would also forward the required information to the Company.

5. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, Dividends for the Financial Year ended 31st March, 2001 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
2000-01	17.08.2001	14.09.2008
2001-02	27.09.2002	24.10.2009
2002-03	20.09.2003	26.10.2010
2003-04	28.09.2004	27.10.2011
2004-05	01.07.2005	30.07.2012
2005-06	07.08.2006	06.09.2013
2006-07	27.09.2007	26.09.2014

The Members who have not encashed the Dividend Warrant(s) so far for the Financial Year ended 31st March, 2001 or any subsequent Financial Years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the Unclaimed Dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.

6. The Company's Equity Shares are listed at The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051, and the Company has paid the Listing Fees to the said Stock Exchanges.
7. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
8. 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.



9. Members holding shares in physical form, may write to the Company's share transfer agents for any change in their address and bank mandates, members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to despatch dividend warrants at their correct addresses.
10. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at M/s Karvy Computer Share Private Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500 081
11. 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.
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## EXPLANATORY STATEMENT

Shri N. Krupakar Reddy was re-appointed as Wholetime Director of the Company by the Board of Directors for a period of 3 years ending 06.06.2011, 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 02.06.2008 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**

**SRIDEVI MADATI**  
COMPANY SECRETARY

Place : Secunderabad

Date : 28th July, 2008





## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 23rd Annual Report of your Company together with the Audited Balance Sheet as at 31st March 2008 and Profit and Loss A/c for the year ended 31st March, 2008.

### FINANCIAL RESULTS:

The performance of the Company during the year has been as under:

	Year ended 31st March, 2008	(Rs. in Lakhs) Year ended 31st March, 2007
Sales and other Income	22072.86	24832.65
Profit before Depreciation and Interest	5331.80	8757.23
DEDUCT:		
Depreciation	483.26	299.20
Interest	591.03	417.29
Profit for the year	4257.51	8040.74
Prior period Adjustments	Nil	Nil
Provision for Taxation : Current Tax	480.00	1075.00
Fringe Benefit Tax	8.65	8.50
Deferred Tax	27.55	(61.05)
Profit after Tax	3741.30	7017.12
Income Tax in respect of earlier years	-	1.16
Surplus brought forward from previous year	6017.07	4689.25
Balance available for appropriation	9758.37	11706.37
APPROPRIATION:		
Dividend	447.00	447.00
Excess provision of Dividend for earlier year	-	0.19
Tax on Dividend	75.97	75.97
Transfer to Foreign Exchange fluctuation reserve	876.00	-
Transfer to General Reserves	500.00	5166.53
Balance c/f to Balance Sheet	7859.40	6017.07
TOTAL	9758.37	11706.37

### OPERATIONS:

The Income from Operations is Rs. 19995.48 Lakhs as against Rs. 23843.12 Lakhs for the corresponding previous year the Profit before tax is 4257.51 Lakhs as against Rs. 8040.74 Lakhs for the previous year. The Profit after Tax is 3741.30 Lakhs as against Rs. 7017.12 Lakhs for the corresponding period. The Company recorded a decline in the income due to decrease in the revenues from Copper and Infrastructure segments. The Basic Earnings Per Share for the year-ended 31.03.2008 is 5.02 as against Rs.9.42 for the corresponding previous year ended 31.03.2007

### ISSUE OF EQUITY SHARE WARRANTS ON PREFERENTIAL BASIS:

During the year, Company has issued and allotted 1,15,00,000 equity share warrants each warrant convertible

into one equity share of a face value of Rs. 2/- each of the Company, for cash, at a price of Rs.44/- on preferential basis in trenches to promoters ( 40,00,000 warrants) and Non Promoters ( 75,00,000 warrants) at its Board Meeting held on 08.11.2007. The said issue and allotment of warrants was approved by the members at their EGM held on 13.10.2007

Further, Company has issued and allotted 40,00,000 equity share warrants each warrant convertible into one equity share of a face value of Rs. 2/- each of the Company, for cash, at a price of Rs.90/- on preferential basis to non-promoters at its Board Meeting held on 17.03.2008. The said issue and allotment of warrants was approved by the members at their EGM held on 31.01.2008.

The Company has not received any request for conversion of warrants and all the said warrants are pending conversion.



**OUTSTANDING FOREIGN CURRENCY CONVERTIBLE BONDS:**

In the previous year, the Company has 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, the Company has not received any request for conversion from the bond holders and all the Bonds are pending conversion as on 28.07.08.

**REAL ESTATE/INFRASTRUCTURE**

During the year under review, the Company has entered into infrastructure business. The brief details of the various projects is as mentioned below:

**Development of Land at Gachibowli:** The commencement of work is still to take place in view of pending approvals from Government Authorities. Meanwhile, talks are at advanced stage with a leading International Real Estate Company for joint development of the property.

**SEZ near Chennai:** The developers of the SEZ M/s. Sri City have finalized the initial layout plan of the multi product SEZ, at TADA, Chennai. The Company has approached them for allocation of 50 acres of land in plots of different sizes in various industrial zones, in order to maximize the utilization by catering to the needs of various industries. Company is expecting the finalization of lease deed for the same with the developer shortly.

**Uppal Project:** The land excavation work for the Company's proposed IT Park at Uppal, Hyderabad has been completed. The building plans for the same have been finalized and submitted to the concerned authorities for approval. The Company shall commence the construction of the IT park immediately on receipt of the approval from all the concerned authorities.

**FUTURE PROJECT INITIATIVES:**

**Solar Photovoltaic:** The Company is planning to make a foray into the Solar Photovoltaic Sector and has decided to make a strategic investment in solar energy sector by investing in the equity capital of M/s. Surana Ventures Limited jointly with M/s. Surana Telecom and Power Ltd. M/s. Surana Ventures Ltd has been allotted 25 acres of

land by APIIC at Fab City, Hyderabad to set up its Solar Photovoltaic Cell and Modules manufacturing facility.

**Solar Water Heating System:** The Company proposes to produce fully integrated solar water heating system for which it has applied for allotment of land to APIIC. The Company is already into the production of Copper Fins which is one of the major component in solar water heating system.

**Wind Power -** In addition to the existing 9.0 MW Wind Power generation plant at Kapatguda, Karnataka, the Company proposes to install further 10 MW capacity in the current financial year.

**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. 47/170/2008-CL-III dated 31.03.2008. However, the accounts of the subsidiary companies and the detailed related information will be made available to the investors of the Company and its subsidiaries on request and are also available for inspection at Registered Office of the Company.

**DIVIDEND:**

Your Directors recommended a Dividend @ 30% amounting to Rs. 447.00 lakhs for the year ended 31st March 2008. This will entail an outflow of Rs. 522.97 lakhs (inclusive of tax thereon). Your Directors also inform that applications for conversion of FCCBs and Equity Share warrants received upto the date of closure of the Register of Members of the Company would be processed and the resulting shares arising out of the said conversion of FCCBs and equity share warrants, would also be eligible for dividend, as recommended by the Board and approved by the members at the ensuing Annual General Meeting of the Company.

**RESERVES:**

During the year the Company has transferred an amount of Rs.5.00 crores to General Reserves.



#### **FIXED DEPOSITS:**

The Company had not accepted or invited any Deposits and consequently no Deposit has matured / become due for re-payment as on 31st March 2008

#### **DIRECTORS:**

As per Section 256 of the Companies Act 1956 and Articles of Association of the Company Shri. O. Swaminatha Reddy and 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.

Shri N.Krupakar Reddy, Whole time Director of the Company whose term of office ended on 06.06.2008, has been re-appointed as 'Director Operations' for a further period of 3 years from 07th June, 2008 to 06th June 2011 by the Board of Directors. The approval of the members for re-appointment is placed at this Annual General Meeting.

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, 2008, 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 2008 on a 'going concern' basis.

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

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

#### **CORPORATE GOVERNANCE:**

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



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

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998, are provided in the Annexure forming part of this report.

**PARTICULARS OF EMPLOYEES:**

Information relating to particulars of Employees who are drawing more than Rs.24,00,000/- per annum which is required to be disclosed under Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 are provided in the Annexure forming part of this report.

**APPRECIATION:**

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication

and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

**ACKNOWLEDGEMENTS:**

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

for and on behalf of the Board of Directors

Place : Secunderabad  
Date : 28th July, 2008

**G. MANGILAL SURANA**  
CHAIRMAN



## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 2008

Name	Age	Qualifications	Date of Employment	Designation	Remuneration in Rupees	Experience	Last Employment held
Shri.Narender Surana	48 yrs	B.E (chem)	24.01.87	Managing Director	11,981,978	21 yrs	First Employment
Shri. Devendra Surana	43 yrs	B.E (Mech) PGDBA	15.11.88	Managing Director	11,981,978	19 yrs	First Employment
Shri.Narender Munoth	57 yrs	B.Com	02.04.87	Executive Director	3,048,960	21 yrs	First Employment

### Note:

- (i) The appointment is contractual, other terms and conditions are as per Company's Rule.
- (ii) Gross remuneration includes Salary, HRA, Perks, PF and Commission on Profits in terms of Schedule XIII to the Companies Act, 1956.
- (iii) Shri Narender Surana is related to Shri G. M. Surana, Chairman and Shri Devendra Surana, Managing Director of the Company.
- (iv) Shri Devendra Surana is related to Shri G. M. Surana, Chairman and Shri Narender Surana, Managing Director of the Company

for and on behalf of the Board of Directors

Place : Secunderabad  
Date : 28th July, 2008

**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.

### 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 energy consumption per unit of production : The Company has not made any additional investments 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 that has been spent, the same has not being shown separately

#### B. Technology absorption, adaptation and innovation :

The Company is making all out 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 5914.33 Lakhs

Earned : Rs 341.22 Lakhs

for and on behalf of the Board of Directors

Place : Secunderabad  
Date : 28th July, 2008

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) Recent amendment to Clause 49(1A) of the Listing Agreement:

As directed by the Securities Exchange Board of India vide its circular SEBI/CFD/DIL/CG/1/2008/08/04 dt.08.04.2008, BSE & NSE has modified the Clause 49 of the listing agreement in respect of the Composition of the Board wherein it stipulates that if the non-executive Chairman is a promoter of the Company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the Company shall consist of Independent Directors. The present composition of the Board is as follows:

Sl. No.	Non-Independent	Designation	Independent	Designation
1	Shri G.M. Surana	Chairman(Promoter)	Shri O. Swaminatha Reddy	Director
2	Shri Narender Surana	Managing Director	Shri R. Surender Reddy	Director
3	Shri Devendra Surana	Managing Director	Shri D. Venkatsubbiah	Director
4	Shri Narender Munoth	Whole time Director	Shri Kamlesh Gandhi	Director
5	Shri N. Krupakar Reddy	Whole time Director		

Since the Company's Chairman Shri.G.M.Surana is a promoter and is also related to the Managing Directors of the Company, the Company in order to comply with the above modification to Clause 49(1)(A) is required to adopt an additional Independent Director . The Board at its meeting held on 22.04.08 and 28.07.08 discussed the same and is making its efforts to identify suitable individuals who can be appointed as an Independent Director of the Company in order to comply with the above said amendment at the earliest.

#### b) Attendance Record for 2007-08:

Sl. No	Name of the Director	Category	Meetings attended	Attendance at last AGM on 27.09.2008	Remarks
1	G Mangilal Surana	Non-executive	9	Present	-
2	Narender Surana	Executive	9	Present	-
3	Devendra Surana	Executive	9	Present	-
4	O Swaminatha Reddy	Independent, Non-executive	8	Absent	-
5	R Surender Reddy	Independent, Non-executive	7	Present	-
6	Narender Munoth	Executive	7	Absent	-
7	D Venkatasubbiah	Independent, Non-executive	9	Present	-
8	N Krupakar Reddy	Executive	5	Present	-
9	Kamlesh Gandhi	Independent Director	5	Present	-



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

Sl. No.	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	G Mangilal Surana	12	1	1
2	Narender Surana	30	1	None
3	Devendra Surana	29	1	None
4	O Swaminatha Reddy	14	2	4
5	R Surender Reddy	10	6	4
6	Narender Munoth	None	None	None
7	D Venkatasubbiah	1	None	None
8	N Krupakar Reddy	None	None	None
9	Kamlesh Gandhi	6	1	None

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

A total of 9 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:

16.05.2007	23.07.2007	18.09.2007	27.09.2007	26.10.2007
08.11.2007	02.01.2008	31.01.2008	17.03.2008	

e) Pecuniary relationship or transactions of Non-Executive Director:

Apart from receiving Directors Remuneration, Non-Executive Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgement of the Director.

3. Audit Committee :

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

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

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

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

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by Management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.





- the annual financial statements before submission to the board for approval, with particular reference to following with the Management:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by Management
  - iv. Significant adjustments made in the financial statements arising out of Audit findings
  - v. Compliance with listing and other legal requirements relating to financial statements
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft Audit Report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with Internal Auditors any significant findings and follow up 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 three Non-Executive and Independent Directors. As Shri O. Swaminatha Reddy who is heading the Audit Committee as Chairman having rich experience and professional knowledge in Finance, Accounts and Company Law, the members always added the value for the Company. Minutes of each Audit Committee are placed before the Board and discussed in the meeting.

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

16.05.2007	23.07.2007	26.10.2007	31.01.2008
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**Attendance Record - 2007-2008**

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	2
4	Shri Kamlesh Gandhi	3

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



#### 4. Remuneration Committee

a) Composition, Name of the Chairman and Members:

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

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

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

#### 5. Remuneration of Directors:

The Company has revised the Sitting Fees payable to all the Non-executive Directors from Rs. 1,500/- to Rs.10,000/- per meeting w.e.f 23rd July, 2007. The details of Sitting Fees paid to the Non-executive Directors for attending Board Meetings and Committee Meetings during the Financial Year 2007-08 are as follows:

Sl. No.	Name of Director	Sitting Fees paid (Rs.)
1	Shri G Mangilal Surana	1,13,000
2	Shri O Swaminatha Reddy	1,03,000
3	Shri R Surender Reddy	90,000
4	Shri D.Venkatsubbiah	81,500
5	Shri Kamlesh Gandhi	63,000
	Total	4,50,500

The remuneration paid to the Executive and Whole-time Directors during the year 2007-2008 are:

Name of Director	Salary & Bonus Rs.	H R A Rs.	Commission Rs.	Perks Rs.	Total Rs.
Narender Surana	60,50,000	30,25,000	2,777,905	129,073	11,981,978
Devendra Surana	60,50,000	30,25,000	2,777,905	129,073	11,981,978
Narender Munoth	9,70,000	4,85,000	1,593,960	-	3,048,960
N K Reddy	1,52,300	-	-	-	1,52,300
TOTAL	13222300	6535000	7149770	258776	27165216

#### 6. Shareholders Grievance Committee:

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

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

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 39. There are no outstanding complaints as on 31st March 2008.

The Committee has received 41,144 shares for Transfers and 90 shares for Transmission out of which 37280 Shares were approved and the balance was rejected. The committee has also received requests for conversion of physical shares into Dematerialisation and approved 577080 shares during year under review. There were no transfers or transmissions or de-mat requests pending as on 31st March 2008.



**7. General Body Meetings:**

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

Year	Locations	Date	Time
2006-2007 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	31st January, 2008	10.00 A.M.
2006-2007 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	13th October, 2007	11.00 A.M.
2006-2007 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	27th September, 2007	10.30 A.M.
2005-2006 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	20th December, 2006	2.30 P.M.
2005-2006 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	7th August, 2006	10.15 A.M.
2005-2006 (EGM)	3rd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.	16th June, 2006	2.30 P.M.
2004-2005 AGM	3rd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.	1st July, 2005	10.15 A.M.

**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.

A total of 40,00,000 Warrants were allotted on Preferential Basis on 08.11.2007 to an entity in the promoter group, viz., M/s Bhagyanagar Ventures Limited, in accordance with SEBI ( Disclosure and Investor Protection) Guidelines, 2000. These warrants are exercisable within a maximum period of 18months from the date of allotment into an equal number of fully paid-up equity shares of the Company.

b) The Company while making disclosure of share holding pattern of the Company as on 31.12.05 to the exchanges, made an inadvertent error in the computation of total promoter holding in the Company. SEBI advised the Company to be careful in future while making disclosure to the exchanges.

**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 Bhoomi" - Telugu
Website where the results and other official news releases are displayed	<a href="http://www.surana.com">http: www.surana.com</a>

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

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



**11. General Shareholders Information:**

Annual General Meeting	:	Date : 17.09.2008 Time : 10.30 A.M Venue : III Floor, Surya Towers, S.P.Road, Secunderabad - 500 003
Financial Calendar	:	April 1st to March 31st
Date of Book Closure	:	12.09.2008 to 17.09.2008 (both days inclusive) (both days inclusive)
Dividend Payment Date	:	22.09.2008
Listing on Stock Exchanges	:	1. The Bombay Stock Exchange Ltd., Mumbai 2. National Stock Exchange of India Limited
Stock Code	:	512296 on BSE BHAGYNAGAR on NSE
ISIN Number for NSDL & CDSL	:	INE458B01028

**Market Price Data**

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr '07	43.90	33.70	43.10	33.50
May'07	47.10	37.50	46.90	36.10
Jun'07	44.00	39.20	43.50	39.45
Jul'07	50.50	38.80	50.70	39.45
Aug'07	44.50	36.55	44.50	39.10
Sep'07	49.50	41.40	54.10	41.00
Oct'07	52.00	38.00	52.00	35.00
Nov'07	50.45	39.00	50.35	37.00
Dec'07	69.80	48.05	70.00	46.55
Jan'08	82.00	35.00	79.50	37.15
Feb'08	63.00	41.50	56.80	40.35
Mar'08	52.00	36.25	52.30	35.00

**Registrars & Transfer Agents :** Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to  
**M/s KARVY COMPUTERSHARE PRIVATE LIMITED,**  
17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081  
Phone # +91-40-23420816-824  
Fax # 91-40-23420814  
Email ID: mailmanager@karvy.com  
Website : <http://www.karvy.com>

**12. Share Transfer System:**

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



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

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

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

**13. Issue of Equity Share Warrants on Preferential Basis:**

Company has issued and allotted 1,15,00,000 equity share warrants each warrant convertible into one equity share of a face value of Rs. 2/- each of the Company, for cash, at a price of Rs.44/- on preferential basis in trenches to promoters (40,00,000 warrants) and Non Promoters (75,00,000 warrants) at its Board Meeting held on 08.11.2007. The said issue and allotment of warrants was approved by the members at their EGM held on 13.10.2007.

Further, Company has issued and allotted 40,00,000 equity share warrants each warrant convertible into one equity share of a face value of Rs. 2/- each of the Company, for each, at a price of Rs.90/- on preferential basis to non-promoters at its Board Meeting held on 17.03.2008. The said issue and allotment of warrants was approved by the members at their EGM held on 31.01.2008.

**14. Shareholding Pattern as on 31st March, 2008:**

Category	No. of Shares	Percentage
Promoters	32929474	44.20
Resident Individuals	15082552	20.25
Promoters Bodies Corporate	7980417	10.71
Foreign Institutional Investors	8045707	10.80
Overseas Corporate Bodies	4607406	6.18
Bodies Corporates	3354922	4.50
Indian Financial Institutions	1526090	2.05
Non-Resident Indians	270734	0.36
HUF	356913	0.48
Government	176700	0.24
Clearing Members	157045	0.21
Mutual Funds	11000	0.01
Banks	1040	0.001
<b>TOTAL</b>	<b>74500000</b>	<b>100.00</b>

**15. Distribution of Share holding as on 31st March 2008:**

No of Equity Shares held	Number of Shareholders	% of Shareholders
1 - 5000	15544	94.94
5001 - 10000	433	2.64
10001 - 20000	196	1.20
20001 - 30000	60	0.37
30001 - 40000	28	0.17
40001 - 50000	15	0.09
50001 - 100000	34	0.21
100001 & above	62	0.38
<b>Total</b>	<b>16372</b>	<b>100</b>



**16. 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.

**17. Share Dematerialisation Records:**

7,35,72,671 shares representing 98.74% of the total equity capital were held in dematerialised form with the National Securities Depository Limited and Central Depository Services Limited as on 31st March, 2008.

**18. Outstanding FCCB's and Equity Share Warrants convertible into Equity Shares**

In the previous year, the Company has 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. The Company has not received any request for conversion from the bond holders and all the Bonds are pending conversion as on 28.07.08.

In respect of the Equity Share Warrants which are allotted on preferential basis during the year as mentioned in point no. 13, the Company has not received any request for conversion from warrant holders and all the warrants are pending conversion as on 28.07.08.

**19. Secretarial Audit:**

Practicing Company Secretaries, M/s. V.K.Bafna & Co 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.

**20. Plant Locations :**

<b>India Extrusion</b> P9/13(1), I. D. A., Nacharam, Hyderabad - 500 076.	<b>Bhagyanagar India Limited (Goa Unit),</b> Plot No.61, Pilerne industrial Estate, Panajim, Goa - 403 001.
<b>Bhagyanagar India Limited</b> Plot No. P 9/13(A), (B), (C) IDA, Nacharam, Hyderabad - 500 076.	<b>Wind Power Division</b> Kapatguda, Gadag District, Karnataka.
<b>Harinam Wires</b> Plot No. P-9/14, Rd No. 6, I. D. A., Nacharam, Hyderabad - 500 076.	



**21. Address for Correspondence :**

Sl. No.	Shareholders Correspondence for	Addressed to
1.	Transfer / Dematerialiation / Consolidation / Split of shares, Issue of Duplicate Share Certificates, Non-receipt of dividend/ Bonus shares, etc., change of address of members and Beneficial Owners and any other query relating to the shares of the Company.	<b>KARVY COMPUTERSHARE PVT. LTD.</b> 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 Phone # +91-40-23420816-824 Fax # -91-40-23420814 E.mail : mailmanager@karvy.com Website : www.karvy.com
2.	Investor Correspondence / Queries on Annual Report, Revalidation of Dividend Warrants, Sub-Division, etc.	<b>Sridevi Madati</b> Company Secretary  <b>Bhagyanagar India Limited,</b> 5th Floor, Surya Towers, S.P. Road, Secunderabad - 500 003. Ph Nos. 27845119/66320700 E-mail : cs@surana.com investorservices_bil@surana.com Website : www.surana.com

**22. Depository Services :**

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

National Securities Depository Ltd 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel : 091-022-24994200 Fax : 091-022-66508035 / 24976351 Email : info@nsdl.co.in.	Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai - 400 001 Tel : 091-022-22723333/3224 Fax : 091-022-22723199/227727072 Email : investors@cdslindia.com
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**23. 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.

**24. 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.



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

Name of Director	SHRI. O. SWAMINATHA REDDY	SHRI. R. SURENDER REDDY	SHRI. N. KRUPAKAR REDDY
Expertise in specific functional areas	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 APSEFC, he had a rich experience of almost four 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 ever since	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 A.P. He has been guiding the Company as an Independent Director since 1989.	Has got about 23 years of experience in running the industry. Presently incharge of operations of Jelly Filled Telephone Cables
Date of Birth	25.12.1930	10.10.1931	01.07.1956
Qualification	B.Com (Hons), A.C.A.	B.Com	B.Com
List of Other Companies in which Directorship is held as on 31st March, 2008.	<ol style="list-style-type: none"><li>1. Transport Corp.of India Ltd.</li><li>2. Khaitan Electricals Ltd.</li><li>3. Surana Telecom Ltd.</li><li>4. VBC Industries Ltd.</li><li>5. K.C.P. Limited</li><li>6. H.B.C Flex Tech. Ltd.</li><li>7. K.M Power Pvt. Ltd., Hyderabad</li><li>8. E.P.R. Pharmaceuticals Pvt Ltd.</li><li>9. E.P.R. Centre for Cancer Research &amp; Biometrics Pvt. Ltd.</li></ol>	<ol style="list-style-type: none"><li>1. Suryavanshi Spinning Mills Ltd.,</li><li>2. Suryaamba Spinning Mills Ltd.</li><li>3. Novopan Industries Ltd.,</li><li>4. Surya Lakshmi Cotton Mills Ltd.</li><li>5. Lakshmi Finance &amp; Indl. Corpn. Ltd.,</li><li>6. L.Pack Polymers Ltd.,</li><li>7. Surya Kiran International Ltd.</li><li>8. Surana Telecom and Power Ltd.</li></ol>	None
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2008	<ol style="list-style-type: none"><li>1. Sagar Cements Ltd.</li><li>2. Golkonda Hospitality Services &amp; Resorts Ltd.</li><li>3. Sagar Power Ltd.</li><li>4. T.C.I Finance Ltd.</li></ol>	<ol style="list-style-type: none"><li>1. Hyderabad Race Club</li><li>2. Suryalata Spinning Mills Ltd.</li></ol>	None





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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 31.03.2008, 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 all the conditions of Corporate Governance except the revised clause 41(1A) of the above-mentioned Listing Agreement wherein, the Company requires to appoint an additional Independent Director in order to comply with the same. The Company has informed us that the Board of Directors at their meeting held on 22.04.08 and 28.07.08 have discussed the same and are making their efforts to identify suitable individuals who can be appointed as an Independent Director of the Company in order to comply with the above said amendment at the earliest.

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.

**G. Ganesh**

Partner

Membership No : 211704

For and Behalf of

**Sekhar & Co**

Chartered Accountants

Place : Secunderabad  
Date : 28th July, 2008

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## 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 2007-08.

**NARENDER SURANA**  
MANAGING DIRECTOR

Place : Secunderabad  
Date : 28th July, 2008



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS SEGMENTS

Bhagyanagar India Ltd the flagship Company of Surana Group is one of the oldest industrial houses in India which has diverse business streams such as Copper products, Jelly Filled Telephone Cables (JFTC), Real Estate & Infrastructure and generation of non conventional energy. The Company is planning to venture into the Solar Photo voltaic industry through its joint venture Company M/s. Surana Ventures Ltd.

#### 1.1 Copper Products:

One of the core areas of the Company's business is manufacture of copper products. Copper division of the Company caters to the needs of various Original Equipment Manufacturers (OEMs) and auto component industry. The Company has an installed capacity of 15000MT in the copper product division.

The Company is presently engaged in the manufacture of copper rods, copper foils, copper pipes, copper sheets, annealed bare copper strips, paper insulated copper conductors, copper fins, Bus bars and insulated copper coils (Field Coils). The products of the Company are mainly used in telecommunication, power and distribution, transformer, heat exchangers, switchgear and low range transformers, solar panels and auto ancillary. The Company is major supplier to Lucas TVS, MICO and many other leading OEMs.

#### 1.2 Jelly Filled Telephone Cables:

The Company started this division in the year 1993-94 and it set up the plant for the first time in the country without any foreign collaboration. The Company has manufacturing facility at Goa and manufactures cables from the range of 5 pairs to 800 pairs. The latest technology and testing facilities have led to the units being recognised and approved by the BSNL, MTNL, Indian Railways (IR) and other private Telecom Service providers.

#### 1.3 Real Estate/Infrastructure Business:

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.

Thereafter the Company with an intention to become a prominent player in this segment started its construction division and has initiated various projects for the construction of IT Parks, commercial & residential complexes.

#### 1.4 Non Conventional Energy Division:

With the growing concern over Global warming and fast depletion of fossil fuels, world wide the importance of generating power from non conventional energy resources such as wind, Solar, etc., is being recognized. Keeping up its tradition of diversity, the Company in the year 2006 forayed into the non conventional energy sector by setting up a wind power project for generation of electricity with an initial capacity of 5 MW and later expanding it to 9MW at Kapatigudda, Karnataka State. This project is eligible for carbon credits under CDM mechanism, the approval of which is expected this year and also for taxation benefits under Sec. 80I(A) of Income Tax Act.

#### 1.5 Solar Photo Voltaic:

Taking a step further in the field of Non conventional energy resources, the Company is planning to venture into the Solar Photo voltaic industry through a joint venture Company M/s. Surana Ventures Ltd. Photovoltaic is best known as a method for generating solar power by using solar cells packaged in photovoltaic modules, often electrically connected in multiples as solar photovoltaic arrays to convert energy from the sun into electricity. To explain the photovoltaic solar panel more simply, photons from sunlight knock electrons into a higher state of energy, creating electricity. The term photovoltaic denotes the unbiased operating mode of a photodiode in which current through the device is entirely due to the transduced light energy. Virtually all photovoltaic devices are some type of photodiode.

### 2. INDUSTRY ANALYSIS

#### 2.1 Copper and Copper Products:

The Indian copper industry underwent a transformation since the late-1990s. From an import sensitive industry, it has now turned into a potential exporter.



In mid-90's the capacity was as low as 47,500 tonnes per annum (tpa), solely owned by public sector Hindustan Copper. The copper smelting capacity as of today stands as high as 4.77 lakh tpa with sizeable presence of the private sector.

By 2010, India's copper capacity is expected to touch 9 lakh tpa due to expansion plans of existing companies.

By 2020, copper capacity in India is projected to rise to 16-18 lakh tpa, going by the growth in domestic demand. Demand drivers for copper in India would be power, railways, telecommunication and exports.

Since your Company is supplying copper components to Original Equipment Manufacturers (OEMs) and other auto component manufacturers and to electrical components manufacturer (product range primarily comprises of transformers), the various segments are analyzed as under:

**a. Electrical Equipments & Generators, Transformers & Switchgears**

With huge investments envisaged in power generation, transmission, distribution, rural electrification and upgrading of existing distribution networks, the demand for the copper products is expected to grow. Demand is also expected to grow with an increase in industrial investments.

Generators, transformers and switchgears are the main products in the electrical machinery industry. Other products are capacitors, electrical motors, transmission lines etc. Electrical machinery is mainly used in the power generation and distribution industry. Hence, demand for electrical machinery depends to a great extent on the capacity additions in the power generating industry which is posing a promising growth in the years to come.

**b. Auto Component and Ancillaries Industry**

The Indian automobile ancillary sector is transforming itself from a low volume, highly fragmented one into a competitive industry, backed by competitive strengths, technology and transition up the value chain. The Indian automotive industry has two underlying competitive advantage - engineering skills and continuous improvement capabilities, which

have resulted in the present growth of the Indian Automotive Component Industry.

The demand for automotive components is typically generated by:

- Indian OEMs such as Tata Motors, Maruti Udyog Limited, Mahindra and Mahindra, Ashok Leyland;
- global OEMs having manufacturing facilities in India such as General Motors, DaimlerChrysler, Ford, Honda, Toyota and Hyundai;
- export demand from global OEMs and top tier auto component suppliers; and
- domestic replacement demand.

The OEM market is estimated to account for around 70 per cent of demand and the replacement and exports market accounts for 20 per cent and 10 per cent of the demand, respectively. The bulk of the components required by the Indian automobile industry are manufactured locally. As far as OEMs are concerned, the demand for auto components depends largely on the performance of the automobile sector.

**2.2 Jelly Filled Telecom Cables:**

The outlook for Jelly Filled Telecom Cables (JFTC) at the moment looks bleak. The huge capacity built in the mid-nineties amounting to approx. 1650 LCKM by the industry has shrunk over the period of years due to a major business change resulting in fall in the demand for JFTC cables. No wonder then that the existing operational capacities are just 60% of the built-in capacity as on date.

The JFTC industry has taken a beating owing to the preference for wireless network and mobile services. The annual demand at a very miniscule level of 90 LCKM is one of the factors forcing the JFTC manufacturers to cut short their capacities.

It may be recalled that for the financial year 2006-07, BSNL did not float any major tenders. The demand for JFTC during 2005-06 to 2009-10 is forecast to be at around 560 LCKM (as against 1,660 LCKM during the period 2000-01 to 2004-05), which translates into an average demand of 112 LCKM annually.



The future potential of JFTC would primarily depend on the order flow from BSNL, the largest buyer of JFTC, and rollout plans of private operators such as Reliance Infocomm and Bharti Tele-Ventures Limited.

The shrinkage in JFTC business has been partially set off by surge in volumes of other business divisions.

### 2.3 Real Estate and Infrastructure:

Driven by favorable demographics and liberalized foreign direct investment (FDI) regime, the Indian real estate sector is witnessing a surge in its operations. It is estimated to be worth US\$ 15 billion and is expected to grow at the rate of 30 per cent annually over the next decade, attracting foreign investments worth US\$ 30 billion, with a number of IT parks and residential townships coming up country-wide.

Interestingly any upsurge in this industry shall have several backward and forward linkages with nearly 250 other ancillary industries like cement, brick and steel.

Some of the growth drivers of Real Estate include:

- A unit of Deutsche Bank aims to invest more than US\$ 1 billion over three years in Indian construction and real estate projects.
- London-based Dawmay Day International, with assets to the tune of US\$ 4 billion, is setting up a chain of four-star hotels in India.
- India Land Ventures (ILVL) shall invest US\$ 585.48 million in eight infrastructure projects across the country over the next two years.
- World's leading integrated global real estate services and money management firm - Jones Lang LaSalle (JLL) - plans to invest around US\$ 1 billion in the country's burgeoning property market.
- Global financial services major Merrill Lynch & Co acquired 49 per cent equity in seven mid-income housing projects of India's largest real estate developer DLF for US\$ 375.98 million.

- Landmark to invest US\$ 993.38 million in 12 projects across the northern region in the next three-four years.
- Prominent global players Carlyle, Blackstone, Morgan Stanley, Trikona, Warbus Pincus, HSBC Financial Services, Americorp Ventures, Barclays and Citigroup among others have all already checked into the Indian realty market.
- The inflows from Private Equity during the first five months of 2008, have surpassed US\$ 3 billion, which incidentally is the total PE investment into Indian Real Estate Industry during the entire 2007.
- Indian Real Estate companies too are going global. Some of them include: Prudential Real Estate; Embassy Group; Parsvanath Developers, Purvankara Group, Hiranandani Group, South City Projects, and Ansals.

### 2.4 Wind Power:

With the rising price of fossil fuels and increasing environmental concerns, renewable energy - particularly wind power - seems to be back in favour. The major benefit of wind energy is that it is renewable - unlike fossil fuels such as coal and oil. Secondly, it is a clean energy source so there are no emissions of carbon dioxide, sulphur dioxide and other pollutants.

The Government has once again reiterated its support of renewable energy through the 11th Five year plan. The continuation of accelerated depreciation on windmills, exemption from central excise and cenvat and adoption of renewable portfolio standards by some states will go a long way in encouraging the industry.

The Indian government expects renewable energy to contribute 10% of total power generation capacity by 2012 and have a 4-5% share in the electricity mix. This implies that renewable energy will make up 20% of the 70,000 MW of total additional energy planned from 2008-2012.

### 2.5 Solar Photo Voltaic:

Photovoltaics (PV) is the field of technology and research related to the application of solar



cells for energy by converting sunlight directly into electricity. Due to the growing need for solar energy, the manufacture of solar cells and photovoltaic arrays has expanded dramatically in recent years.

The Photovoltaic production has been doubling every two years, increasing by an average of 48 percent each year since 2002, making it the world's fastest-growing energy technology. At the end of 2007, according to preliminary data, cumulative global production was 12,400 megawatts. Roughly 90% of this generating capacity consists of grid-tied electrical systems. Such installations may be ground-mounted (and sometimes integrated with farming and grazing) or built into the roof or walls of a building, known as Building Integrated Photovoltaic or BIPV for short.

Although the selling price of modules is still too high to compete with grid electricity in most places, financial incentives such as preferential feed-in tariffs for solar-generated electricity and net metering, have supported solar PV installations in many countries including Germany, Japan, and the United States, which comprises the potential export market for the Company.

Nevertheless, certain reliefs have been offered by the Government on PV manufacturers. These include: 100% depreciation in the first year of installation of the systems; No excise duty for manufacturers; low import tariff for several raw materials and components; and soft loans to users, intermediaries and manufacturers. These measures shall go a long way to boost the industry.

### 3. RISK ANALYSIS & MITIGATION

Risk Factors	Risk Mitigants
<b>3.1 JFTC Division</b>	
As a result of low capacity utilisation in the JFTC industry, the Company faces stiff competition from other players in the industry. Further due to abolishment of import duty on JFTC, the situation is likely to further worsen.	The industry is likely to consolidate in the near future, with only few players emerging out of it. The Company has got lower depreciation on its properties, and lower financial costs, which help the Company to protect its margin despite the competition. Also, expecting the downtrend in the sales of JFTC, the Company has been diversifying its product portfolio and has entered into real estate, and now in wind power.
<b>3.2 Copper Division</b>	
The telecom sector is the major customer segment accounting for 35-40% for copper industry. With the increasing shift from fixed line to wireless mode of communication, there is a threat for demand growth for copper from this segment.	The demand for copper from telecom industry is decreasing. However, the Company is planning to capitalize on the high growth in the auto component and electrical component sector. The Company has entire range of copper products used in automobiles and long term tie ups with OEMs. This will reduce its dependence on the telecom industry.
BIL's claims to diversify its business into manufacture and supply of copper products to automobile segments. It is to be examined whether the Company has entered into long term contracts with automobile OEMs/auto ancillary for sale of copper products.	Generally, the OEMs do not enter into long-term contracts for automobile parts. The contracts are given every quarter. The contracts are awarded on the basis of the quality of the products and on the ability of the Company to meet delivery schedule. When the OEMs are satisfied with the quality and timely delivery, they develop a long-term relationship with the supplier, by awarding the contract to the same supplier. BIL has been manufacturing auto parts of high quality and due to the improvement in process, increased labour productivity, improvised technology, it has continuously been able to meet its delivery schedules. Due to this, it has developed long term relationships with major OEMs. Though there is no formal long term contract, BIL has been the supplier to Lucas TVS, MICO for the past ten years. BIL also has the entire range of copper products used in automobiles, which is an added advantage for OEMs.



3.3 REAL ESTATE & INFRASTRUCTURE:

Risk Factors	Risk Mitigants
Rehabilitation & Resettlement (R&R)	Lands selected by the Company are those which do not require R&R.
Failure/delay in obtaining applicable permits	The Company has significant experience in handling these types of project. Considerable care has been taken while selecting the land and ensured that the land is free from any encumbrances and no delay is encountered in this front.
Funding Risk	The Company is a financially strong Company and enjoys good relations with the banker with no history of default. Hence, getting debt sanctioned for the developments is not a major concern. Moreover, the funds from its existing operations are also satisfactory.
Project Cost Risk	For each of its project the Company appoints reputed Project Management consultant to mitigate any such risk. Suitable contingency factors are also assumed for various cost components. Hence, it may be assumed that minimal risk is associated with the increase in project cost.
Occupancy risk	Before selecting any land for development the Company does a detailed survey which gives the Company an insight while selecting the site and purpose for its development.
Price Risk	As far its residential/commercial projects are concerned, the Company is cost conscious while developing its land bank. Currently in Hyderabad City, due to IT/ITES boom demand for real estate is robust. Therefore, the risk of significant fall in the next two to three years can also be considered as low.

3.4 WIND POWER:

Risk Factors	Description	Risk Mitigants
No Wind Or Less Wind Situation	Flow of wind is a natural phenomenon beyond the control of any one. Deviation of wind speed than the projected could effect generation data of WEG.	To ensure that wind change pattern is minimum, sites for setting up wind farms are identified by the developers based on studies of wind data compiled by Centre for Wind Energy Technology (C-WET), Chennai so as to ensure that wind change pattern is minimum.
Grid Availability	The Grid Capacity may not be adequate to handle the quantum of power generated.	Proper Evacuation System should be checked by competent engineers having in depth knowledge of transmission system prior to finalization of site, for WEGs.  The State Power Regulators are taking care that adequate evacuation system is created by the developers at the time of putting up of wind farm. This has been made mandatory. Status to be checked before placement of order.  Power Purchase Agreements are approved by the Regulators only when developers have agreed for complying this mandatory provision. Provision needs to be checked.
Machine Availability	Machine does not function as guaranteed by manufacturer resulting in reduction in machine availability.	The WTG supplier i.e. Suzlon has been selected after careful examination of their past performance. The supplier is responsible for the operation & maintenance of the WTG's supplied . An O&M team of Suzlon is available at the site all the time monitoring the performance of the machinery and any defect is rectified immediately.





### 3.4 SOLAR PHOTO VOLTAIC:

Risk Factors	Description	Risk Mitigants
Huge Capital Cost	The most important issue with solar panels is capital cost (installation and materials). Early as 2006, the average cost per installed watt for a residential sized system was about USD 7.50 to USD 9.50 NATION WIDE	Newer alternatives to standard crystalline silicon modules including casting wafers instead of sawing, thin film (CdTe CIGS, amorphous Si, microcrystalline Si), concentrator modules, 'Sliver' cells, and continuous printing processes. Due to economies of scale solar panels get less costly as people use and buy more as manufacturers increase production to meet demand, the cost and price is expected to drop in the years to come.
High Selling Price	The selling price of energy generated from SPV modules is still too high to compete with grid electricity.	Financial incentives, such as preferential feed-in tariffs for solar-generated electricity and net metering, have supported solar PV installations in many countries including Germany, Japan, and the United States, which comprises the potential export market for the Company
Raw Material Availability	Availability of raw materials such a Silica, Solar cells, EVA etc., is a little scarce	Huge capacity additions of manufacturing of raw materials for SPV industry is under process and the situation is anticipated to be good in the coming years. Further, the Company is entering into long term supply agreements with various manufacturers of materials across the world.

### 4. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

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

### 5. BUSINESS OUTLOOK

#### 5.1 Copper Products:

The Copper division of the Company is performing steadily and will continue to be the major revenue generator. The Company has added new products such as Copper fins which are used in Solar water heaters and Bus bars. With the growing demand for the auto components and fresh demand for the new

products of the Company, the Company is looking forward for a year growth of around 20% from this division.

#### 5.2 Jelly Filled Cables Division:

The Demand for cable is expected to decrease in future. Mitigating this to some extent is lower incidence of sales tax and income tax, low component of depreciation on the plants in Goa and low marginal financial cost to the Company. For the current financial year the Company has already acquired orders worth Rs. 30 crores and is anticipating a turnover of around Rs. 40 crores. The Company is gradually reducing dependence on jelly filled cables and is shifting its focus on other divisions.

#### 5.3 Real Estate & Infrastructure:

The Company has increased its focus on Real Estate & Infrastructure division and is posed to contribute more to the revenues of the Company. Presently, the Company has undertaken various projects for construction of IT Parks, Commercial & Residential Complexes.

#### 5.4 Wind Power:

At present the Wind Power Project with the present capacity of 9.0 MW will continue to contribute steady revenue of about 7 crores annually. The Company plans to expand further into this segment with a capacity addition of 10MW.



### 5.5 Solar Photovoltaic:

To start with the Company through its JV Company shall venture into the Solar Photo voltaic industry with the manufacture of SPV Modules. The commercial production of the same with an initial capacity of 40MW is expected to commence by Nov/ Dec'08. Thereafter, the Company shall also venture into the manufacturing of SPV Cells.

## 6. FINANCIAL PERFORMANCE & OPERATIONAL PERFORMANCE :

### A. Financial Condition:

#### Capital Structure :

The Equity Share Capital of the Company is Rs.14,90,00,000/- comprising of 7,45,00,000 Equity Shares of Rs.2/- each fully paid.

#### Reserves and Surplus:

The Reserves and Surplus of the Company as on 31.03.08 stand at Rs. 20379.59 lakhs as compared to Rs. 17161.26 lakhs in the previous year.

#### Fixed Assets :

During the year, the Company added Rs.346.79 lakhs in Fixed Assets.

#### Inventories :

Inventories, as on 31st March, 2008, amounted to Rs. 2211.08 lakhs as against Rs. 584.52 lakhs in the previous year.

#### Sundry Debtors :

Sundry debtors amounted to Rs.2239.06 lakhs as on 31st March, 2008 as against Rs.1769.69 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. 2865.22 lakhs as against Rs. 2153.20 lakhs in the previous year which include amounts deposited with banks as security.

#### Loans and Advances :

'Loans and Advances' amount to Rs. 14005.99 Lakhs as against Rs. 11329.72 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 2007-2008, the turnover of the Company was Rs.19995.48 lakhs as compared to Rs. 23843.13 lakhs in the previous year.

The Income from other sources as on 31st March, 2008 was Rs. 2077.37 lakhs as compared to Rs. 989.52 lakhs in the previous year.

#### Expenditure :

During the year, the Company incurred expenses amounting to Rs.2431.76 lakhs as compared to Rs. 2102.81 lakhs in the previous year.

#### Depreciation :

The Company has provided a sum of Rs. 483.26 lakhs towards depreciation for the year as against Rs. 299.20 lakhs in the previous year.

#### Provision for Tax:

The Company has provided a current tax of Rs. 480.00 lakhs and deferred tax liability of Rs 27.55 lakhs for the year 2007-2008.

#### Net Profit :

The Net Profit of the Company after tax is Rs. 3741.30 lakhs as against Rs. 7017.12 lakhs in the previous year.

#### Earnings Per Share :

The Earnings Per Share of the Company as on 31st March, 2008 is Rs. 5.02 ps for face value of Rs.2/- as against Rs. 9.42 ps per share for face value of Rs.2/- in the previous year

## HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

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

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

As on 31st March, 2008, the Company has a total strength of 241 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  
(formerly Bhagyanagar Metals Limited)

1. We have audited the attached Balance Sheet of Bhagyanagar India Limited (formerly Bhagyanagar Metals Limited) as at March 31, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 (as amended) (henceforth referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (henceforth referred to as the Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above we report that :
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company as far as appears from our examination of those books. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with

by this report are in agreement with the books of account and with the returns from the branches ;

- c. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.
- d. On the basis of the written representation received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause(g) of sub-section (1) of Section 274 of the Act.
- e. Without qualifying our opinion, we draw your attention to Note 4 of Schedule 20 B - Notes to Accounts to the Financial Statements. The management is of the view that the liability to pay premium on redemption is contingent, the ultimate outcome of that matter cannot be presently determined and no provision for any liability that may result in future including creation of Reserve for redemption has been made in financial statements.
- f. The Notification for levy and deposit of Cess U/s. 441A of the Act has not yet been issued in the official gazette; hence in our opinion this clause is not applicable to the Company.
- g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India -
  - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
  - ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date

**For Sekhar & Co.**  
Chartered Accountants

**G. Ganesh**  
Partner

Sunderabad,  
June 26, 2008

Membership No: 211704



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

Re: Bhagyanagar India Limited (Formerly: Bhagyanagar Metals Limited)

1.
  - a. The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets.
  - b. All fixed assets have not been physically verified during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - c. In our opinion, there have been no significant disposals of fixed assets during the year which affect the going concern assumption.
2.
  - a. The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c. The Company is maintaining proper records of inventory. The discrepancies notices on verification between the physical stocks and the book records were not material.
3.
  - a. The Company has not granted any loans to companies covered in the register maintained under Section 301 of the Act. Hence we are not required to report on sub-clauses b, c and d of this clause of the Order.
  - b. The Company has not taken any loans from companies covered in the register maintained under Section 301 of the Act. Hence we are not required to report on sub-clauses f and g of this clause of the Order.
4. In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
5.
  - a. According to the information and explanations given to us, by the management, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts or arrangements entered in the register maintained under Section 301 of the Act, and exceeding rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However we are unable to comment on certain transactions for specialized items for which comparative prices are not available due to the nature of goods and peculiar nature of transactions.
6. The Company has not accepted deposits which fall under Section 58A and 58AA of the Act and the rules made there under from the public, hence we have not reported on the relevant reporting requirements of the Order.
7. An outside firm of Chartered Accountants has carried out the Internal Audit of the Company. In our opinion the system of Internal Audit is commensurate to nature and size of the Company and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Telecom Cables and generation of Wind Power pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act, and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. *We have not, however, made a detailed examination of the records with a view to determine whether they are accurate, adequate or complete.*
9.
  - a. The Company regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.  
  
Further, since Central Government has till date not prescribed the amount of Cess payable under Section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.



- b. According to the information and explanations given to us and the records of the Company produced before us and examined by us, there are no dues of wealth tax, service tax, excise duty and Cess, which have not been deposited on account of any dispute. The particulars of sales tax, & Customs duty as at 31st March 2008, which has not been deposited on account of dispute are as follows.

Name of Statute	Nature of dues	Amount under dispute not yet deposited	Periods to which the amount relates	Forum where the dispute is pending.
Andhra Pradesh General Sales Tax Act	APGST Tax	Rs.3.81 Lacs	1994-95	Sales Tax Appellate Tribunal Hyderabad
	CST	Rs.1.85 Lacs	2004-05	Appellate Dy. Commsny Punjagutta
	Entry Tax	Rs.0.81 Lacs	2005-06	- do -
	AP - VAT	Rs. 5.07 Lacs	2005-06	- do -
Central excise and Customes Act	Levy of Duty on certain products	Rs.40.07 Lacs Exl: Penalty and Interest	2004-05	CESTAT - Bangalore
	Total	Rs.51.35 Lacs		

10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. We are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a *chit fund* or a *nidhi/mutual benefit fund/society*. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities debentures and other investments. Accordingly the provisions of the clause 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are *prima-facie* prejudicial to the interest of the Company.
16. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment. However without qualifying we wish to bring to your notice that certain short term loans which were also given / renewed for capital expenditure was used for the same.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. We have verified that the end use of money raised by issue of 'Zero Coupon Convertible Bonds due 2011' is as disclosed in the notes to the financial statements. (Refer note 4 of schedule 20 B to financial statements).
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information, representations and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Sekhar & Co.**  
Chartered Accountants

**G. Ganesh**  
Partner

Membership No: 211704

Secunderabad,  
June 26, 2008

BALANCE SHEET AS ON 31<sup>st</sup> MARCH 2008

(Amount in Rupees)

	Sch.No	As on 31.03.2008	As on 31.03.2007
<b>Sources of Funds</b>			
Share capital	1	149,000,000	149,000,000
Reserves and Surplus	2	2,037,959,379	1,716,125,748
Share-Holders Funds		2,186,959,379	1,865,125,748
Share warrants (pending allotment) (1,55,00,000 optionally fully convertible warrants)		86,810,000	–
<b>Loan Funds</b>			
Secured loans	3	392,401,249	203,975,749
Unsecured loans	4	779,659,221	831,492,078
<b>Total</b>		<b>3,445,829,849</b>	<b>2,900,593,575</b>
<b>Application of Funds</b>			
<b>Fixed Assets (At cost)</b>			
Gross Block	5	1,217,557,296	1,279,794,801
Less Depreciation		483,449,838	454,582,098
<b>Net Block</b>		<b>734,107,458</b>	<b>825,212,703</b>
Capital Work-In-Progress		53,779,351	29,670,648
<b>Investments (At cost)</b>	6	<b>269,691,221</b>	<b>107,162,140</b>
<b>Current Assets, Loans and advances</b>			
Inventories	7	221,108,848	58,452,749
Sundry debtors	8	223,906,475	176,969,581
Cash & Bank Balances	9	286,522,834	215,320,282
Other Current Assets	10	556,861,908	519,486,810
Loans & Advances	11	1,400,599,769	1,132,972,459
		2,688,999,834	2,103,201,881
<b>Less Current Liabilities &amp; Provision</b>			
Liabilities	12	257,304,315	124,215,227
Provisions	13	52,796,765	52,546,770
		310,101,080	176,761,997
<b>Net Current Assets</b>		<b>2,378,898,754</b>	<b>1,926,439,884</b>
Net Deferred Tax Assets	14	9,353,065	12,108,200
Notes to Accounts	20		
<b>Total</b>		<b>3,445,829,849</b>	<b>2,900,593,575</b>

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

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

**For Sekhar & Co**

Chartered Accountants

For and on behalf of Board of Directors

**G. Ganesh**

Partner

(M. No: 211704)

**G.M. Surana**

Chairman

**Narender Surana**

Managing Director

**Devendra Surana**

Managing Director

Place : Secunderabad, India

Date : June 26, 2008

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008

(Amount in Rupees)

	Sch.No.	For the Year ended 31.03.2008	For the Year ended 31.03.2007
<b>Income</b>			
Gross income from operations	15	2,284,515,221	2,683,435,660
Less: Excise duty		284,966,739	299,123,222
Net Income from Operations		1,999,548,482	2,384,312,438
Other Income	16	207,737,561	98,952,357
<b>Total</b>		<b>2,207,286,043</b>	<b>2,483,264,795</b>
<b>Expenditure</b>			
Materials	17	1,430,929,319	1,397,260,177
Expenses	18	243,176,839	210,281,411
Interest & Financial Charges	19	59,102,912	41,729,014
Depreciation		48,326,443	29,920,021
<b>Total</b>		<b>1,781,535,513</b>	<b>1,679,190,623</b>
Profit for the year		425,750,530	804,074,172
Prior Period Adjustment		-	-
Profit before Taxation		425,750,530	804,074,172
Provision for Taxation			
- Current year		48,000,000	107,500,000
- Deferred Tax		2,755,135	(6,105,000)
- Fringe Benefit Tax		865,000	850,000
- Tax adjustments of previous years		-	116,854
Profit after Taxation		374,130,395	701,712,318
Balance B/F from Previous year		601,706,991	468,925,039
Amount Available for appropriation		975,837,387	1,170,637,357
Add: Excess provision of Dividend of earlier years		-	19,984
Proposed Dividend		44,700,000	44,700,000
Additional Tax on Dividend		7,596,765	7,596,770
Transfer to Foreign Exchange fluctuation reserve		87,600,000	
Transfer to General Reserve		50,000,000	516,653,580
Surplus Carried to Balance Sheet		785,940,622	601,706,991

The Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date

**For Sekhar & Co**

Chartered Accountants

For and on behalf of Board of Directors

**G. Ganesh**  
Partner  
(M. No: 211704)

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad, India  
Date : June 26, 2008

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary



CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2008

(Amount in Rupees)

PARTICULARS	2007-08	2006-07
<b>A. Cash flow from operating Activities</b>		
Net Profit before tax as per annexed profit and loss account	425,750,530	804,074,172
Adjustments for :		
Depreciation	48,326,443	29,920,021
Unrealised gain of Foreign Exchange	(52,050,000)	(32,356,989)
Lease rents Amortised	512,630	265,960
Bad Debts Written Off & Provision for Bad Debts	1,861,105	4,471,076
Balances / Provisions no longer required written back	(202,735)	(10,870,216)
Profit on Sale of Investments(Net)	(7,957,054)	(709,537)
Profit on Sale of Assets	(134,167,751)	(529,385,152)
Interest Paid	59,102,912	41,729,014
Interest Received	(139,200,717)	(54,519,487)
Dividends Received	(6,257,201)	(10,142,403)
<b>Operating Profit before working Capital Changes</b>	<b>195,718,162</b>	<b>242,476,459</b>
Inventories	(162,656,099)	131,424,182
Loans and Advances	(16,523,986)	(171,801,476)
Other Current Assets	(37,375,098)	(113,929,510)
Sundry Debtors	(48,797,999)	16,232,941
Trade Payables and other Liabilities	125,041,694	21,269,125
Advance from Customers	8,403,063	8,168,631
<b>Cash Generated from Operations</b>	<b>63,809,737</b>	<b>133,840,352</b>
Income Tax & Fringe Benefit Tax Paid	(53,829,597)	(118,065,525)
Taxes of earlier years	-	(4,243,854)
	(53,829,597)	(122,309,379)
Net Cash (used in)/from operating Activities (A)	<b>9,980,140</b>	<b>11,530,973</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(34,679,608)	(633,562,528)
Sale of Fixed Assets	211,113,518	574,669,097
Purchase of Mutual Funds & Other Investments	(1,106,070,367)	(2,239,309,446)
Sale of Mutual Funds & Other Investments	951,498,340	2,254,893,035
Dividend Received on shares and Mutual funds	6,257,201	10,142,403
Interest Received	139,200,717	54,519,487
Changes in Capital Work in Progress	(24,108,703)	(29,670,648)
Loans to Joint Ventures and Subsidiaries	(246,138,713)	(757,431,230)
Net Cash (used in)/from Investing Activities (B)	<b>(102,927,615)</b>	<b>(765,749,830)</b>



## CASH FLOW STATEMENT (Contd.,)

(Amount in Rupees)

PARTICULARS	2007-08	2006-07
<b>C. Cash flow from financing Activities</b>		
Proceeds from Issue of Share Capital	86,810,000	20,000,000
Proceeds from FCCB (net realised)	–	678,321,369
FCCB Issue Expenses charged to Securities Premium Account	–	(31,663,058)
Proceeds form Short term Loans(Net)	188,425,500	353,975,749
Repayment/ (Receipt) of Long Term Loans	217,143	(54,063,813)
Interest Paid	(59,102,912)	(41,729,014)
Dividend Paid	(52,199,704)	(25,241,985)
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>164,150,027</b>	<b>899,599,248</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>71,202,552</b>	<b>145,380,391</b>
Cash and Cash Equivalents Opening Balance	215,320,282	69,939,891
Cash and Cash Equivalents Closing Balance	286,522,834	215,320,282
<b>Change in Cash and Cash Equivalents</b>	<b>71,202,552</b>	<b>145,380,391</b>

**Notes:**

1. 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 .
2. Previous Year Figures have been regrouped wherever necessary to conform to the current year's Classification.
3. Cash and Cash equivalents aggregating to Rs.13,34,67,041(Rs.16,72,90,734) are not readily available for free use by the Company.It Comprises of Unpaid dividend Rs.7,99,001 (Rs.7,01,935), Balance in Margin Money Accounts, Accrued interest on Bank Deposits Rs. 4,21,66,784 (Rs. 3,03,66,240) Balance in Overseas Deposit Accounts and corresponding Indian Account usage of which is restricted by FEMA 1999 Rs.9,05,01,256 (Rs. 13,62,22,559) - The Figures in brackets indicate Previous Years Figures.
4. Notes to Accounts(Schedule 19) form an integral part of Cash Flow Statement.

In terms of our report of even date

**For Sekhar & Co**  
Chartered Accountants

For and on behalf of Board of Directors

**G. Ganesh**  
Partner  
(M. No: 211704)

**G.M. Surana**  
Chairman

**Narender Surana**  
Managing Director

**Devendra Surana**  
Managing Director

Place : Secunderabad, India  
Date : June 26, 2008

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary





## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

	As on 31.03.2008	As on 31.03.2007
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each	250,000,000	250,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
7,45,00,000 (Previous Year 7,45,00,000)		
Equity shares of Rs 2 each fully paid-up	<u>149,000,000</u>	<u>149,000,000</u>
Includes 3,70,00,000 Shares allotted as bonus on capitalisation of Securities Premium account during the Year 2006-2007		
<b>2. RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last account	1,000,000,000	450,000,000
Add: Transferred from Capital Redemption Reserve	-	33,346,420
Add: Transferred from Profit & Loss Account	<u>50,000,000</u>	<u>516,653,580</u>
Balance at the year end	<u>1,050,000,000</u>	<u>1,000,000,000</u>
<b>Capital Reserve</b>		
Balance as per last account	<u>16,676,523</u>	<u>16,676,523</u>
Balance at the year end	<u>16,676,523</u>	<u>16,676,523</u>
<b>Capital Redemption Reserve</b>		
Balance as per last account	-	33,346,420
Less: Transferred to General Reserves	-	<u>(33,346,420)</u>
Balance at the year end	<u>-</u>	<u>-</u>
<b>Foreign Exchange fluctuation Reserve</b>		
Balance as per last account	-	-
Add: Transfer from Profit & Loss Account	<u>87,600,000</u>	<u>-</u>
Balance at the year end	<u>87,600,000</u>	<u>-</u>
<b>Share Premium account</b>		
Balance as per last account	97,742,234	175,879,092
Add: Received on preferential issue	-	19,000,000
Less: Utilised for Issue of Bonus Shares	-	(74,000,000)
Less: Utilised for Expenses for Issue of FCCB (net of taxes)	-	<u>(23,136,858)</u>
Balance at the year end	<u>97,742,234</u>	<u>97,742,234</u>
<b>Profit &amp; Loss account</b>		
Surplus as per account annexed	<u>785,940,622</u>	<u>601,706,991</u>
	<u>2,037,959,379</u>	<u>1,716,125,748</u>
<b>3. SECURED LOANS</b>		
From Banks		
Cash Credit	42,349,249	3,975,749
Term Loans from Banks	<u>350,052,000</u>	<u>200,000,000</u>
	<u>392,401,249</u>	<u>203,975,749</u>
<b>4. UNSECURED LOANS</b>		
Deferred Sales Tax	27,859,221	27,642,078
Unsecured Term Loan from Bank	150,000,000	150,000,000
Foreign Currency Convertible Bonds (1,50,000 bonds of the face value of \$ 100 each valued at Rs 40.12 as on 31.03.2008)	<u>601,800,000</u>	<u>653,850,000</u>
	<u>779,659,221</u>	<u>831,492,078</u>
Due within a year	<u>150,000,000</u>	<u>150,000,000</u>





**SCHEDULE 5 - FIXED ASSETS**

Particulars	Gross Block						Depreciation				Net Block	
	Cost as on 01.04.2007	Additions during the year	Deletions/Adj. during the year	Cost as on 31.03.2008	Upto 31.03.2007	For the year	Deletions/ year	Upto 31.03.2008	As on 31.03.2008	As on 31.03.2007		
1. a Free-Hold Land	175,549,579	3,357,316	-	178,906,895	-	-	-	-	178,906,895	175,549,579		
1. b Lease-Hold Land	14,387,740	-	512,630	13,875,110	-	-	-	-	13,875,110	14,387,740		
2. a Buildings	30,467,424	-	-	30,467,424	16,224,128	1,287,694	-	17,511,822	12,955,602	14,243,299		
2. b Buildings (Infra)	128,060,000	-	96,045,000	32,015,000	22,891,208	3,385,121	19,140,321	7,136,008	24,878,992	105,168,792		
3 Plant & Machinery	398,399,420	25,205,696	-	423,605,116	359,026,626	13,945,829	-	372,972,455	50,632,661	39,372,803		
4 Wind Power Plant	463,496,535	-	-	463,496,535	6,643,500	24,472,617	-	31,116,117	432,380,418	456,853,035		
5 Elec.Installation	25,203,754	-	-	25,203,754	22,674,298	657,752	-	23,332,050	1,871,704	2,529,456		
6 Office Equipment	8,504,372	730,369	-	9,234,741	5,793,373	422,377	-	6,215,750	3,018,991	2,710,998		
7 Vehicles	25,881,071	4,580,045	359,469	30,101,647	13,713,135	3,563,823	318,381	16,958,577	13,143,070	12,167,936		
8 Furniture & Fixtures	5,388,060	-	-	5,388,060	3,674,307	310,189	-	3,984,496	1,403,564	1,713,753		
9 Computer	4,454,822	806,182	-	5,261,004	3,939,510	281,042	-	4,220,552	1,040,452	515,313		
10 Library	2,010	-	-	2,010	2,010	-	-	2,010	-	-		
	1,279,794,787	34,679,608	96,917,099	1,217,557,296	454,582,095	48,326,443	19,458,702	483,449,838	734,107,458	825,212,704		
Previous year	709,784,027	633,562,528	63,551,754	1,279,794,801	449,603,928	29,920,019	24,941,851	454,582,099	825,212,702			



6. INVESTMENTS (AT COST)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
<b>Unquoted Securities</b>				
1) <b>In Government Securities</b>				
National Savings Certificates - 7 Years		500		500
Total Investment in government Securities		500		500
2) <b>In Shares of Joint Stock Companies</b>				
A) <b>Unquoted Investments</b>				
a) In companies under the same management				
Surana Technopark Private Limited (Equity share of Rs 10 each fully paid up)	–	–	3330	33,300
Bhagyanagar Infrastructure Limited (Equity share of Rs 10 each fully paid up)	2750000	18,330,000		
<b>Sub-Total</b>		18,330,000		33,300
b) <b>In Subsidiary Companies</b>				
Bhagyanagar Telecom Limited (Equity share of Rs. 10 each fully paid up)	50,000	500,000	50000	500,000
Bhagyanagar Properties Limited (Equity share of Rs 10 each fully paid up)	4,000,000	40,000,000	4000000	40,000,000
Bhagyanagar Infrastructure Limited (Equity share of Rs 10 each fully paid up)	–	–	2,500,000	25,000,000
Bhagyanagar Metals Limited (Equity share of Rs 10 each fully paid up)	50,000	500,000	50000	500,000
Scientia Infocom India Limited (Equity share of Rs 10 each fully paid up)	3,040,000	30,400,000	3040000	30,400,000
Metropolitan Ventures India Limited (Equity share of Rs 10 each fully paid up)	370,000	3,700,000	–	–
<b>Sub Total</b>		75,100,000		96,400,000
c) <b>In companies under Joint Venture</b>				
Designer Real Estate India Private Limited (Equity share of Rs 10 each fully paid up)	–	–	90000	900,000
Bhagyangar Entertainment and Infra Development Company (P) Ltd	23,500	235,000	–	–
Savitrimata Relators Private Limited (Equity share of Rs 10 each fully paid up)	25,500	255,000	25500	255,000
Surana Ventures Limited (Equity share of Rs 10 each fully paid up)	400,000	4,000,000	–	–
<b>Sub Total</b>		4,490,000		1,155,000
d) <b>In other companies</b>				
Arihant Optics Limited (Equity share of Rs 10 each fully paid up)	300000	3,000,000	300000	3,000,000
Sampre Nutrition Ltd (Equity share of Rs 10 each fully paid up)	26650	266,500	–	–
<b>Sub Total</b>		3,266,500		3,000,000



6. INVESTMENTS (AT COST) (Contd.,)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
<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)	1852298	14,527,621	1538680	3,064,325
<b>Sub Total</b>	–	14,527,621	–	3,064,325
<b>b) In Other Companies</b>				
Akruti Nirman Limited (Equity Shares of Rs 10 each Fully paid-up)	211	107,477	270	96,476
Andhra Bank (Equity Shares of Rs 10 each Fully paid-up)	600	66,408		
Axis Bank (Formerly UTI Bank) (Equity Shares of Rs 10 each Fully paid-up)	34	27,494		
Deccan Chronicle Holdings Limited (Equity Shares of Rs 2 each Fully paid-up)	7037	1,453,855	120	18,731
Edelweiss Capital Limited (Equity Shares of Rs 5 each Fully paid-up)	23	32,172		
Eicher Motors Limited (Equity Shares of Rs 10 each Fully paid-up)	350	150,154		
Essar Oil Limited (Equity Shares of Rs 10 each Fully paid-up)	300	81,368		
Finolex Cables Limited (Equity Shares of Rs 2 each Fully paid-up)	500	32,176		
Future Capital Holdings Limited (Equity Shares of Rs 10 each Fully paid-up)	200	142,545		
Gammon India Limited (Equity Shares of Rs 2 each Fully paid-up)	100	41,129		
Gati Limited (Equity Shares of Rs 2 each Fully paid-up)	45	5,044		
GMR Infrastructure Limited (Equity Shares of Rs 2 each Fully paid-up)	2300	407,366		
GSS America Infotech (Equity Shares of Rs 10 each Fully paid-up)	37	21,918		
GVK Power & Infrastructure Limited (Equity Shares of Rs 1 each Fully paid-up)	2500	101,375		
GHCL limited (Formerly Gujrat Heavy Chemicals Limited) (Equity Shares of Rs 10 each Fully paid-up)	2000	252,602	1400	199,146
Hindalco Industries Limited (Equity Shares of Rs 1 each Fully paid-up)	300	56,269		
I F C I (Equity Shares of Rs 10 each Fully paid-up)	2300	133,993		
Indian Bank (Equity Shares of Rs 10 each Fully paid-up)	–	–	27380	2,487,845



6. INVESTMENTS (AT COST) (Contd.,)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
Indusind Bank (Equity Shares of Rs 10 each Fully paid-up)	450	39,222		
Infosys Technologies Limited (Equity Shares of Rs 5 each Fully paid-up)	100	153,441		
Insecticides (India) Limited (Equity Shares of Rs 10 each Fully paid-up)	21	778		
Ispat Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	3500	113,430		
K S Oil Limited (Equity Shares of Rs 1 each Fully paid-up)	450	31,793		
KNR Construction Limited (Equity Shares of Rs 10 each Fully paid-up)	1934	328,780		
Larsen & Tubro Limited (Equity Shares of Rs 2 each Fully paid-up)	50	150,978		
Megasoft Limited (Equity Shares of Rs 10 each Fully paid-up)	1000	101,070		
Moser-Baer India (Equity Shares of Rs 10 each Fully paid-up)	2040	349,331		
Mcloed Russels India Ltd (Equity Shares of Rs 5 each Fully paid-up)	–	–	300	18,312
Nagarjuna Fertiliser & Chemicals Limited (Equity Shares of Rs 10 each Fully paid-up)	1000	37,130		
Paramount Communications Limited (Equity Shares of Rs 2 each Fully paid-up)	1000	26,030		
Parsvnath Developers Limited (Equity Shares of Rs 10 each Fully paid-up)	200	43,460		
Reliance National Resources Limited (Equity Shares of Rs 10 each Fully paid-up)	200	28,768		
Reliance Petroleum Limited (Equity Shares of Rs 10 each Fully paid-up)	200	39,861		
Reliacne Power Limited (Equity Shares of Rs 10 each Fully paid-up)	400	173,520		
Rural Electrification Limited (Equity Shares of Rs 10 each Fully paid-up)	1086	114,030		
Rain Calcining Ltd (Equity Shares of Rs 10 each Fully paid-up)	–	–	1000	35,480
SAIL Limited (Equity Shares of Rs 10 each Fully paid-up)	3960	941,240		
Sesa Goa Limited (Equity Shares of Rs 10 each Fully paid-up)	10	33,779		
Sobha Developers Limited (Equity Shares of Rs 10 each Fully paid-up)	30	28,406		
Sree Sakthi Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	6000	180,000		



6. INVESTMENTS (AT COST) (Contd.,)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
State Bank of India (Equity Shares of Rs 10 each Fully paid-up)	30	55,389		
Sterlite Industries Limited (Equity Shares of Rs 2 each Fully paid-up)	100	80,184		
Shree Shakti Papers Ltd (Equity Shares of Rs 10 each Fully paid-up)	–	–	20949	628,470
Tata Steel Limited (Equity Shares of Rs 10 each Fully paid-up)	300	239,277		
Talbro's Auto Ltd (Equity Shares of Rs 10 each Fully paid-up)	–	–	107	10,915
Triveni Engineering & Industries Ltd. (Equity Shares of Rs 1 each Fully paid-up)	–	–	200	9,890
Vaibhav Gems Limited (Equity Shares of Rs 10 each Fully paid-up)	300	48,623		
Viceroy Hotels Limited (Equity Shares of Rs 10 each Fully paid-up)	200	12,678		
Videocon Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	100	51,738		
Visaka Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	2056	131,393		
XL Telecom Limited (Equity Shares of Rs 10 each Fully paid-up)	848	325,176		
<b>Sub Total</b>		<b>6,972,850</b>		<b>3,505,265</b>
<b>c) Investment in Debentures</b>				
Titan Industries Limited NCD (Debentures of Face value of Rs 250 each Fully paid-up)	15	3,750	15	3750
<b>Sub Total</b>		<b>3,750</b>		<b>3,750</b>
<b>Total Investment in equity Shares and Debentures</b>		<b>122,690,721</b>		<b>107,161,640</b>
<b>3) Investment in Mutual Fund</b>				
DBS Chola Liquid Daily Divident re-investment	6,000,000	60,000,000	–	–
SCMF G69 Liquidity Manager-Plus-Growth	1,500,000	15,000,000	–	–
DSP Merrill Lynch Cash plus-regular-growth	11,676,268	12,000,000	–	–
Reliance Liquid Fund-Growth option	2,467,673.477	30,000,000	–	–
Reliance Liquid Fund-Cash plan-growth plan	2,182,770.664	30,000,000	–	–
<b>Total Investments in Mutual Funds</b>		<b>147,000,000</b>		<b>–</b>
<b>Total Investments in Government Securities Shares and Mutual Funds</b>		<b>269,691,221</b>		<b>107,162,140</b>
<b>Aggregate Market Value of Quoted Investments</b>		<b>51,143,080</b>		<b>39,587,803</b>
<b>Aggregate NAV of Mutual Funds</b>		<b>147,331,365</b>		<b>–</b>



	(Amount in Rupees)	
	As on 31.03.2008	As on 31.03.2007
<b>7 INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials (At Cost)	173,612,880	41,821,174
Work in process (At cost or net realisable value whichever is lower)	44,693,250	13,437,090
Finished Goods (At cost or net realisable value whichever is lower)	2,802,718	807,155
Stock-In-Trade-real Estate (At cost)	-	2,387,330
<b>Total</b>	<b>221,108,848</b>	<b>58,452,749</b>
<b>8 SUNDRY DEBTORS</b>		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for		
- More than six months	27,048,087	18,458,493
- Less: Provision for doubtful debts	2,500,000	2,500,000
	24,548,087	15,958,493
- Others	199,358,388	161,011,088
	<b>223,906,475</b>	<b>176,969,581</b>
<b>9 CASH AND BANK BALANCES</b>		
Cash and cheques in hand	638,424	1,006,400
Balance with scheduled Banks		
- In current account	147,658,281	37,023,148
- In Dividend account	799,001	701,935
- In Fixed Deposit Account	95,260,344	146,222,559
- In deposit account - Kept under lien with banks towards margin money and other facilities	40,126,247	26,938,388
- Accrued interest on Fixed Deposits with Banks	2,040,537	3,427,852
	<b>286,522,834</b>	<b>215,320,282</b>
<b>10 OTHER CURRENT ASSETS</b>		
(Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	556,861,908	519,486,810
	<b>556,861,908</b>	<b>519,486,810</b>
<b>11 LOANS &amp; ADVANCES</b>		
(Unsecured Considered Good unless otherwise stated)		
Loans & Advances	37,831,668	23,400,022
Loans to Company under joint venture/Associates	347,687,402	110,635,235
Advances to Subsidiary Companies	769,458,851	760,372,305
Sundry Advances-Infrastructure	92,064,139	129,850,000
Balances with Statutory bodies	38,634,722	16,482,500
Advance tax (Net of Provisions)	9,502,650	4,423,053
Deposits	36,749,084	24,662,828
Advances to Suppliers	68,671,253	63,146,516
	<b>1,400,599,769</b>	<b>1,132,972,459</b>



(Amount in Rupees)

	As on 31.03.2008	As on 31.03.2007
<b>12 CURRENT LIABILITIES</b>		
Sundry Creditors	198,936,078	56,795,629
Lease deposits	8,472,879	33,828,839
Other Liabilities	28,226,743	20,422,273
Unclaimed Dividends	799,001	701,935
Advances from customers	20,869,614	12,466,551
	<u>257,304,315</u>	<u>124,215,227</u>
<b>13 PROVISIONS</b>		
Proposed Dividend	44,700,000	44,700,000
Additional Tax on Dividend	7,596,765	7,596,770
Bonus	500,000	250,000
	<u>52,796,765</u>	<u>52,546,770</u>
<b>14 DEFERRED TAX ASSETS /(LIABILITIES) (NET)</b>		
Deferred Tax Assets as at 1-04-2007	12,108,200	(2,523,000)
Deferred Tax Asset/Liability for the year	(2,755,135)	14,631,200
Net deferred tax assets as on 31.03.2008	<u>9,353,065</u>	<u>12,108,200</u>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
<b>15 INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	539,533,183	218,226,523
Copper Products	1,486,164,151	1,881,008,584
Infrastructure Leasing & Sales	111,092,882	158,651,288
Gain on Sale of other Assets/infrastructure rights	48,900,000	529,103,068
Income from disposal of Real Estate Joint Venture	40,118,400	-
Sale of Wind Power	68,635,124	8,997,561
Scrap & Misc Sales	1,953,072	3,946,933
	<u>2,296,396,812</u>	<u>2,799,933,957</u>
Less: Inter-Unit Sales	11,881,591	116,498,297
Gross Sales	<u>2,284,515,221</u>	<u>2,683,435,660</u>
Less : Excise duty	284,966,739	299,123,222
Net Sales	<u>1,999,548,482</u>	<u>2,384,312,438</u>



(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
<b>16. OTHER INCOME</b>		
Interest on Loans, Deposits & Others	137,887,838	52,808,803
Interest from Trade Debtors	1,312,879	1,710,684
Profit on sale of Sundry Assets	68,910	282,084
Profit on sale of Investments (Net)	7,957,054	709,537
AMC Charges - CDMA	2,028,125	3,041,499
Dividend	6,257,201	10,142,403
Miscellaneous income	624,526	283,307
Balances no longer payable written back	202,735	10,870,216
Gain on foreign exchange fluctuation (Net of losses)	51,398,293	19,103,824
<b>TOTAL</b>	<b>207,737,561</b>	<b>98,952,357</b>
<b>17. MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	41,821,174	40,089,919
Stock-in-Transit	–	9,536,382
b) Purchases net of Modvat	1,604,402,841	1,382,334,292
<b>Sub Total ( i )</b>	<b>1,646,224,015</b>	<b>1,431,960,593</b>
c) Less Closing Stock		
Raw Materials	173,612,880	41,821,174
<b>Sub Total ( ii )</b>	<b>173,612,880</b>	<b>41,821,174</b>
<b>i - ii</b>	<b>1,472,611,135</b>	<b>1,390,139,419</b>
Less: Inter-Unit Purchases	11,881,591	116,498,297
Raw materials consumed (A)	1,460,729,544	1,273,641,122
<b>B. Purchases of Traded Goods (B)</b>	<b>1,064,168</b>	<b>–</b>
<b>C. INCREASE/ DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	13,437,090	19,162,570
Finished Goods	807,155	29,364,478
Stock-In-Trade- Real Estate	2,387,330	91,723,582
	<b>16,631,575</b>	<b>140,250,630</b>
b) Less Closing Stock		
Work in Progress	44,693,250	13,437,090
Finished Goods	2,802,718	807,155
Stock-In-Trade- Real Estate	–	2,387,330
	<b>47,495,968</b>	<b>16,631,575</b>
<b>(C)</b>	<b>(30,864,393)</b>	<b>123,619,055</b>
<b>TOTAL (A) + (B) + ( C )</b>	<b>1,430,929,319</b>	<b>1,397,260,177</b>





(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
<b>18. EXPENSES</b>		
Salary,Wages & Allowances	24,348,325	17,304,006
Contribution to PF and other funds	1,927,729	1,277,122
Welfare expenses	967,136	1,917,016
Proc.& Con.Charges	14,726,826	5,944,398
Stores Consumed	13,669,824	9,489,653
Dies Consumed	1,726,994	1,503,460
Power & Fuel	37,052,473	32,190,234
Water Charges	348,060	344,723
Packing & Forwarding	7,737,884	7,172,109
Watch & Ward	2,130,907	1,748,228
Printing & Stationery	908,130	820,288
Post.Tel.& Telephone	4,145,443	3,613,590
Insurance	1,637,840	1,540,724
Lease and other Rents	902,106	165,752
Legal & Licence fees	1,387,321	2,560,062
Rates & Taxes	1,671,943	2,936,411
Repairs to		
- Building	872,409	1,120,387
- Machinery	6,710,191	7,760,099
- Others	1,608,724	1,279,181
Remuneration to Directors	27,492,861	14,571,005
Auditors remuneration		
- Statutory Audit fees	258,428	224,720
- Tax audit fees	56,180	56,180
- Other matters	56,180	56,180
- Out of Pocket expenses	28,090	-
Other Administrative expenses	808,904	1,092,627
Software development charges	903,978	
Commission on Sales	2,908,863	1,747,556
Testing Charges	571,364	46,641
Advertisement	3,312,546	1,098,496
Professional Charges	3,695,781	4,508,247
Vehicles mntce. & Fuel	1,960,050	2,095,068
Travelling & Conveyance	5,249,976	3,232,642
Sitting fees	450,500	72,000
Provision for doubtful debts	-	2,500,000
Sundry Balances Written off	1,861,105	1,971,076
Lease Premium amortised	512,630	265,960
Service Tax Paid	3,906,370	1,132,812
Sales Tax Paid (Net)	62,021,902	70,447,544
Entry Tax	10,157	6,401
Sales promotion expenses	1,128,889	2,643,644
Other Expenses	1,501,820	1,825,169
	<b>243,176,839</b>	<b>210,281,411</b>
<b>19. INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	3,066,313	1,094,867
Interest on Term Loan	46,661,838	34,205,285
Financial Charges	9,374,761	6,428,862
	<b>59,102,912</b>	<b>41,729,014</b>



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

### 20 A. Significant Accounting Policies

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

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

**ii. Use of Estimates**

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

**iii. Own Fixed Assets**

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

**iv. Leased Assets**

Premium paid on leased Assets is amortised 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 Fixed goods are valued at cost or net realizable value whichever is lower. Finished goods are valued at cost including excise duty payable or net realisable value whichever is lower. Cost includes Direct Material, Labour cost and appropriate overheads.

**ix. Foreign Currency Transactions**

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



**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 best management estimates 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.



## 20 B. Notes on Accounts

### 1. Share Warrants:

- The Company has issued 1,15,00,000 optionally Convertible share warrants at a conversion rate of Rs 44/- each during Nov,07 and 40,00,000 warrants at the conversion rate of Rs 90/- each during March,08. The application money received @ 10% of the conversion rate is shown under the head "Share warrants pending allotment in the Balance Sheet. The warrants are convertible into Equity Shares within 18 months from the date of issue. None of the warrant holders have exercised the option as on the date of the Balance Sheet.

The Company has earmarked the proceeds of issue of the Warrants for its Capex programme and long-term working capital requirement. Pending utilization, the money is lying in liquid funds.

### 2. Reserves & Surplus:

- In view of steep fluctuation in foreign exchange, the Company has created a Foreign Exchange Fluctuation Reserve wherein unrealized gain amounting to Rs 8,76,00,000 including Rs 3,25,50,000 of previous year on account of FCCB has been transferred out of appropriation of surplus of Profit & Loss Account. Impact of foreign exchange fluctuations arising on FCCB will be adjusted from reserve in future.

### 3. Secured Loans:

- Term Loan of Rs 3500 lacs from Banks is secured by first charge on pari-passu basis on the immovable and movable fixed assets of some of the manufacturing units of the Company.
- Working Capital Limits are secured by hypothecation of stocks, Debtors and first charge on pari-passu basis on specific fixed assets of the Company.

### 4. 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 (INR 6864 lacs as on the date of issue) comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure. The bond-holders have an option of converting these bonds into equity shares at an initial conversion price of Rs 44 per share (Face value Rs 2 each) with a fixed rate of exchange on conversion of Rs 45.96 = US \$ 1.00 at any time prior to close of business on 10th October, 2011 unless redeemed.
- The Company is of the opinion since the bonds are convertible into equity shares, the creation of Redemption Reserve is not required.
- The Company has a commitment towards the FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case the option of conversion is not exercised by them, within 5 years from the date of issue of the Bonds. As the liability on this account has not crystallized as on the date of Balance Sheet, no provision has been made in the books of accounts. Contingent liability on account of YTM is Rs 751.43 lacs as on 31.03.2008.
- In compliance with the Accounting Standard - 11 issued by the Institute of Chartered Accountants of India, Rs 520.50 lacs has been credited to the Profit & Loss Account on account of unrealized gain on foreign exchange fluctuation due to appreciation in rupee rate vis-à-vis US \$ as on 31.03.2008. Amount credited in the Profit & Loss Account is net of losses of Rs 152 lacs on account of FCCB
- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2008 is valued at the conversion price of that date which was Rs 40.12 = 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.



**Foreign Currency Convertible Bonds (Contd)**

- Details of Utilisation of FCCB proceeds are as under:

	Rs.in lakhs	
Particulars	2007-2008	2006-2007
<b>Issue Proceeds</b>	<b>6783.20</b>	<b>6783.20</b>
Less: Investment In Wind Power Projects	3756.20	3690.0
Modernisation / Expansion of Copper Div	368.44	125.6
Investment in Infrastructural Segments including Harware Parks and IT Parks	1395.71	1364.0
Payments to Lead Managers including fees to exchanges	224.07	222.8
Total Expenses	5744.42	5402.4
Add: Loss due to rupee depreciation	152.00	-
Less Interest Accrued on FDS in overseas Bank	29.06	29.0
Less Gains realized on Foreign Exchange	-	11.00
Net Amount Expended after Interest Earnings	5544.69	5362.4
Balance with Banks	915.01	1420.81

**5. Unsecured Loans - Sales Tax deferment:**

The total Sales Tax Loan outstanding as on 01-04-2007 was Rs. 276.42 Lacs. During the year liability to the extent of Rs 2.17 lacs has increased due to additional demand on completion of sales tax assessments for the year 2003-04 and 2004-05. The outstanding liability stands at Rs 278.59 lacs as on 31.03.2008

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

	Rs.in lakhs	
	31-03-2008	31-03-2007
a) Counter guarantees given to the Banks against Guarantee Issued by them	1766.14	1617.67
b) Letters of Credit opened by Banks/Buyers' credit	1578.63	195.87
c) YTM payable to the FCCB bond-holders	751.43	261.54
d) Sales Tax matters under dispute	11.28	3.81
e) Customs duty on CDMA Phones	40.07	Nil
f) Capital Commitment (Net of Advances)	27.04	Nil

**7. Fixed Assets - Wind Power generation:**

The Company is entitled to benefit of Green House Gas Emission Reductions (Carbon Credit) to be generated by Wind Power Project under the clean development mechanism as per the Kyoto protocol. The PDD has been submitted to the appropriate authority. The revenue generated by sale of Emission Reduction will accounted for as and when the approval is received. The revenue thus received is to be shared with supplier of Wind-mill.

**8. Capital Work-in-Progress:**

Break-up of Capital Work-In-Process is given below:

- Advance for Land in Tada SEZ Rs 250 lacs
- Construction in progress Rs 248.44 lacs
- Purchase of Fixed Assets pending installation Rs 39.35 lacs



**9. Fixed Assets - Impairment:**

In the view of the management, there is no impairment of the assets of the Company and the management is fully confident of realizing the book value of the assets in cash or in kind. Hence, no provision for the same has been made in the books of accounts.

**10. Investments - Subsidiaries:**

Brief details of the subsidiaries are given below:

(Rs in lakhs)

Name of the Subsidiary Company	Year of Incorporation	Paid-up Capital	Co's Interest	Equity Investment	Advances
Bhayanagar Properties Limited	2006-07	400	100%	400	5865.16
Scientia Infocom India Limited	2005-06	400	76%	304	1419.42
Metropolitan Ventures India Limited	2007-08	50	74%	37	410
Bhayanagar Metals Limited	2006-07	5	100%	5	Nil
Bhayanagar Telecom Limited	2005-06	5	100%	5	Nil

**11. Investments - Joint Ventures:**

Brief details of the Joint Ventures are given below:

(Rs in lakhs)

Name of Joint Ventures & Associates	Year of Incorporation	Paid-up Capital	Co's Interest	Equity Investment	Advances
Surana Ventures Limited	2006-07	100	40%	40	30.10
Savitrimata Realtors Pvt Ltd	2004-05	5	26%	2.55	1118.25
Bhayanagar Entertainment & Infra Development Co Pvt Ltd	2007-08	5	47%	2.35	50

**12. Cash & Bank Balance - Fixed deposits:**

Balance in Fixed deposit includes Rs 852.60 lakhs, parked in ICICI Bank Ltd, UK out of the proceeds of FCCB issue.

**13. Deferred Taxes**

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

	As at 31-03-2007 Rs. Lakhs	Liability Arising during the Year	As at 31-03-2008 Rs. Lakhs
Deferred Tax Assets/Liability			
Depreciation - Timing difference	35.82	(11.82)	24.00
Adjustment on account of FCCB issue expenses	85.26	(15.73)	69.53
Net Deferred Tax Assets	121.08	(27.55)	93.53

**14. Sale of other Assets/Infrastructural rights:**

Sale of other Assets/Infrastructural rights comprises of the gain from relinquishment of property development right amounting to Rs 489 lacs.



## 15. Earning Per Share

(Figures in lacs)

	31.03.2008	31.03.2007
Net Profit after tax	3741.30	7017.12
Net Profit available for Equity share-holders	3741.30	7017.12
Number of equity shares - Basic	745.00	745.00
Add: Undiluted effect of potential equity shares on conversion of FCCB	156.68	156.68
Add: Undiluted effect of potential equity shares on conversion Warrants	155.00	
Number of equity shares - Dilutive	1056.68	901.68
Nominal value of each equity share (Rs)	2	2
Basic Earning Per Share	5.02	9.42
Diluted Earning Per Share (on conversion of FCCB and Warrants)	3.54	7.78

## 18. Related Party Disclosure

### A: Relationship

Entities in which directors are interested	Subsidiary Companies	Joint Venture & Associates	Key Management Personnel	Relatives of key Management personnel
Surana Telecom & Power Limited	Metropolitan Ventures India Ltd	Surana Ventures Ltd	G M Surana	Namrata Surana
Innova Technologies Limited	Bhagyanagar Properties Ltd	Savitrimata Realtors Pvt Ltd	Narender Surana	Manish Surana
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom India Ltd	Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	Devendra Surana	
Bhagyanagar Energy & Telecom Ltd	Bhagyanagar Telecom Ltd	Bhagyanagar Infrastructure Ltd	Narender Munoth	
	Bhagyanagar Metals Ltd		N K Reddy	
Bhagyanagar Entertainment Ltd				
Every Time Food Industries Pvt Ltd				
Surana Infocom Ltd				
Advantage Real Estate India Pvt Ltd				
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 Ltd				
Bhagyanagar Ventures Limited				



**B: Transactions**

(Rs in lacs)					
Nature of Transaction	Entities in which directors are interested	Subsidiary companies	Joint venture & Associates	Key Management Personnel	Relatives of key management
Sale of Goods	37.61 (7.93)				
Purchase of Goods	663.045(2899.11)				
Job Work	43.86 (8.44)				
Interest			225.92 (Nil)		
Share warrant					
Application money	176 (Nil)				
Advances	752.12*(684.50)	7694.59(7603.72)	3546.87(485.50)		
Remuneration				284.70(249.78)	4.73 (3.00)
Rent				1.52 (1.08)	

\* The advances are given for infrastructure transactions during normal course of business.

\* Figures in brackets represent figures for the previous year

\* Share holding of the Company in Bhagyanagar Infrastructure Limited has increased from 25,00,000 equity shares to 27,50,000. However, the overall holding has fallen below 50% Hence, it is no longer a subsidiary and not considered for consolidation of financial statements.

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

In case of balances in Sundry Debtors, Loans and Advances, other current assets and Sundry Creditors, letters seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.

Sundry Creditors include Rs 1578.62 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.

**18. Employees Benefits:**

a) The Company has adopted the revised Accounting Standard AS-15 - Employees Benefits with effect from 1st April, 2007.

**b) Defined Benefit Plan**

**Gratuity:**

The Company makes annual contribution to the employees' group Gratuity Scheme of Life Insurance Corporation of India (LIC), a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible on separation / termination or death in terms of the provisions of The Payment of Gratuity (Amendment) Act, 1997 or as per Company's scheme whichever is more beneficial to the employees.

**c) Basis used to determine Expected Rate of Return on Assets**

The expected return on plan assets of 8% has been considered based on the information given by LIC which manages the funds.

**d) Amounts recognized as expenses**

Gratuity cost amounting to Rs. 0.85 lacs has been included in Schedule-18 under contribution to Provident and other Funds.

e) The management is informed by the Insuring Company (LIC) that the balance in Gratuity fund will meet full liability as on 31.03.2008. Further, the benefits paid amounting to Rs. 0.43 lacs were met by the LIC. Hence, they are not routed through Profit & Loss Account.





19. 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	
		2007-08	2006-07	2007-08	2006-07
i) Copper wire (b)	MT	15000	15000	5270.405	5537.414
ii) Jelly Filled Telephone cables	LCKM	72.00	72.00	4.52	1.3
iii) Bare Copper-Copper Bars, Rods and Profiles (c)	MT	3000	3000	391.510	2158.558
iv) Wind Power	MW	9.00	9.00		2.651

Note:

- The Installed Capacities and production are as certified by Management which has been relied upon by the Auditors.
- Includes Job Work done 2396.326 MTs (Previous year 2077.348 MT)
- Includes Job Work MTs 169.866 (Previous year 1812.231 MT)

(B) TURNOVER :

Particulars	Unit	Quantity		Value (Rs.in lakhs)	
		2007-08	2006-07	2007-08	2006-07
i) Copper Products (a)	MT	5658.582	7825.63	14861.64	18810.08
ii) Jelly Filled Telephone cables	Lac CKM	4.52	1.35	5395.33	2182.27
iii) Wind Power	MW		2.651	686.35	89.98
iv) Scrap & Miscellaneous items	-	-	-	19.53	39.47
vi) Infrastructure/Real estate Income				2001.11	6877.54
<b>SUB-TOTAL</b>				<b>22963.97</b>	<b>27999.34</b>
Less: Inter-Unit sales				118.82	1164.98
Less: Excise duty				2849.67	2991.23
<b>TOTAL</b>				<b>19995.48</b>	<b>23843.13</b>

Note: a) Includes Job Work of 2566.192 MT (Previous year 3889.579 MT)

(C) OPENING & CLOSING STOCK OF FINISHED GOODS:

Particulars	Opening Stock				Closing Stock			
	Quantity		Value (Rs.in lakhs)		Quantity		Value (Rs.in lakhs)	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
i) Copper Wire Rods (MTs)	3.150	132.808	8.08	262.62	6.532	3.150	28.03*	8.07*
ii) Cables (LacCKM)	Nil	0.055	Nil	31.02	NIL	NIL	NIL	NIL
<b>TOTAL</b>			<b>8.08</b>	<b>293.64</b>	<b>TOTAL</b>		<b>28.03</b>	<b>8.08</b>

\* Includes Excise duty provision of Rs 3.53 lacs ( 1.14 lacs)



(D) RAW MATERIALS CONSUMED :

Particulars	Unit	Quantity		Value (Rs.in lakhs)	
		2007-08	2006-07	2007-08	2006-07
i) Copper	MTs	3524.596	3061.709	12198.86	10269.81
ii) Scrap	MTs	514.691	780.383	1207.84	2063.74
iii) Polythene granules	MTs	1105.07	488.3	656.51	234.37
iv) Poly Al.Tape	MTs	184.508	55.64	232.96	75.58
v) Galvanised Steel Tape	MTs	488.697	149.71	217.71	69.78
vi) Others				60.54	23.13
vii) Inter Unit Transfers					
viii) Copper Rods/Wire	MTs	28.048	215.869	97.62	945.34
ix) Others				21.20	219.64
Sub-Total				14726.11	13901.39
Less: Inter-Unit Purchases				118.82	1164.98
<b>Total</b>				<b>14677.07</b>	<b>12736.41</b>

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

Particulars	2007-08		2006-07	
	Value Rs.in lakhs	%	Value Rs.in lakhs	%
Raw Materials & Components				
(a) Imported	7009.23	47.59	1954.42	14.05
(b) Indigenous	7786.67	52.41	11946.97	85.95
<b>TOTAL</b>	<b>14726.11</b>	<b>100</b>	<b>13901.39</b>	<b>100</b>
Stores & Spare Parts				
(a) Imported	16.64	10.80	15.38	14.00
(b) Indigenous	137.33	89.20	94.55	86.00
<b>TOTAL</b>	<b>96.17</b>	<b>100</b>	<b>109.93</b>	<b>100</b>

(F) TRANSACTIONS IN FOREIGN EXCHANGE :

Particulars	2007-08 Rs.in lakhs	2006-07 Rs.in lakhs
i) Imports (on CIF Basis)		
a) Raw Materials/Traded Goods	5697.34	1544.19
b) Stores & Spares	12.16	11.19
c) Capital Goods	173.41	6.88
ii) Expenditure in Foreign Currency (Traveling)	31.42	11.40
iii) Earning in Foreign currency (Export sales)	341.22	24.49

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



## 20. 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:

S. No	Particulars	Telecom Products	Copper Products	Wind Power	Infra-structure	Total
<b>1</b>	<b>REVENUE</b>					
	External Sales (Net of Excise)	4,557.45	12,738.92	686.35	2,012.76	19,995.48
	<b>Total Revenue</b>	<b>4,557.45</b>	<b>12,738.92</b>	<b>686.35</b>	<b>2,012.76</b>	<b>19,995.48</b>
<b>2.</b>	<b>RESULTS</b>					
	Segment results	472.25	633.52	431.07	1,901.13	3,437.97
	Unallocable income/Expenses					1,410.56
	Operating Profit					4,848.53
	Interest Expenses					591.03
	Interest Income					-
	Income taxes					516.20
	Profit from Ordinary Activities					3,741.30
	Extra-ordinary loss/Profit					-
	<b>Net Profit</b>					<b>3,741.30</b>
<b>3.</b>	<b>Other Information</b>					
	Segment Assets	1,894.69	4031.78	4639.86	15,081.73	25,648.05
	Unallocable Assets					11,911.26
	<b>Total Assets</b>					<b>37,559.31</b>
	Segment Liabilities	1,839.73	413.01	153.00	199.66	2605.39
	Unallocable Liabilities					6,198.22
	<b>Total Liabilities</b>					<b>8803.61</b>
	Capital Expenditure	8.54	247.13	-	33.57	289.24
	Unallocable Capital Expenditure					0.84
	<b>Total Capital Expenditure</b>					<b>290.08</b>
	Depreciation	30.48	119.46	244.73	59.51	454.18
	Unallocable Depreciation					29.08
	<b>Total Depreciation</b>					<b>483.26</b>
	Non Cash expenses - other than depreciation	6.34	13.74	3.60	-	23.68
	Unallocable non cash expenses					0.06

### Reconciliation of reportable segments with the Financial Statements (Rs in Lacs)

	Revenues		Results/Net profit		Assets		Liabilities	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Total of reportable segments	19,995.48	23,843.14	3,437.97	7,773.90	25,648.05	21,815.85	2605.39	1,388.47
Corporate - unallocable (Net)	2,077.38	989.52	1,410.56	684.13	11,911.26	8,957.71	6,198.22	10,733.82
Interest expenses			591.03	417.29				
Taxes			516.20	1,022.45				
<b>As per financial Statements</b>	<b>22,072.86</b>	<b>24,832.66</b>	<b>3,741.30</b>	<b>7,018.29</b>	<b>37,559.31</b>	<b>30,773.56</b>	<b>8,803.61</b>	<b>12,122.29</b>



21. Commission payable to the Managing Director and other Directors u/s 198 & 349 of the companies Act, 1956.

	2007-08		2006-07	
1. Profit as per Profit and Loss A/c		425,750,530		804,074,172
2. Less: a) Profit on sale of Investments (NET)	7,957,054		709,537	
b) Unrealised gain on Forex fluctuation	52,050,000		32,550,000	
c) Profit on sale of Land			519,079,466	
d) Profit on sale of Building (Profit - (Cost - WDV))	66,058,520		2,665,942	
e) Gain on relinquishment of Property development right	48,900,000		-	
f) Profit on sale of movable property	68,910		282,084	
g) Sundry Balances written off / back (Net of provisions)	202,735	175,237,219	6,399,140	561,686,169
		250,513,311		242,388,003
3. Add: Director's Remuneration	20,190,791		14,571,005	
Lease premium amortised	512,630		-	
Managing Directors Commission	5,576,759		5,273,382	
Other Directors Commission	1,593,960		1,364,729	
Sitting Fees	450,500	28,324,640	72,000	21,281,116
4. Net Profit for the purpose of Director's Remunerations		278,837,951		263,669,119
5. Commission payable to Directors				
Devendra Surana-1% of the profit as computed above	2,788,380		2,636,691	
(Restricted to Annual salary during previous year)				
Narender Surana-1% of the profit as computed above	2,788,380		2,636,691	
(Not paid during previous year)				
Narender Munoth (restricted to annual salary)	1,593,960	7,170,720	1,364,729	6,638,111

Signatories to Schedule 1 to 20

As per our report of even date

**For Sekhar & Co**

Chartered Accountants

**G. Ganesh**

Partner

(M. No: 211704)

For and on behalf of Board of Directors

**G.M. Surana**

Chairman

**Narender Surana**

Managing Director

**Devendra Surana**

Managing Director

Place : Secunderabad, India

Date : June 26, 2008

**Surendra Bhutoria**

Chief Financial Officer

**Sridevi Madati**

Company Secretary



## 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)	L27201AP1991PLC012449		
b) State Code No.	01		
c) Balance Sheet Date	31	03	2008
	(Date)	(Month)	(Year)

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

a) Public Issue	Nil
b) Rights Issue	Nil
c) Bonus Issue	Nil
d) Private Placement (Preferential Issue)	Nil

### III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

	31-03-08
a) Total Liabilities	3445829.84
b) Total Assets	3445829.84
c) Sources of Funds	
i) Paid up Capital	149000.00
ii) Share Warrants	86810.00
iii) Reserves & Surplus	2037959.38
iv) Secured Loans	392401.24
v) Unsecured Loans	779659.22
d) Application of Funds	
i) Net Fixed Assets	734107.46
ii) Capital work-in-progress	53779.35
iii) Investments	269691.22
iv) Net Current Assets	2378898.75
v) Deferred Tax Asset	9353.06

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

i) Sales and other Income	2207286.04
ii) Total Expenditure	1781535.51
iii) Profit Before Tax	425750.53
iv) Profit After Tax	374130.39
v) Earnings per share (Rs.)	5.02
vi) Dividend (%)	30.00

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

Item Code No. (ITC Code)	Name
85,442,029	Jelly Filled Telecommunication Cable
74,031,200	Copper Rods
74,099,000	Super Enamelled Copper Wires

For and on behalf of the Board

Place : Secunderabad  
Date : 28th July, 2008

NARENDER SURANA  
Managing Director

DEVENDRA SURANA  
Managing Director



## CONSOLIDATED FINANCIAL STATEMENTS

### Bhagyanagar India Limited and its Subsidiary Companies

#### AUDITORS' REPORT

To  
The Board of Directors  
Bhagyanagar India Limited  
(formerly Bhagyanagar Metals Limited)

1. We have audited the attached Consolidated Balance Sheet of Bhagyanagar India Limited and its Subsidiaries (The Group) as at 31st March, 2008 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 opinion, we draw your attention to Note 4 of Schedule 20B - Notes to Accounts to the Consolidated Financial Statements. The management is of the view that the liability to pay premium on redemption is contingent, the ultimate outcome of that matter cannot be presently determined and no provision for any liability that may result in future including creation of Reserve for redemption has been made in financial statements.
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 2008.
  - 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

G. Ganesh  
Partner  
Secunderabad,  
June 26th, 2008

G. Ganesh  
Partner  
Membership No: 211704



CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2008

(Amount in Rupees)

	Sch.No	As on 31.03.2008	As on 31.03.2007
<b>Sources of Funds</b>			
Share capital	1	149,000,000	149,000,000
Reserves and Surplus	2	2,036,849,784	1,792,628,056
Share-Holders Funds		2,185,849,784	1,941,628,056
Minority Interest	22	10,846,083	80,386,430
Share warrants (pending allotment) (1,55,00,000 optionally fully convertible warrants)		86,810,000	
<b>Loan Funds</b>			
Secured loans	3	392,401,249	203,975,749
Unsecured loans	4	828,425,345	883,400,491
<b>Total</b>		<b>3,504,332,462</b>	<b>3,109,390,726</b>
<b>Application of Funds</b>			
Fixed Assets (At cost)			
Gross Block	5	2,086,029,630	2,102,055,960
Less Depreciation		483,449,838	455,042,936
Net Block		1,602,579,792	1,647,013,024
Capital Work-In-Progress		53,779,351	29,670,648
Investments (At cost)	6	194,591,221	9,862,140
<b>Current Assets, Loans and advances</b>			
Inventories	7	221,108,848	136,686,942
Sundry debtors	8	223,906,475	176,969,581
Cash & Bank Balances	9	287,704,005	217,149,090
Other Current Assets	10	556,861,908	519,486,810
Loans & Advances	11	664,140,918	539,289,925
		<b>1,953,722,154</b>	<b>1,589,582,348</b>
<b>Less Current Liabilities &amp; Provision</b>			
Liabilities	12	257,323,176	127,464,015
Provisions	13	52,796,765	52,546,770
		<b>310,119,941</b>	<b>180,010,785</b>
<b>Net Current Assets</b>		<b>1,643,602,213</b>	<b>1,409,571,563</b>
Net Deferred Tax Assets	14	9,353,065	12,884,057
Misc expenditure (to the extent not written off or adjusted)			
Preliminary expenses	15	398,206	378,693
Pre-Operative Expenses	16	28,614	10,601
Notes to Accounts	23		
<b>Total</b>		<b>3,504,332,462</b>	<b>3,109,390,726</b>

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

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

For Sekhar & Co

Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh  
Partner  
(M. No: 211704)

G.M. Surana  
Chairman

Narender Surana  
Managing Director

Devendra Surana  
Managing Director

Place : Secunderabad, India  
Date : June 26th, 2008

Surendra Bhutoria  
Chief Financial Officer

Sridevi Madati  
Company Secretary



## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Amount in Rupees)

	Sch.No.	Year ended 31.03.2008	Year ended 31.03.2007
<b>Income</b>			
Gross income from operations	17	2,284,515,221	2,683,435,660
Less: Excise duty		284,966,739	299,123,222
Net Income from Operations		1,999,548,482	2,384,312,438
Other Income	18	207,737,561	98,964,357
		<u>2,207,286,043</u>	<u>2,483,276,795</u>
<b>Expenditure</b>			
Materials	19	1,430,929,319	1,397,260,177
Expenses	20	243,420,700	212,057,689
Interest & Financial Charges	21	59,103,192	41,732,482
Depreciation		48,326,443	30,380,858
<b>Total</b>		<u>1,781,779,654</u>	<u>1,681,431,206</u>
Profit for the year		425,506,389	801,845,589
Prior Period Adjustment		—	—
Profit before Taxation		<u>425,506,389</u>	<u>801,845,589</u>
Provision for Taxation			
- Current year		48,000,000	107,500,000
- Deferred Tax		3,066,067	(6,880,857)
- Fringe Benefit Tax		865,000	851,300
- Tax adjustments of previous years		—	116,854
<b>Profit after Taxation</b>		<u>373,575,322</u>	<u>700,258,292</u>
Balance B/F from Previous year		600,582,998	468,867,802
Less: Minority Interest(current year's loss)		(53,917)	(387,271)
Amount Available for appropriation		<u>974,212,237</u>	<u>1,169,513,365</u>
Add: Excess provision of Dividend of earlier years		—	19,984
Proposed Dividend		44,700,000	44,700,000
Additional Tax on Dividend		7,596,765	7,596,770
Transfer to Foreign Exchange fluctuation reserve		87,600,000	
Transfer to General Reserve		50,000,000	516,653,580
Surplus Carried to Balance Sheet		<u>784,315,472</u>	<u>600,582,999</u>

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

This is the Profit & Loss Account referred to in our report of even date

For Sekhar & Co

Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh

Partner

(M. No: 211704)

G.M. Surana

Chairman

Narender Surana

Managing Director

Devendra Surana

Managing Director

Place : Secunderabad, India

Date : June 26th, 2008

Surendra Bhutoria  
Chief Financial Officer

Sridevi Madati  
Company Secretary





CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2008

(Amount in Rupees)

PARTICULARS	2007-08	2006-07
<b>A. Cash flow from operating Activities</b>		
Net Profit before tax as per annexed profit and loss account	425,506,389	801,845,588
<b>Adjustments for :</b>		
Depreciation	48,326,443	30,380,858
Unrealised gain of Foreign Exchange	(52,050,000)	(32,550,000.00)
Realised Gain of Foreign Exchange	–	193,011.00
Lease rents Amortised	512,630	265,960
Bad Debts Written Off & Provision for Bad Debts	1,861,105	4,471,076
Balances / Provisions no longer required written back	(202,735)	(10,870,216)
Profit on Sale of Investments(Net)	(7,957,054)	(709,537)
Profit on Sale of Assets	(134,167,751)	(529,385,152)
Interest Paid	59,102,912	41,729,014
Interest Received	(139,200,717)	(54,519,487)
Preliminary expenses written off	9,034	47,114
Preliminary expenses	(183,989.00)	–
Incorporation expenses	(9,707)	(232,697)
Dividends Received	(6,257,201)	(10,142,403)
	(230,217,030)	(561,322,459)
<b>Operating Profit before working Capital Changes</b>	<b>195,289,359</b>	<b>240,523,129</b>
<b>(Less)/Add Adjustments for Working Capital Changes</b>		
Inventories	(162,656,099)	105,470,899
Loans and Advances	(16,523,986)	(387,041,121)
Other Current Assets	(37,368,486)	(113,929,510)
Sundry Debtors	(48,797,999)	16,232,941
Trade Payables and other Liabilities	125,038,216	24,510,841
Advance from Customers	8,403,063	8,168,631
	(131,905,291)	(346,587,319)
Cash Generated from Operations	63,384,068	(106,064,190)
Income Tax & Fringe Benefit Tax Paid	(53,829,597)	(118,066,825)
Taxes of earlier years	–	(4,243,854)
	(53,829,597)	(122,310,679)
<b>Net Cash (used in)/from operating Activities (A)</b>	<b>9,554,471</b>	<b>(228,374,869)</b>



## CASH FLOW STATEMENT (Contd.,)

(Amount in Rupees)

PARTICULARS	2007-08	2006-07
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(81,355,761)	(1,455,823,686)
Sale of Fixed Assets	211,113,518	574,669,097
Purchase of Mutual Funds & Other Investments	(1,106,070,367)	(2,143,789,446)
Sale of Mutual Funds & Other Investments	951,498,340	2,254,893,035
Dividend Received	6,257,201	10,142,403
Interest Received	139,200,717	54,519,487
Changes in Capital Work in Progress	(24,108,703)	(29,670,648)
Loans Joint Ventures and Subsidiaries	(204,178,463)	2,930,725.00
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>(107,643,518)</b>	<b>(732,129,033)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Issue of Share Capital	91,810,000	97,626,300
Proceeds from FCCB (net realised)	-	678,321,369.00
FCCB Issue Expenses charged to Securities Premium Account	-	(31,663,058.00)
Proceeds from borrowings	188,425,500	354,176,962
(Repayment)/Receipt of borrowings	180,276	(5,325,789)
Interest Paid	(59,102,912)	(41,729,014)
Dividend Paid	(52,199,704)	(25,241,985)
Minority interest in share capital and reserves	-	80,653,700
<b>Net Cash (used in)/from Financing Activities (C)</b>	<b>169,113,160</b>	<b>1,106,818,485</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>71,024,113</b>	<b>146,314,583</b>
<b>Cash and Cash Equivalents Opening Balance</b>	<b>216,679,892</b>	<b>70,834,507</b>
<b>Cash and Cash Equivalents Closing Balance</b>	<b>287,704,005</b>	<b>217,149,090</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>71,024,113</b>	<b>146,314,583</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 .
- Previous Year Figures have been regrouped wherever necessary to conform to the current year's Classification.
- Cash and Cash equivalents aggregating to Rs.13,34,67,041 (Rs. 16,72,90,734) are not readily available for free use by the Company. It comprises of unpaid dividend Rs.7,99,001 (Rs. 7,01,935) balance in Margin Accounts Rs.4,21,66,784( Rs. 3,03,66,240), Balance in overseas deposit account and corresponding Indian Account usage of which is restricted by FEMA 1999 Rs. 9,05,01,256 (Rs. 13,62,22,559) - Figures in brackets relate to previous year.
- Notes to Accounts(Schedule 20) form an integral part of Cash Flow Statement

In terms of our report of even date

For Sekhar &amp; Co

Chartered Accountants

G. Ganesh

Partner

(M. No: 211704)

Place : Secunderabad, India

Date : June 26, 2008

For and on behalf of Board of Directors

G.M. Surana

Chairman

Narender Surana

Managing Director

Devendra Surana

Managing Director

Suresh Bhutoria  
Chief Financial OfficerSridevi Madati  
Company Secretary



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

	As on 31.03.2008	As on 31.03.2007
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity shares of Rs.2 each	250,000,000	250,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
7,45,00,000 (Previous Year 7,45,00,000) Equity shares of Rs 2 each fully paid-up	149,000,000	149,000,000
Includes 3,70,00,000 Shares allotted as bonus on capitalisation of Securities Premium account during the Year 2006-2007		
<b>2. RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last account	1,000,000,000	450,000,000
Add: Transferred from Capital Redemption Reserve	-	33,346,420
Add: Transferred from Profit & Loss Account	50,000,000	516,653,580
Balance at the year end	<u>1,050,000,000</u>	<u>1,000,000,000</u>
<b>Capital Reserve</b>		
Balance as per last account	16,676,523	16,676,523
Balance at the year end	<u>16,676,523</u>	<u>16,676,523</u>
<b>Capital Redemption Reserve</b>		
Balance as per last account	-	33,346,420
Less: Transferred to General Reserves	-	(33,346,420)
Balance at the year end	-	-
Foreign Exchange fluctuation Reserve		
Balance as per last account	-	-
Add: Transfer from Profit & Loss Account	87,600,000	-
Balance at the year end	<u>87,600,000</u>	<u>-</u>
<b>Share Premium Account</b>		
Balance as per last account	229,312,234	175,879,092
Add: Received on preferential issue	-	150,570,000
Less: Change in share holding pattern of Subsidiaries/ Joint venture	(131,570,000)	-
Less: Utilised for Issue of Bonus Shares	-	(74,000,000)
Less: Utilised for Expenses for Issue of FCCB (net of taxes)	-	(23,136,858)
Balance at the year end	<u>97,742,234</u>	<u>229,312,234</u>
<b>Profit &amp; Loss Account</b>		
Surplus as per account annexed	784,831,027	600,582,999
	2,036,849,784	1,846,571,756
Less: Minority Interest in reserves of subsidiaries	-	53,943,700
	<u>2,036,849,784</u>	<u>1,792,628,056</u>
<b>3. SECURED LOANS</b>		
From Banks		
Cash Credit	42,349,249	3,975,749
Term Loans from Banks	350,052,000	200,000,000
	<u>392,401,249</u>	<u>203,975,749</u>
<b>4. UN SECURED LOANS</b>		
Deferred Sales Tax	27,859,221	27,642,078
Unsecured Term Loan from Bank	150,000,000	150,000,000
Loan from Share-holders	48,766,124	51,908,413
Foreign Currency Convertible Bonds (1,50,000 bonds of the face value of \$ 100 each valued at Rs 40.12 as on 31.03.2008)	601,800,000	653,850,000
	<u>828,425,345</u>	<u>883,400,491</u>
Due within a year	<u>150,000,000</u>	<u>150,000,000</u>



SCHEDULE 5 - CONSOLIDATED FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.2007	Additions during the year	Deletions / Adj. year	Cost as on 31.03.2008	Upto 31.03.2007	For the year	Deletions/ year	Upto 31.03.2007	As on 31.03.2008	As on 31.03.2007
1 a Free-Hold Land	997,345,760	50,033,469	-	1,047,379,229	-	-	-	-	1,047,379,229	997,345,760
1 b Lease-Hold Land	14,387,740	-	512,630	13,875,110	-	-	-	-	13,875,110	14,387,740
2 a Buildings	30,467,424	-	-	30,467,424	16,224,128	1,287,694	-	17,511,822	12,955,602	14,243,299
2 b Buildings (Infra)	128,060,000	-	96,045,000	32,015,000	22,891,208	3,385,121	19,140,321	7,136,008	24,878,992	105,168,792
3 Plant & Machinery	398,399,420	25,205,696	-	423,605,116	359,026,626	13,945,829	-	372,972,455	50,632,661	39,372,803
4 Wind Power Plant	463,496,535	-	-	463,496,535	6,643,500	24,472,617	-	31,116,117	432,380,418	456,853,035
5 Elec.Installation	25,203,756	-	-	25,203,756	22,674,298	657,732	-	23,332,050	1,871,706	2,529,456
6 Office Equipment	8,504,371	730,369	-	9,234,740	5,793,373	422,377	-	6,215,750	3,018,990	2,710,998
7 Vehicles	25,881,071	4,580,045	359,469	30,101,647	13,713,135	3,563,821	318,379	16,958,577	13,143,070	12,167,936
8 Furniture & Fixtures	5,388,061	-	-	5,388,061	3,674,307	310,189	-	3,984,496	1,403,565	1,713,753
9 Computer	4,454,820	806,182	-	5,261,002	3,939,510	281,042	-	4,220,552	1,040,450	519,452
10 Library	2,010	-	-	2,010	2,010	-	-	2,010	-	-
	2,101,590,968	81,355,761	96,917,099	2,086,029,630	45,458,205	48,326,443	19,458,700	483,449,838	1,602,579,792	1,647,013,024
Previous year	709,784,013	1,455,823,699	63,551,752	2,102,055,960	449,603,928	30,380,858	24,941,851	455,042,936	1,647,013,024	



6. INVESTMENTS (AT COST)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
<b>A) Unquoted securities</b>				
1) <b>In Government Securities</b>				
National Savings Certificates - 7 Years		500		500
Total Investment in government Securities		500		500
2) <b>In Shares of Joint Stock Companies</b>				
a) <b>In companies under the same management</b>				
Surana Technoparks Private Limited (Equity share of Rs 10 each fully paid up)	–	–	3330	33,300
Bhagyanagar Infrastructure Limited (Equity share of Rs 10 each fully paid up)	2750000	18,330,000		
<b>Sub-Total</b>		18,330,000		33,300
c) <b>In companies under Joint Venture</b>				
Bhagyanagar Entertainment and Infra Development Company (P) Ltd	23500	235,000	–	–
Savitrimata Relators Private Limited (Equity share of Rs 10 each fully paid up)	25500	255,000	25500	255,000
Surana Ventures Limited (Equity share of Rs 10 each fully paid up)	400000	4,000,000	–	–
<b>Sub Total</b>		4,490,000		255,000
d) <b>In other companies</b>				
Arihant Optics Limited (Equity share of Rs 10 each fully paid up)	300000	3,000,000	300000	3,000,000
Sampre Nutrition Ltd (Equity share of Rs 10 each fully paid up)	26650	266,500		–
<b>Sub Total</b>		3,266,500		3,000,000
<b>B) Quoted Securities</b>				
a) <b>In companies under same Management</b>				
Surana Telecom & Power Limited (Equity share of Rs 5 each fully paid up)	1852298	14,527,621	1538680	3,064,325
<b>Sub Total</b>	–	14,527,621	–	3,064,325
b) <b>In Other Companies</b>				
Akruti Nirman Limited (Equity Shares of Rs 10 each Fully paid-up)	211	107,477	270	96,476
Andhra Bank Limited (Equity Shares of Rs 10 each Fully paid-up)	600	66,408		
Axis Bank (Formerly UTI Bank) (Equity Shares of Rs 10 each Fully paid-up)	34	27,494		
Deccan Chronicle Holdings Limited (Equity Shares of Rs 2 each Fully paid-up)	7037	1,453,855	120	18,731
Edelweiss Capital Limited (Equity Shares of Rs 5 each Fully paid-up)	23	32,172		
Eicher Motors Limited (Equity Shares of Rs 10 each Fully paid-up)	350	150,154		



6. INVESTMENTS (AT COST) (Contd..)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
Essar Oil Limited (Equity Shares of Rs 10 each Fully paid-up)	300	81,368		
Finolex Cables Limited (Equity Shares of Rs 2 each Fully paid-up)	500	32,176		
Future Capital Holdings Limited (Equity Shares of Rs 10 each Fully paid-up)	200	142,545		
Gammon India Limited (Equity Shares of Rs 2 each Fully paid-up)	100	41,129		
Gati Limited (Equity Shares of Rs 2 each Fully paid-up)	45	5,044		
GMR Infrastructure Limited (Equity Shares of Rs 2 each Fully paid-up)	2300	407,366		
GSS America Infotech (Equity Shares of Rs 10 each Fully paid-up)	37	21,918		
GVK Power & Infrastructure Limited (Equity Shares of Rs 1 each Fully paid-up)	2500	101,375		
GHCL limited (Formerly Gujrat Heavy Chemicals Limited ) (Equity Shares of Rs 10 each Fully paid-up)	2000	252,602	1400	199,146
Hindalco Industries Limited (Equity Shares of Rs 1 each Fully paid-up)	300	56,269		
I F C I (Equity Shares of Rs 10 each Fully paid-up)	2300	133,993		
Indian Bank (Equity Shares of Rs 10 each Fully paid-up)	–	–	27380	2,487,845
Indusind Bank (Equity Shares of Rs 10 each Fully paid-up)	450	39,222		
Infosys Technologies Limited (Equity Shares of Rs 5 each Fully paid-up)	100	153,441		
Insecticides (India) Limited (Equity Shares of Rs 10 each Fully paid-up)	21	778		
Ispat Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	3500	113,430		
K S Oil Limited (Equity Shares of Rs 1 each Fully paid-up)	450	31,793		
KNR Construction Limited (Equity Shares of Rs 10 each Fully paid-up)	1934	328,780		
Larsen & Tubro Limited (Equity Shares of Rs 2 each Fully paid-up)	50	150,978		
Megasoft Limited (Equity Shares of Rs 10 each Fully paid-up)	1000	101,070		
Moser-Baer India (Equity Shares of Rs 10 each Fully paid-up)	2040	349,331		



6. INVESTMENTS (AT COST) (Contd..)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
Mcloed Russels India Ltd (Equity Shares of Rs 5 each Fully paid-up)	–	–	300	18,312
Nagarjuna Fertiliser & Chemicals Limited (Equity Shares of Rs 10 each Fully paid-up)	1000	37,130		
Paramount Communications Limited (Equity Shares of Rs 2 each Fully paid-up)	1000	26,030		
Parsvnath Developers Limited (Equity Shares of Rs 10 each Fully paid-up)	200	43,460		
Reliance National Resources Limited (Equity Shares of Rs 10 each Fully paid-up)	200	28,768		
Reliance Petroleum Limited (Equity Shares of Rs 10 each Fully paid-up)	200	39,861		
Reliance Power Limited (Equity Shares of Rs 10 each Fully paid-up)	400	173,520		
Rural Electrification Limited (Equity Shares of Rs 10 each Fully paid-up)	1086	114,030		
Rain Calcining Ltd (Equity Shares of Rs 10 each Fully paid-up)	–	–	1000	35,480
SAIL Limited (Equity Shares of Rs 10 each Fully paid-up)	3960	941,240		
Sesa Goa Limited (Equity Shares of Rs 10 each Fully paid-up)	10	33,779		
Sobha Developers Limited (Equity Shares of Rs 10 each Fully paid-up)	30	28,406		
Sree Sakthi Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	6000	180,000		
State Bank of India (Equity Shares of Rs 10 each Fully paid-up)	30	55,389		
Sterlite Industries Limited (Equity Shares of Rs 2 each Fully paid-up)	100	80,184		
Shree Shakti Papers Ltd (Equity Shares of Rs 10 each Fully paid-up)	–	–	20949	628,470
Tata Steel Limited (Equity Shares of Rs 10 each Fully paid-up)	300	239,277		
Talbros Auto Ltd (Equity Shares of Rs 10 each Fully paid-up)	–	–	107	10,915
Triveni Engineering & Industries Ltd. (Equity Shares of Rs 1 each Fully paid-up)	–	–	200	9,890
Vaibhav Gems Limited (Equity Shares of Rs 10 each Fully paid-up)	300	48,623		
Viceroy Hotels Limited (Equity Shares of Rs 10 each Fully paid-up)	200	12,678		
Videocon Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	100	51,738		



6. INVESTMENTS (AT COST) (Contd..)	As on 31.03.2008		As on 31.03.2007	
	Qty	Cost	Qty	Cost
Visaka Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	2056	131,393		
XL Telecom Limited (Equity Shares of Rs 10 each Fully paid-up)	848	325,176		
<b>Sub Total</b>		<b>6,972,850</b>		<b>3,505,265</b>
<b>c) Investment in Debentures</b>				
Titan Industries Limited NCD (Debentures of Face value of Rs.250 each Fully paid-up)	15	3,750	15	3750
<b>Sub Total</b>		<b>3,750</b>		<b>3,750</b>
<b>Total Investment in equity shares and Debentures</b>		<b>47,590,721</b>		<b>9,861,640</b>
<b>3) Investment in Mutual Funds</b>				
DBS Chola Liquid Daily Dividend re-investment	6,000,000	60,000,000		
SCMF G69 Liquidity Manager-Plus-Growth	1,500,000	15,000,000		
DSP Merrill Lynch Cash plus-regular-growth	11,676.268	12,000,000		
Reliance Liquid Fund-Growth option	2,467,673.477	30,000,000		
Reliance Liquid Fund-Cash plan-growth plan	2,182,770.664	30,000,000		
<b>Total Investments in Mutual Funds</b>		<b>147,000,000</b>		<b>-</b>
<b>Total Investments in Government Securities Shares and Mutual Funds</b>		<b>194,591,221</b>		<b>9,862,140</b>
<b>Aggregate Market Value of Quoted Investments</b>		<b>51,143,080</b>		<b>39,587,803</b>
<b>Aggregate NAV of Mutual Funds</b>		<b>147,331,365</b>		<b>-</b>
		<b>As on 31.03.2008</b>		<b>As on 31.03.2007</b>
<b>7 INVENTORIES</b>				
Raw Materials (At Cost)		173,612,880		41,821,174
Work in process (At cost or net realisable value whichever is lower)		44,693,250		39,333,742
Finished Goods (At cost or net realisable value whichever is lower)		2,802,718		807,155
Stock-In-Trade-real Estate (At cost)		-		54,724,871
<b>Total</b>		<b>221,108,848</b>		<b>136,686,942</b>
<b>8 SUNDRY DEBTORS</b> (Unsecured, Considered Good unless otherwise stated)				
Debts outstanding for				
- More than six months		27,048,087		18,458,493
- Less: Provision for doubtful debts		2,500,000		2,500,000
		24,548,087		15,958,493
- Others		199,358,388		161,011,088
		<b>223,906,475</b>		<b>176,969,581</b>





(Amount in Rupees)

	As on 31.03.2008	As on 31.03.2007
<b>9 CASH AND BANK BALANCES</b>		
Cash and cheques in hand	670,158	1,030,102
Balance with scheduled Banks		
- In current account	148,807,718	38,828,254
- In Dividend account	799,001	701,935
- In Fixed Deposit Account	95,260,344	146,222,559
- In deposit account - Kept under lien with banks towards margin money and other facilities	40,126,247	26,938,388
- Accrued interest on Fixed Deposits with Banks	2,040,537	3,427,852
	<u>287,704,005</u>	<u>217,149,090</u>
<b>10 OTHER CURRENT ASSETS</b> (Secured, Considered Good unless otherwise stated)		
Loans against pledge of Securities	556,861,908	519,486,810
	<u>556,861,908</u>	<u>519,486,810</u>
<b>11 LOANS &amp; ADVANCES</b> (Unsecured Considered Good unless otherwise stated)		
Loans & Advances	70,831,668	238,479,646
Loans to Company under joint venture/Associates	347,687,402	62,085,360
Sundry Advances-Infrastructure	92,064,139	129,850,000
Balances with Statutory bodies	38,634,722	16,482,500
Advance tax (Net of Taxes)	9,502,650	4,456,713
Deposits	36,749,084	24,789,190
Advances to Suppliers	68,671,253	63,146,516
	<u>664,140,918</u>	<u>539,289,925</u>
<b>12 CURRENT LIABILITIES</b>		
Sundry Creditors	198,936,078	58,128,439
Lease deposits	8,472,879	33,828,839
Other Liabilities	28,245,604	20,838,251
Unclaimed Dividends	799,001	701,935
Advances from customers	20,869,614	13,966,551
	<u>257,323,176</u>	<u>127,464,015</u>
<b>13 PROVISIONS</b>		
Proposed Dividend	44,700,000	44,700,000
Additional Tax on Dividend	7,596,765	7,596,770
Bonus	500,000	250,000
	<u>52,796,765</u>	<u>52,546,770</u>
<b>14 DEFERRED TAX ASSETS /(LIABILITIES) (Net)</b>		
Deferred Tax Assets as at 1-04-2007	12,884,057	(2,523,000)
Less: Change in share holding pattern of Subsidiaries/Joint Venture	(464,925)	-
Less: Deferred Tax Liability for the year	(3,066,067)	15,407,057
Net deferred tax assets as on 31.03.2008	<u>9,353,065</u>	<u>12,884,057</u>



## SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT

(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
<b>15 PRELIMINARY EXPENSES</b>		
Balance as per Last Account	378,693	424,821
Less: Change in share holding pattern of Subsidiaries/Joint venture	147,136	
Add: Additions during the year	175,683	
Less: Written off during the year	9,034	46,128
Balance as at the close of the year	<u>398,206</u>	<u>378,693</u>
<b>16. PRE-OPERATIVE EXPENSES</b>		
Balance as per Last Account	10,601	–
Add: Additions during the year	18,013	10,601
Less: Written off during the year	–	
Balance as at the close of the year	<u>28,614</u>	<u>10,601</u>
<b>17. INCOME FROM OPERATIONS</b>		
Jelly Filled Telephone Cables	539,533,183	218,226,523
Copper Products	1,486,164,151	1,881,008,584
Infrastructure Leasing & Sales (Gross)	111,092,882	158,651,288
Gain on Sale of other Assets/infrastructure rights	48,900,000	529,103,068
Income from disposal of Real Estate Joint Venture	40,118,400	–
Sale of Wind Power	68,635,124	8,997,561
Scrap & Misc Sales	1,953,072	3,946,933
	<u>2,296,396,812</u>	<u>2,799,933,957</u>
Less: Inter-Unit Sales	11,881,591	116,498,297
Gross Sales	<u>2,284,515,221</u>	<u>2,683,435,660</u>
Less : Excise duty	284,966,739	299,123,222
Net Sales	<u>1,999,548,482</u>	<u>2,384,312,438</u>
<b>18. OTHER INCOME</b>		
Interest on Loans, Deposits & Others	137,887,838	52,808,803
Interest from Trade Debtors	1,312,879	1,710,684
Profit on sale of Sundry Assets	68,910	282,084
Profit on sale of Investments (Net)	7,957,054	709,537
AMC Charges - CDMA	2,028,125	3,041,499
Dividend	6,257,201	10,142,403
Miscellaneous income	624,526	295,307
Balances no longer payable written back	202,735	10,870,216
Gain on foreign exchange fluctuation (Net of losses)	51,398,293	19,103,824
<b>TOTAL</b>	<u>207,737,561</u>	<u>98,964,357</u>



(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
<b>19. MATERIALS</b>		
<b>A. RAW MATERIALS CONSUMED</b>		
a) Opening Stock		
Raw Materials	41,821,174	40,089,919
Stock-in-Transit	-	9,536,382
b) Purchases net of Modvat	<u>1,604,402,841</u>	<u>1,382,334,292</u>
Sub Total ( i )	<u>1,646,224,015</u>	<u>1,431,960,593</u>
c) Less Closing Stock		
Raw Materials	<u>173,612,880</u>	<u>41,821,174</u>
Sub Total (ii)	<u>173,612,880</u>	<u>41,821,174</u>
i - ii	<u>1,472,611,135</u>	<u>1,390,139,419</u>
Less: Inter-Unit Purchases	11,881,591	116,498,297
Raw materials consumed (A)	<u>1,460,729,544</u>	<u>1,273,641,122</u>
<b>B. Purchases of Traded Goods (B)</b>	1,064,168	56,631
<b>C. INCREASE/ DECREASE IN STOCK</b>		
a) Opening Stock		
Work in Progress	13,437,090	19,162,570
Finished Goods	807,155	29,364,478
Stock-In-Trade- Real Estate	<u>2,387,330</u>	<u>144,004,492</u>
	<u>16,631,575</u>	<u>192,531,540</u>
b) Less Closing Stock		
Work in Progress	44,693,250	13,437,090
Finished Goods	2,802,718	807,155
Stock-In-Trade- Real Estate	-	54,724,871
	<u>47,495,968</u>	<u>68,969,116</u>
(C)	<u>(30,864,393)</u>	<u>123,562,424</u>
TOTAL (A) + (B) + ( C )	<u>1,430,929,319</u>	<u>1,397,260,177</u>
<b>20. EXPENSES</b>		
Salary,Wages & Allowances	24,348,325	17,625,752
Contribution to PF and other funds	1,927,729	1,277,122
Welfare expenses	967,136	1,917,016
Proc.& Con.Charges	14,726,826	5,944,398
Stores Consumed	13,669,824	9,489,653
Dies Consumed	1,726,994	1,503,460
Power & Fuel	37,058,815	32,190,234
Water Charges	348,060	344,723
Packing & Forwarding	7,737,884	7,172,109
Watch & Ward	2,239,960	1,748,228
Printing & Stationery	908,130	829,407
Post.Tel.& Telephone	4,145,443	3,613,590
Insurance	1,637,840	1,540,724
Lease and other Rents	902,106	165,752



EXPENSES (Contd..)	(Amount in Rupees)	
	Year ended 31.03.2008	Year ended 31.03.2007
Legal & Licence fees	1,411,736	3,669,735
Rates & Taxes	1,673,963	2,936,411
Repairs to		
- Building	872,409	1,120,387
- Machinery	6,710,191	7,760,099
- Others	1,608,724	1,413,291
Remuneration to Directors	27,492,861	14,571,005
Auditors Remuneration		
- Statutory Audit fees	269,664	243,596
- Tax Audit fees	56,180	56,180
- Other matters	56,180	56,180
- Out of pocket expenses	28,090	-
Other Administrative expenses	817,133	1,092,627
Software development charges	903,978	
Commission on Sales	2,908,863	1,747,556
Testing Charges	571,364	46,641
Advertisement	3,312,546	1,098,496
Professional Charges	3,726,243	4,524,606
Vehicles mntce. & Fuel	1,960,050	2,095,068
Travelling & Conveyance	5,253,649	3,285,172
Sitting fees	450,500	72,000
Provision for doubtful debts	-	2,500,000
Sundry Balances Written off	1,861,105	1,971,076
Lease Premium amortised	512,630	265,960
Service Tax Paid	3,906,370	1,132,812
Sales Tax Paid (Net)	62,021,902	70,447,544
Entry Tax	10,157	6,401
Sales promotion expenses	1,128,889	2,643,644
Preliminary expenses written off	9,034	47,114
Other expenses	1,541,217	1,891,920
	<u>243,420,700</u>	<u>212,057,689</u>
<b>21. INTEREST AND FINANCIAL CHARGES</b>		
Interest on Cash Credit & others	3,066,313	1,094,867
Interest on Term Loan	46,661,838	34,205,285
Financial Charges	9,375,041	6,432,330
	<u>59,103,192</u>	<u>41,732,482</u>
<b>22. MINORITY INTEREST</b>		
<b>In shareholders funds :</b>		
Share Capital	10,900,000	26,830,000
Reserves & Surplus	-	53,943,700
Current year's Profit & Loss Account	(53,917)	(387,270)
	<u>10,846,083</u>	<u>80,386,430</u>



## Schedule 23

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

#### 23A. Significant Accounting Policies to the consolidated Financial Statement

1. The Financial Statements of the Company and its Subsidiary companies along with Associate companies (where the Company is a joint venture partner) 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 line by line basis by adding together the book value of like items of Assets, Liabilities, income and expenses, to the extent of Company's share therein and 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.
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 unconsolidated financial statements of Bhagyanagar India Limited.

#### 23B. Notes on Accounts to the Consolidated Financial Statement

- 1) List of Subsidiary Companies, Joint Ventures considered for consolidation:

Sl. No.	Name of the Company	Year of Incorporation	Paid up Capital (Rs inLacs)	Extent of Holding As at 31st March, 2008 (%)	Equity Investment (Rs in Lacs)	Loans & Advances
1.	Bhagyanagar Properties Limited	2006-07	400	100	400	5865.16
2.	Scientia Infocom India Limited	2005-06	400	76	304	1419.42
3.	Metropolitan Ventures India Limited	2007-08	50	74	37	410
4.	Bhagyanagar Metals Limited	2006-07	5	100	5	Nil
5.	Bhagyanagar Telecom Limited	2005-06	5	100	5	Nil



Brief financial particulars of Subsidiaries 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 31.03.2008

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit Before taxation Benefit Tax	Defered Tax&Fringe	Profit after tax
Bhagyanagar Properties Ltd	400	(6.25)	6258.9	5865.17	-	-	(1.78)	1.52	-3.30
Bhagyanagar Metals Ltd	5	-	5	-	-	-	-	-	-
Bhagyanagar Telecom Ltd	5	-	5	-	-	-	-	-	-
Scientia Infocom India Limited	400	(5.38)	2301.6	1907.08	-	-	(0.65)	1.59	-2.54
Metropolitan Ventures India Ltd	50	-	460	410	-	-	-	-	-

## 2) Earnings per Share

Particulars	31.03.2008 (Figures in lacs)	31.03.2007 (Figures in lacs)
Net Profit after tax	3735.75	7002.59
Net Profit available for Equity share-holders	3735.75	7002.59
Number of equity shares - Basic	745.00	745.00
Add: Undiluted effect of potential equity shares on conversion of FCCB	156.68	156.68
Add: Undiluted effect of potential equity shares on conversion warrants	155.00	
Number of equity shares - Dilutive	1056.68	901.68
Nominal value of each equity share (Rs)	2	2
Basic Earning per share	5.01	9.40
Diluted Earning per share (on conversion of FCCB and Warrants)	3.53	7.76

## 3. Share Warrants:

The Company has issued 1,15,00,000 optionally Convertible share warrants at a conversion rate of Rs 44 each during Nov,07 and 40,00,000 warrants at the conversion rate of Rs 90 each during March,08. The application money received Rs 868.10 lacs is shown under the head "Share warrants pending allotment in the Balance Sheet. The warrants are convertible into Equity Shares within 18 months from the date of issue. None of the warrant holders have exercised the option as on the date of the Balance Sheet.

The Company has earmarked the proceeds of issue of the warrants for its Capex programme and long-term working capital requirement. Pending utilization, the money is laying in liquid funds.

## 4. Reserves & Surplus:

- In view of steep fluctuation in foreign exchange, the Company has created a Foreign Exchange Fluctuation Reserve wherein unrealized gain amounting to Rs 8,46,00,000 including Rs 3,25,50,000 of previous year on account of FCCB has been transferred out of appropriation of surplus of Profit & Loss Account. Impact of foreign exchange fluctuations arising on FCCB will be adjusted from reserve in future.



**5. Secured Loans:**

- Term Loan of Rs 3500 lacs from Banks is secured by first charge on pari-passu basis on the immovable and movable fixed assets of some of the manufacturing units of the Company.
- Working Capital Limits are secured by hypothecation of stocks, Debtors and first charge on pari-passu basis on specific fixed assets of the Company.

**6. 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 (INR 6864 lacs as on the date of issue) comprising of 150 bonds of US \$ 1,00,000 each to finance capital expenditure. The bond-holders have an option of converting these bonds into equity shares at an initial conversion price of Rs 44 per share (Face value Rs 2 each) with a fixed rate of exchange on conversion of Rs 45.96 = US \$ 1.00 at any time prior to close of business on 10th October, 2011 unless redeemed.
- The Company is of the opinion since the bonds are convertible into equity shares, the creation of Redemption Reserve is not required.
- The Company has a commitment towards the FCCB bondholders to pay 8% half yearly compounded yield-to-maturity (YTM), in case the option of conversion is not exercised by them, within 5 years from the date of issue of the Bonds. As the liability on this account has not crystallized as on the date of Balance Sheet, no provision has been made in the books of accounts. Contingent liability on account of YTM is Rs 751.43 lacs as on 31.03.2008.
- In compliance with the Accounting Standard - 11 issued by the Institute of Chartered Accountants of India, Rs 520.50 lacs has been credited to the Profit & Loss Account on account of unrealized gain on foreign exchange fluctuation due to appreciation in rupee rate vis-à-vis US \$ as on 31.03.2008. Amount credited in the Profit & Loss account is net of losses of Rs 152 lacs on account of FCCB
- Liability on account of Foreign Currency Convertible Bonds as on 31.03.2008 is valued at the conversion price of that date which was Rs 40.12 = 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 utilisation of FCCB proceeds are us under:**

Particulars	(Rupees in Lacs)	
	2007-2008	2006-2007
Issue Proceeds	6783.20	6783.20
Less: Investment In Wind Power Projects	3756.20	3690.0
Modernization / Expansion of Copper Division	368.44	125.6
Investment in Infrastructure Segments including Hardware Parks and IT Parks	1395.71	1364.0
Payments to Lead Managers including fees to exchanges	224.07	222.8
Total Expenses		
Add: Loss due to rupee depreciation	5744.42	5402.4
Less Interest Accrued on FDs in overseas bank	152.00	–
Less Gains realized on Foreign Exchange	29.06	29.0
Net Amount Expended after Interest Earnings	–	11.0
	5544.69	5362.4
Balance with Banks	915.01	1420.81

**7. Unsecured Loans - Sales Tax deferment:**

The Total Sales Tax Loan outstanding as on 01-04-2007 was Rs. 276.42 Lacs. During the year liability to the extent of Rs 2.17 lacs has increased due to additional demand on completion of sales tax assessments for the year 2003-04 and 2004-05. The outstanding liability stands at Rs 278.59 lacs as on 31.03.2008

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

	31-03-2008 Rs. in lakhs	31-03-2007 Rs. In lakhs
a) Counter guarantees given to the Banks against Guarantee Issued by them	1766.14	1617.67
b) Letters of Credit opened by Banks/Buyers' credit	1578.63	195.87
c) YTM payable to the FCCB bond-holders	751.43	261.54
d) Sales Tax matters under dispute	11.28	3.81
e) Capital commitment (Net of Advances)	27.04	Nil

**9. Fixed Assets - Wind Power generation:**

The Company is entitled to benefit of Green House Gas Emission Reductions (Carbon Credit) to be generated by Wind Power Project under the clean development mechanism as per the Kyoto protocol. The PDD has been submitted to the appropriate authority. The revenue generated by sale of Emission Reduction will accounted for as and when the approval is received. The revenue thus received is to be shared with supplier of Wind-mill.

**10. Capital Work-in-Progress:**

Break-up of Capital Work-In-Process is given below:

- Advance for Land in Tada SEZ Rs 250 lacs
- Construction in progress Rs 248.44 lacs
- Purchase of Fixed Assets pending installation Rs 39.35 lacs

**11. Fixed Assets - Impairment:**

In the view of the management, there is no impairment of the assets of the Company and the management is fully confident of realizing the book value of the assets in cash or in kind. Hence, no provision for the same has been made in the books of accounts.

**12. Cash & Bank Balance - Fixed deposits:**

Balance in Fixed deposit includes Rs 852.60 lakhs, parked in ICICI Bank Ltd, UK out of the proceeds of FCCB issue.

**13. Deferred Taxes**

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

	As at 31-03-2007 Rs. Lakhs	Liability Arising during the Year	As at 31-03-2008 Rs. Lakhs
Deferred Tax Assets/Liability			
Depreciation - Timing difference	43.58	(19.58)	24.00
Adjustment on account of FCCB issue expenses	85.26	(15.73)	69.53
Net Deferred Tax Assets	128.84	(27.55)	93.53





14. Sale of other Assets/Infrastructural rights:

Sale of other Assets/Infrastructural rights comprises of the gain from relinquishment of property development right amounting to Rs 489 lacs.

15. Minority Interest:

Particulars	Scientia Infocom India Limited	Metropolitan Ventures 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 year's Profits (losses)	(53,917)	Nil	(53,917)
	95,46,083	13,00,000	1,08,46,083

16. Related Party Disclosure

A: Relationship

Entities in which Directors are interested	Subsidiary companies	Joint Venture & Associates	Key Management Personnel	Relatives of Key Management personnel
Surana Telecom & Power Limited	Metropolitan Ventures India Ltd	Surana Ventures Limited	G M Surana	Namrata Surana
Innova Technologies Limited	Bhagyanagar Properties Ltd	Savitrimata Realtors Pvt Ltd	Narender Surana	Manish Surana
Value Infrastructure & Properties Pvt Ltd	Scientia Infocom India Ltd	Bhagyanagar Entertainment & Infra Development Co Pvt Ltd	Devendra Surana	
Bhagyanagar Energy & Telecom Ltd	Bhagyanagar Telecom Ltd Bhagyanagar Metals Ltd	Bhagyanagar Infrastructure Ltd	Narender Munoth N K Reddy	
Bhagyanagar Entertainment Ltd				
Every Time Food Industries Pvt Ltd				
Surana Infocom Ltd				
Advantage Real Estate India Pvt Ltd				
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 Ltd				
Bhagyanagar Ventures Limited				

**B: Transactions**

(Rs in lacs)					
Nature of Transaction	Entities in which Directors are interested	Subsidiary companies	Joint Venture & Associates	Key Management Personnel	Relatives of key management
Sale of Goods	37.61 (7.93)				
Purchase of Goods	663.04(2899.11)				
Job Work	43.86 (8.44)				
Interest			225.92 (Nil)		
Share warrant					
Application money	176 (Nil)				
Advances	752.12*(684.50)	7694.59(7603.72)	3546.87(485.50)		
Remuneration				284.70(249.78)	4.73 (3.00)
Rent				1.52 (1.08)	

\* The advances are given for infrastructure transactions during normal course of business.

\* Figures in brackets represent figures for the previous year

\* Share holding of the Company in Bhagyanagar Infrastructure Limited has increased from 25,00,000 equity shares to 27,50,000. However, the overall holding has fallen below 50% Hence, it is no longer a subsidiary and not considered for consolidation of financial statements.

**13. 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:

S No	Particulars	Telecom Products	Copper Products	Wind Power	Infra-structure	Total
<b>1</b>	<b>REVENUE</b>					
	External Sales (Net of Excise)	4,557.45	12,738.92	686.35	2,012.76	19,995.48
	<b>Total Revenue</b>	<b>4,557.45</b>	<b>12,738.92</b>	<b>686.35</b>	<b>2,012.76</b>	<b>19,995.48</b>
<b>2.</b>	<b>RESULTS</b>					
	Segment results	472.25	633.52	431.07	1,898.69	3,435.53
	Unallocable income/Expenses					1,410.56
	Operating Profit					4,846.09
	Interest Expenses					591.03
	Interest Income					-
	Income taxes					519.31
	Profit from Ordinary Activities					3,735.75
	Extra-ordinary loss/Profit					-
	<b>Net Profit</b>					<b>3,735.75</b>

(Contd..)



**SEGMENTAL REPORTING (Contd..)**

**3. Other Information**

Segment Assets	1,894.69	4031.78	4639.86	23,885.53	34,451.86
Unallocable Assets					11,911.26
<b>Total Assets</b>					<b>46,363.12</b>
Segment Liabilities	1,839.73	413.01	153.00	199.66	8,413.48
Unallocable Liabilities					6,198.22
<b>Total Liabilities</b>					<b>14611.70</b>
Capital Expenditure	8.54	247.13	–	500.33	756.00
Unallocable Capital Expenditure					0.84
<b>Total Capital Expenditure</b>					<b>756.84</b>
Depreciation	30.48	119.46	244.73	59.51	454.18
Unallocable Depreciation					29.08
<b>Total Depreciation</b>					<b>483.26</b>
Non Cash expenses - other than depreciation	6.34	13.74	3.60	–	23.68
Unallocable non cash expenses					0.06

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

	Revenues		Results/Net profit		Assets		Liabilities	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Total of reportable segments	19,995.48	23843.14	3,435.53	7,751.61	34,451.85	32,989.08	8413.48	10,168.80
Corporate-unallocable (Net)	2,077.38	989.64	1,410.56	684.63	11,911.26	8,987.16	6,198.22	4,758.40
Interest expenses			591.03	417.32				
Taxes			519.31	1,016.34				
As per financial statements	<b>22,072.86</b>	<b>24,832.78</b>	<b>3,735.75</b>	<b>7,002.58</b>	<b>46,363.11</b>	<b>41,976.24</b>	<b>14,611.70</b>	<b>14,927.20</b>

Signatories to Schedule 1 to 23

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

**For Sekhar & Co**

Chartered Accountants

**G. Ganesh**

Partner

(M. No: 211704)

**G.M. Surana**

Chairman

**Narender Surana**

Managing Director

**Devendra Surana**

Managing Director

For and on behalf of Board of Directors

Place : Secunderabad, India

Date : June 26, 2008

**Surendra Bhutoria**  
Chief Financial Officer

**Sridevi Madati**  
Company Secretary



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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: 040-23420816/824, Fax: 040-23420814

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

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

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

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

Place : .....

Date : .....

Signature of First Holder

**Note:**

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







# BHAGYANAGAR INDIA LIMITED

(Formerly Bhagyanagar Metals Limited)

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

## ATTENDANCE SLIP

23rd Annual General Meeting 17th September, 2008.

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 23rd Annual General Meeting of the Company, at 3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003, at 10.30 a.m. on Wednesday, the 17th day of September, 2008.

\_\_\_\_\_  
\*\* 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.
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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 23rd Annual General Meeting of the Company to be held at 3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003, at 10.30 a.m. on Wednesday, the 17th day of September, 2008 and at every adjournment thereof.

Signed this ..... day of ....., 2008.

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.