

# **BHAGYANAGAR METALS LIMITED**

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

**2008-2009**

## **BOARD OF DIRECTORS**

G M SURANA	-	DIRECTOR
NARENDER SURANA	-	DIRECTOR
MANISH SURANA	-	DIRECTOR

## **REGISTERED OFFICE**

5th Floor, Surya Towers,  
Sardar Patel Road,  
Secunderabad - 500 003.

## **AUDITORS**

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

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 3<sup>rd</sup> Annual General Meeting of the Members of **BHAGYANAGAR METALS LIMITED** will be held on Tuesday, 30<sup>th</sup> June, 2009 at 11.30 a.m. at the Registered Office of the Company at 5<sup>th</sup> Floor, Surya Towers, S P Road, Secunderabad - 500 003 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2009 and Pre-operative Expense Statement for the period ended 31.03.2009 along with Auditors' Report & Directors' Report thereon.
2. To appoint a Director in place of Shri G.M.Surana who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Sekhar & Co., Chartered Accountants, Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

By Order of the Board  
for **BHAGYANAGAR METALS LIMITED**

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

Place : Secunderabad  
Date : 03.06.2009

### **NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend, and, on a poll, to vote instead of himself and such proxy need not be a member.
2. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

## **DIRECTORS REPORT**

To  
The Members,

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

### **FINANCIAL RESULTS:**

The Company was incorporated with a specific purpose of restructuring the business of its Holding Company i.e., Bhagyanagar India Ltd. As the proposal of restructuring has been deferred by the management of M/s. Bhagyanagar India Ltd, the company is yet to commence commercial operations except for incurring initial pre-operative expenses. Hence the profit and loss account for the financial year ended 31<sup>st</sup> March, 2009 has not been prepared.

### **DIVIDEND:**

As the Members are aware, the Company has not yet started its commercial operations, therefore your Directors do not recommend any dividend for the Financial Year 2008-09.

### **FIXED DEPOSITS:**

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

### **DIRECTORS:**

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

### **AUDITORS:**

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

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

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

- i. That in the preparation of the accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

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

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

**PARTICULARS OF EMPLOYEES:**

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

**ACKNOWLEDGEMENTS:**

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

By Order of the Board  
for **BHAGYANAGAR METALS LIMITED**

Place : Secunderabad  
Date: 03.06.2009

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

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

## ANNEXURE TO THE DIRECTORS REPORT

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

### 1. CONSERVATION OF ENERGY:

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

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

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

### 2. TECHNOLOGY ABSORPTION:

#### FORM B:

(Disclosure of particulars with respect to technology absorption)

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

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

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

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

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Foreign Exchange inflow	:	NIL
Foreign Exchange Outgo	:	NIL

By Order of the Board  
for **BHAGYANAGAR METALS LIMITED**

Place : Secunderabad  
Date : 03.06.2009

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

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



# SEKHAR & CO.

CHARTERED ACCOUNTANTS

**PARTNERS :**



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

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

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

To  
The Members of  
Bhagyanagar Metals Limited

1. We have audited the attached Balance Sheet of M/s. Bhagyanagar Metals Limited, as at 31<sup>st</sup> March 2009, the Statement of Pre-operative Expenses and also the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.
2. We have conducted our Audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement Presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) Order, 2004 (together henceforth called as the 'Order') issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act'), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give below, a statement on the matters specified in paragraphs 4 & 5 of the said order.
  - a. The Company is yet to commence commercial operations except for incurring initial pre-operative expenses and in view of absence of conditions pre requisite to reporting requirements to the clauses i to xx of paragraph 4 of the order we have nothing to comment on the same.
  - b. During the course of our examination of the Books of Account carried out in accordance with the generally accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

  
3/6/09.  


Office : 133/4, Rashtrapathi Road, Secunderabad - 500 003.

☎ : 040-27533391, 27536342, 27543132. Fax : 27536817. E-mail : kcdevdas@yahoo.com



4. Further to our comments in paragraph 3 above, we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of those books.
  - c) The Balance Sheet and the Statement of Pre-operative Expenses dealt with by this report are in agreement with the Books of Account;
  - d) In our opinion, the Balance Sheet and the Statement of Pre-operative Expenses dealt with by this report comply with Accounting Standards referred to in Section 211(3C) of the Act;
  - e) On the basis of the Written representations received from the Directors, as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March 2009 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Act.
  - 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, together with the Notes thereon and attached thereto, given in the prescribed manner, the information required by the Act, and also give a true and fair view in conformity with accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009;
    - (ii) In the case of the Statement of Pre-operative Expenses, of the Expenses for the year ended on that date.
    - (iii) In the case of cash flow statement the cash flows for the year ended on that date.

For SEKHAR & CO.  
CHARTERED ACCOUNTANTS

  
G. Ganesh  
Partner  
M.No: 211704



Place: Secunderabad  
Date: 3/6/09



Bhagyanagar Metals Limited

Balance Sheet as on 31.03.2009

Sl.no		Sche.No	As on 31.03.2009	As on 31.03.2008
I	<b><u>Sources of Funds:</u></b> <b><u>Share Capital:</u></b> A) Authorised 50000 Equity Shares of Rs. 10/-each		500,000	500,000
	B) Issued and Subscribed 50000 Equity Shares of Rs.10/- Each fully paid up	1	500,000	500,000
	<b>Total:</b>		<b>500,000</b>	<b>500,000</b>
II	<b><u>Application of Funds</u></b> <b><u>a)Current assets, Loans &amp; Advances:</u></b> a) Cash and Bank balances	2	461,451	473,211
	<b>Less: Current Liabilities:</b>	3	2,206	1,686
	Net Current Assets		<b>459,245</b>	<b>471,525</b>
	<b><u>B) Misc Expenditure to the extent not written off or adjusted</u></b> a) Preliminary Expenses b) Preoperative expenses	4	21,517 19,238	21,517 6,958
	Significant Account policies and Notes to Accounts	5		
	<b>Total:</b>		<b>500,000</b>	<b>500,000</b>

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

Signatories to Balance Sheet and Schedules 1 to 4 and 5 for and on behalf of the Board

G.Ganesh  
Partner  
M.No.211704  
For and behalf of  
Sekhar & Co., Chartered Accountants



(Narender Surana)  
Director

(Manish Surana)  
Director

Place: Secunderabad  
Date: 31/03/09.

**Bhagyanagar Metals Ltd**  
**Schedules to Balance Sheet**

1 Share Capital	As on 31.03.09	As on 31.03.08
<b>Authorised</b> 50,000 Equity Shares of Rs. 10/- each	500,000	500,000
<b>Issued &amp; Subscribed</b> 50,000 Equity Shares of Rs. 10/- each fully paid up ( The above shares are held by M\S Bhagyanagar India Limited-The holding Co.& its nominees)	500,000	500,000
<b>Total:</b>	<b>500,000</b>	<b>500,000</b>

2 Cash and Bank balances	As on 31.03.09	As on 31.03.08
Cash in hand	30,060	-
Bank balances	431,391	473,211
<b>Total:</b>	<b>461,451</b>	<b>473,211</b>

3 Current Liability	As on 31.03.09	As on 31.03.08
Audit fees payable	2,206	1,686
<b>Total:</b>	<b>2,206</b>	<b>1,686</b>

4 Preliminary Expenses	As on 31.03.09	As on 31.03.08
Misc. Expenditure to the extent not written off or adjusted	21,517	21,517
	21,517	21,517




**Bhagyanagar Metals Limited**  
Statement of Pre-Operative Expenses

<u>Pre-operative Expenses</u>	upto 31.03.2008	For the year 01.04.08 to 31.03.09	upto 31.03.09
Telephone charges	-	8238	8238
Professional & consultancy charges	2806	0	2806
Bank charges	168	0	168
Audit fees	3372	2206	5578
Filing fees	612	1836	2448
<b>Total:</b>	<b>6958</b>	<b>12280</b>	<b>19238</b>

As per our report of even date  
For Sekhar & Co.  
Chartered Accountants

Signatories to Pre-operative statement  
for and on behalf of the Board,

*G Ganesh*  
3/6/09  
(G Ganesh)  
Partner  
(M No 211704)  
Place: Secunderabad  
Date: 3/6/09



*Narender Surana*  
(Narender Surana)  
Director

*Manish Surana*  
(Manish Surana)  
Director

**Bhagyanagar Metals Limited**  
**Cash flow Statement for the year ended 31st March 2009**  
(Amount in Rupees)

PARTICULARS	2008-09	2007-08
<b>A. Cash flow from Operating Activities</b>		
Net profit before tax as per annexed Profit and loss account	-	-
Add: Adjustments for:		
Depreciation	-	-
Preliminary Expenses Written off	-	-
Pre- operative Expenses	(12280)	(5272)
Unrealised gain of Foreign Exchange	-	-
Lease rents Amortised	-	-
Bad debts Written off & Provision for bad debts	-	-
Balances/Provisions no longer required written back	-	-
Profit on sale of investments(Net)	-	-
Profit on Sale of Assets	-	-
Interest paid	-	-
Interest Received	-	-
Dividends Received	-	-
<b>Operating profit before working Capital Changes</b>	<b>(12280)</b>	<b>(5272)</b>
inventories	-	-
Loans and Advances	-	-
Other current Assets	-	-
Sundry Debtors	-	-
Trade payables and other Current liabilities	520	-
Advance from Customers	-	-
<b>Cash generated from Operations</b>	<b>(11760)</b>	<b>(5272)</b>
Income tax and Fringe Benefit Tax paid	-	-
Taxes of Earlier years	-	-
<b>Net cash (used in)/from operating activities(A)</b>	<b>(11760)</b>	<b>(5272)</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Purchase of Mutual Fund & Other investment	-	-
Sale of Mutual Funds & Other investments	-	-
Dividend Received on Shares and Mutual Funds	-	-
Interest Received	-	-
Changes in Capital Work in Progress	-	-
Loans to Joint Ventures and Subsidiaries	-	-
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>-</b>	<b>-</b>



<b>C Cash flow from Financing Activities</b>		
proceeds from issue of share capital	-	-
Proceeds from FCCB(net realised)	-	-
FCCB Issue Expenses Charged to Securities Premium Account	-	-
Proceeds form Short term Loans(Net)	-	(21517)
Repayment/(Receipt) of Long Term Loans	-	-
Intrest paid	-	-
Dividend Paid	-	-
<b>Net Cash (used in)/from Investing Activities ©</b>	-	(21517)
<b>Net Increase / Decrease in cash and Cash Equivalents (A+B+C)</b>	<b>(11,760)</b>	<b>(26,789)</b>
Cash and Cash Equivalents Opening Balance	473,211	500,000
Cash and Cash Equivalents Closing Balance	<b>461,451</b>	<b>473,211</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(11,760)</b>	<b>(26,789)</b>

Notes: The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow statement issued by the Institute of Chartered Accountants of India

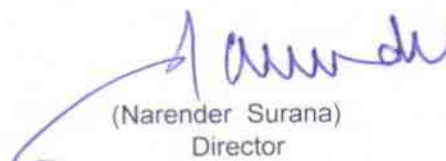
In terms of our report of even date


For and on behalf of Board of Directors

For Sekhar & Co  
Chartered Accountants

G.Ganesh  
Partner  
(M.No.211704)



  
(Narender Surana)  
Director

  
(Manish Surana)  
Director

Place: Secunderabad  
Date: 3/6/09



## Schedule-5

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

#### **5A. Significant Accounting Policies**

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

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

##### **ii. Use of Estimates**

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

##### **iii. Own Fixed Assets**

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

##### **iv. Depreciation**

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

##### **v. Impairment of Assets**

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



**vi. Investments**

Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.

**vii. Inventories**

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

**viii. Foreign Currency Transactions**

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

**ix. Employee Retirement / Terminal Benefits**

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

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

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

**xi. Turnover**

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





**xii. Provision for Taxation**

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

**xiii. Prior Period Expenses / Income :**

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

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

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



**5 B Notes to Accounts**

1. Estimated Contractual Liability on account of Capital Commitment-NIL
2. Contingent Liability-NIL
3. Additional information pursuant to the provisions of Paragraph 3, 4C, and 4D of the part II of Schedule VI to the Companies act, 1956 are not relevant, hence not given
4. The Company is a wholly owned subsidiary of Bhagyanagar India Ltd
5. The Company was incorporated as on 25<sup>th</sup> September 2006 with a specific purpose of restructuring the Business of Bhagyanagar India Limited. As the process has been kept on hold by the Board of Directors. No Activities has been carried out by the Company. Hence, Profit and Loss Account has not been Prepared.

Schedules referred to the above form an Integral part of the balance sheet.

As per our report of even date  
For SEKHAR & CO  
Chartered Accountants

(G.Ganesh)  
Partner  
M.No.211704



Place: Secunderabad  
Date: 3/6/06

Signatories to Balance sheet and Schedules to 1 to 5

for and on behalf of the Board

(Narender Surana)  
Director

(Manish Surana)  
Director