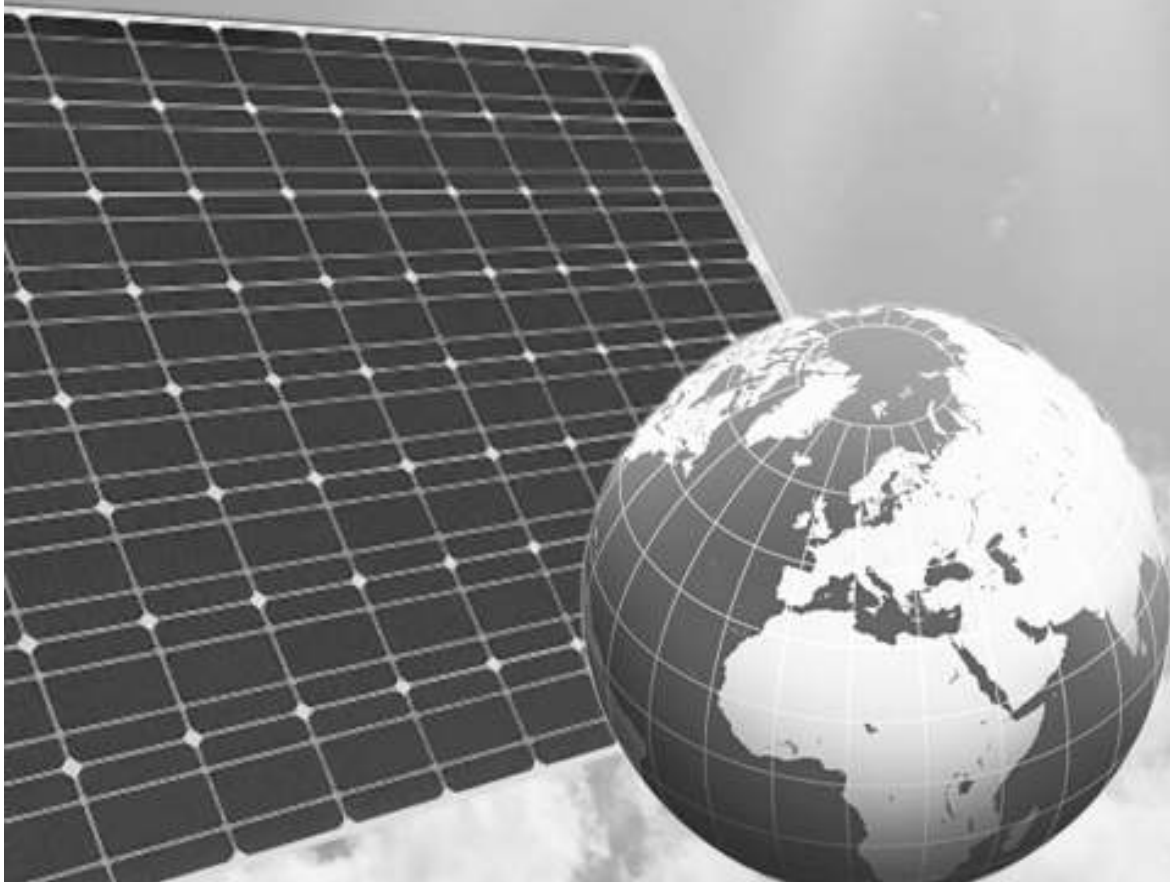


24th Annual Report
2010-11



Board of Directors

Mr. Dinesh Kumar	Managing Director
Mr.K. Vasudeva Rao	Executive Director
Mr. Aneesh Mittal	Whole Time Director
Mr.Rajiv Garg	Non Executive and Independent Director
Mr.Ashok Kumar Goyal	Non Executive and Independent Director
Mrs.Ritu Lal Kumar	Non Executive and Non-Independent Director

Mr.K.Sateesh Gupta Company Secretary

Auditors **M/s. Satyanarayana & Company**
Chartered Accountants
Secunderabad

Bankers to the Company

State Bank of India
Canara Bank
IDBI Bank Limited
The Federal Bank Limited
Vijaya Bank
State Bank of Hyderabad
ICICI Bank Limited
Bank of India
State Bank of Bikaner & Jaipur
State Bank of Mysore

Registered Office C2, Pooja Plaza, VikramPuri
Secunderabad – 500 009, Andhra Pradesh

Factory

- | | |
|--|--|
| 1. <u>Jointing Kits Division</u>
Shed No. 30 & 31
I.D.A., Mallapur, Hyderabad - 500 076 | 2. <u>SPV Division</u>
Shed No. 32, I.D.A.,
Mallapur, Hyderabad - 500 076 |
| 3. <u>SMPS & CDMA Division:</u>
Plot No. 198/A, I.D.A., Cherlapally,
Hyderabad - 500 051 | 4. <u>Ethanol Division:</u>
Plot Nos. B 8 to B 10, &
B 18 to B21, MIDC, Kushnoor
NANDED (District), Maharastra |
| 5. <u>Fabcity :</u>
Plot No. 36, Raviryal Village,
Fab-City (SEZ) India Pvt. Ltd.
Maheshwaram Mandal,
Ranga Reddy District AP | |

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NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of **XL ENERGY LIMITED** (Formerly XL Telecom & Energy Limited) will be held on Thursday, the 24th November 2011 at 11.00 A.M at the Premises of the Company's plant at Plot No.198/A, IDA, Cherlapally, Hyderabad - 500051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2011, the Profit & Loss Account for the year ended on that date together with the Schedules and Annexures thereto and the reports of the Auditors' and the Board of Directors thereon
2. To appoint a Director in place of Mr.Ashok Kumar Goyal, Director, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Mr.K Vasudeva Rao, Director, who retires by rotation and being eligible offers himself for re-appointment
4. To re-appoint M/s.Satyanarayana & Co, Chartered Accountants retiring auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **To consider and if thought fit to pass, with or without modification (s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT in supersession of the earlier resolution passed by the Board of Directors and members of the Company and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded for the re-appointment of Mr.K.Vasudeva Rao as an Executive Director of the Company for a period of 3 years with effect from 28th February, 2011.

RESOLVED FURTHER THAT Mr.K.Vasudeva Rao shall be paid and allowed the remuneration as per the following terms and conditions with effect from 28th February, 2011:

➤ Salary	:	Rs.2,00,000/- per month
➤ House Rent Allowance	:	Rs. 50,000/- per month
➤ Other allowances	:	<u>Rs. 50,000/-</u> per month
TOTAL	:	<u>Rs.3,00,000/- Per month</u>

Perquisites:

- (a). Free use of Company's car with driver for Company's business.
- (b). Free telephone facility at residence but personal long distance calls will be billed to Mr.K.Vasudeva Rao

RESOLVED FURTHER THAT the above remuneration shall be allowed and paid as the minimum remuneration to Mr.K.Vasudeva Rao, notwithstanding the absence or inadequacy of the profits in any Financial Year during the term of his office.”

**For and on behalf of the Board of
Directors of XL Energy Limited**

Place: Secunderabad
Date: 24.10.2011

**Dinesh Kumar
Managing Director**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
4. Register of Members/Register of Beneficiaries and Transfer Books of the Company will remain closed from Saturday, the 19th November, 2011 to Thursday, the 24th November 2011 (both days inclusive).
5. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business set out above, is annexed hereto.
6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars Viz. M/s. Bigshare Services Pvt Ltd, G-10, Left Wing, Amrutha Ville Appt., Opp: Yashoda Hospital, Somajiguda, Rajbhavan Road, HYDERBAD – 500 082.
7. MEMBERS ARE REQUESTED TO UPDATE THEIR E-MAIL IDs WITH THE DEPOSITORIES.
8. Additional information on Directors being re-appointed as required under Clause 49 (IV) (G) of the listing agreement entered with the Stock Exchanges is given below:

At the ensuing 24th Annual General Meeting, Mr.Ashok Kumar Goyal and Mr.K Vasudeva Rao Directors, retires by rotation and being eligible offers themselves for re-appointment.

Mr.Ashok Kumar Goyal, aged about 54 years, is an Independent Director and is a Chartered Accountant by profession. He has more than 28 years of experience in managing businesses especially in financial, regulatory issues and more specifically Telecom and Office Automation sectors. He is founder Chairman of Global Advisors Ltd., and a director of Spice Investments & Finance Advisors Pvt Ltd. He was involved as Executive Director in setting up the first Cellular Network in India for Modi Telestra Ltd.

Mr.K Vasudeva Rao, aged 49 years is a Executive Director. He has been advising the company in relation to financial matters, capital structuring, fund raising options, working capital facilities, operational areas and other financing areas successfully with great dedication and commitment.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956,

Item # 5: Re-appointment of Mr.K.Vasudeva Rao, Executive Director

The existing tenure of Mr.K.Vasudeva Rao as Executive Director expired on 27th February, 2011. Mr.K.Vasudeva Rao, aged 49 years, is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India, and a graduate in Commerce. He has been advising the company in relation to financial matters, capital structuring, fund raising options, working capital facilities, operational areas and other financing areas successfully with great dedication and commitment. Keeping in view of the immense contribution of Mr. K.Vasudeva Rao, it is proposed to re-appoint him as Executive Director and the Board at its meeting held on 14th February 2011 recommended to reappoint him, for a further period of Three years w.e.f. 28th February, 2011 and with a monthly remuneration of Rs.3,00,000/-.

The above proposal requires the approval of members by Special Resolution by virtue of Schedule XIII to the Companies Act, 1956.

None of the Directors except Mr.K.Vasudeva Rao is deemed to be concerned or interested, directly or indirectly, in passing this resolution.

I. General Information:

(1) Nature of industry

XL Energy Ltd (XL) is a 25 years old company having revenues of Rs.165.12 Crores (for the year ended 31st March 2011) and focusing in Energy sector engaged in energy products like Solar Photo Voltaic Modules and ethanol.

(2) Date of commencement of commercial production

Commercial Operations of the Company have started during the year 1986.

(3) Financial performance:

Performance of the Company for the last three years are as follows:

(Rs. in Lakhs)

Item	2010-2011 (15 Months ended on 31 st March 2011)	2008-2009 (18 Months ended on 31 st December 2009)	2007-08 (12 months ended on 30 th June, 2008)
Income from Operations (Gross)	16512.03	42570.78	65401.51
Profit Before Interest, Depreciation & tax	-17769.66	-5250.05	7462.84
Profit after Tax	-17026.60	-29583.38	4014.33

(4) Export performance and net foreign exchange earnings

Export performance of the Company for the last three years is as follows:

(Rs. in Lakhs)

Item	2010-2011 (15 Months ended on 31 st March 2011)	2008-2009 (18 Months ended on 31 st December 2009)	2007-08 (12 months ended on 30 th June, 2008)
FOB value of goods realised	16684.63	35031.12	9325.70

(5) Foreign investments or collaborators, if any.

Foreign investments in the Company as on 31st March 2011 are 15,00,655 equity shares. These shares are held by FIIs and NRIs.

II. Information about the appointee:

(1) Background details

Mr. K.Vasudeva Rao, aged 49 years is a Chartered Accountant and has held several senior positions in reputed organizations for over 25 years before taking over as Executive Director for XL Energy Limited. He has experience in Industries ranging from Software, Textile, FMCG, power sectors. He has in-depth knowledge of Middle East, South East and South Asian Markets. His core expertise has been to monitor and manage the operations of varied industries from financial and commercial viewpoint.

(2) Past remuneration

Mr.K.Vasudeva Rao was drawing a monthly salary of Rs.3,00,000/- per month.

(3) Recognition or awards

Nil

(4) Job profile and his suitability

Mr.K.Vasudeva Rao has been heading finance and accounts functions of the company. Also he is actively involved in corporate management activities including fund raising activities to establish various projects of the Company. He also closely works with the Managing Director in improving shareholders value.

Mr.K.Vasudeva Rao has worked with various companies in different positions and has varied industry exposure like Engineering (Kirloskar Electric), Tea, Telecom and Software. He has been in Telecom & Energy Industry for over 13 years focusing Operations. His vast exposure and experience will be an added advantage to the Company.

(5) Remuneration proposed

Remuneration proposed Rs.3,00,000/- per month.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

Compared to the remuneration profile of position and person with respect to this Industry and size, he is entitled to minimum remuneration of Rs. 3.00 Lakhs per month.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

NIL

III. Other information:

(1) Reasons for inadequate profits

Due to global sluggish demand for solar power voltaic products coupled with huge interest burden on account of the loans.

(2) Steps taken or proposed to be taken for improvement

Company has been focusing on providing an end-to-end solution to customers for setting up of solar power generation plants both in domestic and overseas markets thereby the company will be working on production of solar cells from wafers to supply solar power to the grid / utility companies thus enhancing the spectrum of opportunities for growth and stabilization.

(3) Expected increase in productivity and profits in measurable terms.

Keeping in view of continuing effect of global economic recession and time taking for the recovery of Solar Photovoltaic market, the company has conservatively estimated a turnover of Rs.268 Crores by December 2011 and a Net loss of Rs.93 Crores. Accordingly, these projections were built into the CDR package and the same were duly approved by the CDR Empowered Group and all the Lenders.

**For and on behalf of the Board of
Directors of XL Energy Limited**

Place: Secunderabad
Date: 24.10.2011

**Dinesh Kumar
Managing Director**

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of the Company together with the Audited statement of accounts for the 15 months period ended 31st March 2011

1. Financial Results

Particulars	Rs in Lacs	
	31 st March 2011 (15 months)	31 st December, 2009 (18 months)
Income from Operations	16512.03	42944.98
Less: Duties and Taxes	4.18	374.20
Net Income from Operations	16507.85	42570.78
Other Income	83.98	169.28
Profit(+)/Loss(-) Before depreciation, Interest and Tax	-17456.26	-5250.05
Interest & Financial Charges	8092.81	10354.47
Depreciation	377.29	395.05
Extraordinary items	0.00	12807.96
Profit(+)/Loss(-) Before Tax	-25926.36	-28807.53
Provision for Income Tax	0.00	326.72
Deferred Tax	15291.62	390.12
Prior period adjustments	0.00	27.55
Profit(+)/Loss(-) After Tax	-10634.74	-29583.38
Dividend (%)	0.00	0.00
Equity Capital (Rs.)	227743970	207749500
Earnings per Share (Rs.)	-74.76	-142.40

During the year, your Company has achieved Rs.16512.03 lacs revenues as compared to previous year revenues of Rs.42944.98 lacs. The company has incurred a loss of Rs.10634.74 lacs as against a loss of Rs.29583.38 lacs for the previous year.

2. Change in name of the Company

During the year, Company has changed its name from XL Telecom & Energy Limited to XL Energy Limited with effect from 2nd September 2010 pursuant to the approval for change of name granted by Ministry of Corporate Affairs (MCA).

3. Dividend

Due to non availability of surplus, your Directors do not recommend any dividend for the year 2010-2011

4. Changes in Authorized Share Capital

During the year, the Authorised Share Capital of the Company re-classified to Rs.150 Crores consisting of 4,00,00,000 Equity Shares of Rs. 10/- each and 11,00,00,000 preference shares of Rs10/- each by passing Special resolutions through postal Ballot procedure on 28.03.2011.

5. Changes in paid up Share Capital

During the year, upon conversion of US\$ 8.04 mill FCCBs, the company issued and allotted 19,99,447 equity shares of Rs.10/- each at a premium of Rs.150/- per share. The outstanding balance of FCCBs as on 31st March 2011 is USD 4.2 million.

Consequent to the above, the paid up equity share capital of the Company was increased to 2,27,74,397 equity shares of Rs.10/- each.

6. Issue of Cumulative Redeemable Preference shares

During the year the Company had allotted **103,780,394** Cumulative Redeemable Preference shares of Rs.10/- each to Banks/financial institutions as per the terms and conditions of debt restructuring by Corporate Debt Restructuring (CDR) Cell.

7. Corporate Debt Restructuring

In the year 2008 – 2009, Company approached Corporate Debt Restructuring (CDR) Cell for restructuring of credit facilities in view of the defaults in debt and interest obligations by the company due to global sluggish demand for solar industry and CDR Cell has approved the restructuring package subject to compliance of certain terms of conditions.

However, continued unfavorable market condition for solar products since 2008, and consequential severe price erosion, though the company did achieve modest revenue of Rs. 165 Crores, the profitability and the cash flow could not be achieved as projected in the CDR scheme. Also the banks though were helpful in rescheduling the payments, could not come up as a help to the company in providing Working Capital Facilities as envisaged in the CDR Scheme resulting in inability of the Company to execute the order in Hand.

In view of the Company's inability to meet the condition of repayment of interest and other obligations, the banks have made the account NPA.

The Company is negotiating with the Banks for 2nd restructuring of its bank obligations through CDR Mechanism.

8. Subsidiary companies

The information as required under Section 212 of the Companies Act, 1956 is attached to this Annual Report.

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company is attached. The Consolidated Financial Statement has been prepared in accordance with Accounting Standards 21, 23 and 27 issued by The Institute of Chartered Accountants of India.

During the year under Report, the Ministry of Corporate Affairs issued a General Circular No. 2/2011 (No. 5/12/2007-CL-III) dated 8th February 2011 directing the requirement of seeking Central Government's exemption from attaching the balance sheet/s of the subsidiaries shall not apply to a company provided the conditions as stipulated in the aforesaid General Circular are complied with. Your company has complied with the necessary terms and conditions as per the aforesaid circular and hence only consolidated financial statements are attached herewith.

9. Certifications

Your company has automated state-of-the-art manufacturing facilities and sophisticated equipments to manufacture high quality telecom and energy products. Your company is an ISO 9001:2000 certified Company. It has a system driven process for manufacturing of various products and has a set of well defined quality process at every stage of production to ensure delivery of high quality products and services.

SPV modules are made as per ISO 9001:2000 international quality standards and are certified for UL, German TuV certification and IEC certification.

10. Conservation of Energy, Technology Absorption etc

As required by the Companies (Disclosure of particulars in the report of Directors) Rules, 1988, the relevant data relating to conservation of energy, technology absorption and other details are given in the prescribed format as annexure to this report.

11. Directors' Responsibility Statement

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

- (i) That in the preparation of the annual accounts for the Financial Year ended 31st March 2011, the applicable accounting standards have been followed and there are no material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year ended on 31st March 2011 and of the loss of the Company for that period;
- (iii) that the directors had 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 had prepared the accounts for the financial year ended 31st March 2011 on a 'going concern' basis.

12. Directors

During the year, Mr.Dhanunjaya Kumar Alla was appointed as an alternate Director to Mr.Rajiv Garg on 14th February, 2011. During the year under review, Mr.Pramod Kumar Jain, Mr. Wolfgang Knop and Mr. V Visweswara Rao have resigned from the Board w.e.f.15th May 2010, 15th May 2010 and 4th November 2010 respectively. Dr.R.Srinivasan, Chairman and Mr.Dhanunjaya Kumar Alla, alternate director has been resigned from the Board w.e.f. 30.06.2011 and 30.09.2011 respectively.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr.Ashok Kumar Goyal, Mr. K Vasudeva Rao, Directors, retire by rotation at the ensuing 24th Annual General Meeting and being eligible have offered themselves for re-appointment.

13. Auditors

M/s. Satyanarayana & Co, Chartered Accountants, the retiring auditors of the Company, are eligible for re-appointment. The requisite certificate to the effect that the re-appointment, if made, will be within the limit specified in Section 224 (1-B) of the Companies Act, 1956 has been received from them.

14. Particulars of Employees

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is as follows:

Name	Designation & Nature of Duties	Remuneration (Gross)	Qualifications	Date of Commencement of Employment	Age in Years	Last Employment
Mr.Dinesh Kumar	Managing Director	1,87,50,000	MBA	22.04.1999	46 Years	Business

Notes: -

- i) Gross Remuneration shown above is subject to tax and comprises Salary, HRA and other Allowances inclusive of salary due and payable.
- ii) He has adequate experience to discharge the responsibility assigned to him.
- iii) Mr.Dinesh Kumar is a relative of Mrs.Ritu Lal Kumar, Director of the Company.

15. Deposits

During the year under review your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

16. Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on Corporate Governance is enclosed herewith which forms part of the Annual Report.

A certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement is annexed to this Report.

17. Explanations to qualifications in Auditors Report

- a) The Company has not determined and provided for the amount of gratuity, liability for the employees on accrual basis as at 31st March 2011 which is required to be determined and provided for as per the accounting standard 15 on employees benefits issued by the Institute of Chartered Accountants of India and also as per the provisions of section 209 of the companies act, 1956 relating to preparation of books of account on accrual basis. In the absence of the value of such provision for gratuity, we are unable to determine quantum of such non provision and its impact of the understatement of the loss for the period ended 31st march 2011

Company's response: In view of the huge loss in the company during the current financial year in addition to the last financial year, the company had no cash surplus or sufficient cash generation to meet obligations towards salary of its employees and hence the same are outstanding for senior and lower employees for a substantial period. However, the management is optimistic that the market should revive and make upward trajectory over next 12-24 months and generate cash to meet the statutory obligations.

- b) The balance appearing under the secured loans (other than the hire purchase loans) are arrived at after providing for interest at a lower rate than the original contract rate. The interest for the period is calculated based on the concessional rates of interest that are to be charged as per the corporate debt restructuring (CDR) scheme provided by the lenders to the Company on 30th December 2009. However during the current financial year despite restructuring of loans given by banks, the company could not meet its obligations for repayment of loans as CDR Scheme. Further the promoter also could not bring in capital committed by them. The Company pursuing a second restructuring of the loans

Company's response: The company made application for second restructuring of its loans in view of continued sluggish demand and price destruction in solar segment. The application is pending with the Banks for its evaluation and consideration.

- c) We are unable to comment on the carrying value of the investment in one of the subsidiary companies Viz. Khandoba Distilleries Limited in view of the non implementation of the project being executed in the said company and also the stipulations made by the secured lenders of the company as part of the corporate debt restructuring scheme requiring the company to dispose of the said project being implemented.

Company's response: The bankers are evaluating to get the valuation done through the Independent valuers before disposing the property. The exercise is in the process.

- d) The balances appearing under the sundry debtors and loans & advances are subject to confirmation and reconciliation. We find no provision has been made in books for doubtful debts.

Company's response: The Company has made an adhoc provision of 100% of telecom receivables over three years and adhoc provision for receivables less than 3 years.

- e) The Company is not regular in depositing with appropriate authorities the following undisputed statutory dues including Provident Fund, investor education protection fund, Employees State Insurance, Income tax, sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it

Provident Fund Dues	₹. 9.75 Lakhs
ESI	₹. 1.57 Lakhs
Tax Deducted At Source	₹. 157.11 Lakhs
Total	₹. 168.43 Lakhs

Company's response: The Company has made significant payments and cleared overdues. However small leftover dues will be paid on availability cash

18. Management Discussion & Analysis

The Management Discussion and Analysis Report forming part of Director's Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) in India, forms part of this Annual Report.

19. Acknowledgements

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Securities and Exchange Board of India, the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies.

Your Directors are grateful to the Company's clients, investors, bankers and other business associates for their continued support.

Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed team of employees for their contribution to the Company and rendering high quality services to the clients. We would also like to thank all our shareholders for their support in our endeavors.

**For and on behalf of the Board of Directors
of XL ENERGY LIMITED**

Place: Secunderabad
Date: 24.10.2011

Dinesh Kumar
Managing Director

Aneesh Mittal
Whole Time Director

ANNEXURE TO DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

(1) CONSERVATION OF ENERGY:

a) Energy Conservation Measures taken

Adequate measures have been taken to conserve the energy. Possible steps have been taken to create awareness among employees on the necessity of conservation of energy.

b) Additional Investment and proposals, if any, being implemented for reduction of conservation of energy

No additional investment is proposed.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

NIL

d) Total Energy Consumption and energy consumption per unit of production

NIL

(II) Technology Absorption:

A. **RESEARCH AND DEVELOPMENT:** NIL

B. **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

a) Efforts made, in brief, toward technology absorption, adaptation and innovation and benefits derived out of such efforts: Nil

b) Import of Technology: Nil

(III) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs. Lakhs 2010 – 2011 (15 Months)	Rs. Lakhs 2008-2009 (18 months)
<u>Earnings</u>		
- FOB Value of exports realized	16684.63	35031.12
<u>Expenditure</u>		
- Travelling	15.63	64.36
- Import of Raw Materials (C.I.F. value)	9888.71	70006.31

REPORT ON CORPORATE GOVERNANCE

A brief statement on company's philosophy on code of governance

The Company's corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. The Company's philosophy on corporate governance is to achieve business excellence and maximizing shareholder value through ethical business conduct. The Company's philosophy also includes building partnerships with all stakeholders, employees, customers, vendors, service providers, local communities and government. The Company has always set high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices. During the year under review, the Board continued its pursuit of achieving its objectives through the adoption and monitoring of corporate strategies and prudent business plans. The Company is in compliance with all the requirements of the corporate governance code as per Clause 49 of the Listing Agreement with the stock exchanges.

BOARD OF DIRECTORS

- i. The Company has 8 directors with a Non-Executive Chairman as on 31st March 2011. The Board consists of Three Executive and Four Non-Executive Directors & One Alternate Director. Post March 31, 2011, following changes took place in the composition of the Board of the Company:

- Dr. R Srinivasan, the Chairman and non-executive director resigned from the directorship of the Board w.e.f. 30th June, 2011.
- Mr. Dhanunjaya Kumar Alla, the alternate to Mr. Rajiv Garg resigned from the directorship of the Board w.e.f. 30th September 2011.

The Board presently consists of Six directors, out of which three are executive directors, two are independent directors and one is a non-executive director. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement with the stock exchanges.

- ii. None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2011 have been made by the Directors.
- iii. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

The Board members possess requisite skills, experience and expertise required to take decisions, which are in the best interest of the Company.

Name of the Director	Category	No. of Board meetings during the year 2010-2011 (15 months period)		Whether attended last AGM held on 26 th May 2010	No. of Directorships in other public companies		No. of committee positions held in other public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr.R.Srinivasan* Chairman	Independent, Non-Executive	12	7	No	---	7	4	5
Mr.Rajiv Garg	Independent, Non-Executive	12	1	No	---	2	---	1
Mr.Ashok Kumar Goyal	Independent, Non-Executive	12	0	No	---	3	---	3
Mr.Dinesh Kumar Managing Director	Promoter, Executive, non-independent	12	12	Yes	---	1	1	---
Mr.K.Vasudeva Rao	non-independent Executive	12	12	Yes	---	---	---	---
Mr.Aneesh Mittal	non-independent Executive, Promoter	12	11	Yes	---	---	---	---
Mr. V. Visweswara Rao**	Whole Time Director	8	6	Yes	---	---	---	---
Mr. Pramod Kumar Jain***	Whole Time Director	4	3	No	---	---	---	---
Mr.Dhanunjaya Kumar Alla ****	Non-Executive Non-Independent Director	10	10	Yes	---	---	---	---
Mrs.Ritu Lal Kumar	Non-Independent Non Executive, Promoter	10	5	No	---	2	---	---
Mr.Wolfgang knop *****	Non Executive Director	4	0	No	--	--	--	--

* Ceased to be a Director w.e.f. 30th June 2011

** Ceased to be a Director w.e.f. 4th November 2010

*** Ceased to be a Director w.e.f. 15th May 2010

**** Ceased to be a Director w.e.f. 30th September 2011

***** Ceased to be a Director w.e.f. 15th May 2010

- iv. During the 15 months extended financial period the Board of Directors met 12 times and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

25th February 2010, 31st March 2010, 21st April 2010, 15th May 2010, 25th June 2010, 11th August 2010, 24th September 2010, 4th November 2010, 31st December 2010, 14th February 2011, 17th February 2011, 9th March 2011

- v. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- vi. During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

AUDIT COMMITTEE:

The scope of the Audit Committee and terms of reference have been defined by the Board of Directors in accordance clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 which among others, includes:

- i) Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- ii) Investigate any activity within its terms of reference
- iii) 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
- iv) Reviewing with management the annual financial statements
- v) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- vi) Reviewing the adequacy of internal audit function, 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
- vii) Reviewing the Company's financial and risk management policies
- viii) Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

The Audit Committee specifically reviews the un-audited quarterly financial results before these are submitted to the Board for approval. Minutes of each Audit Committee meeting are placed before the Board for information.

Composition and Attendance

All members of the Audit Committee are Non-Executive Independent Directors. All the members of the committee have adequate financial and accounting knowledge.

During the year, the Committee met Five times viz. on 31st March 2010, 15th May 2010, 11th August 2010, 4th November 2010, 14th February 2011.

The necessary quorum was present at all the meetings.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of meetings during the year 2010-11	
		Held	Attended
Dr R.Srinivasan, Chairman *	Non Executive Chairman	5	5
Mr. Rajiv Garg	Independent Director	5	1
Mr. Ashok Kumar Goyal	Independent Director	5	0
Mr.Dhanunjaya Kumar Alla **	Alternate Director	5	4

* Ceased to be a Director w.e.f. 30th June 2011

** Ceased to be a Director w.e.f. 30th September 2011

REMUNERATION COMMITTEE:

- i. The Company has reconstituted its Remuneration Committee as on 14th February 2011. The scope of the Remuneration committee has been defined by the Board of Directors in accordance clause 49 of the Listing Agreement, which among others, includes:
 - a) To approve the terms and conditions for appointment and remuneration payable to Managing Director and other Executive Directors
 - b) To approve the remuneration payable to executives of the Company and other matters related thereto.
- ii. Composition and Attendance

The committee has Four Directors, all of whom are Non-Executive Independent Directors. The Chairman of the committee, Dr. R Srinivasan, is a Non-Executive Director. Two Remuneration Committee meetings were held during year 2010-11 on 31st March 2010 and 14th February 2011

Name	Category	No. of meetings during the year 2010-11	
		Held	Attended
Dr R.Srinivasan, Chairman *	Non Executive Director	2	2
Mr. Ashok Kumar Goyal	Independent Director	2	0
Mr. Wolfgang Werner Knop **	Independent Director	1	0
Mr.Dhanunjaya Kumar Alla ***	Alternate Director	2	2

* Ceased to be a Director w.e.f. 30th June 2011

** Ceased to be a member w.e.f 15th May 2010

*** Ceased to be a Director w.e.f. 30th September 2011

- iii. The company does not have any Employee Stock option Scheme.
- iv. Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce.
- v. The company pays sitting fees to the Non-Executive Directors and reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.
- vi. Details of remuneration for the period ended 31.03.2011
 - a. Non-Executive Directors

Name	Sitting Fees (Rs)
Dr. R.Srinivasan	122500
Mr. Rajiv Garg	17500
Mrs.Ritu Lal Kumar	50000
Mr.Dhanunjaya Kumar Alla	135000

b. Managing Director & Executive Directors

Name	Salary	Perquisites & Allowances
Mr. Dinesh Kumar	Rs.1,50,00,000	Rs.37,50,000
Mr.K.Vasudeva Rao	Rs.30,00,000	Rs.15,00,000
Mr.Aneesh Mittal	Rs.30,00,000	---

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

- The committee constituted for redressing shareholders/investors complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividend and others. The committee when meets reviews all investor grievances and ensure that these are redressed within a period of 7-10 days from the date of receipt of complaint, except those that are constrained by legal impediments/procedural issues.
- Also to look into the approval of transfer/transmission /demat/remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate.
- Four meetings of the Shareholders / Investors Grievances Committee were held during the year on 15th January 2010, 19th March 2010, 17th April 2010 & 7th February 2011.
- The composition of the Shareholders / Investors Grievance Committee and the details of meetings attended by its members are given below:

Name	Category	No. of meetings during the year 2010- 2011	
		Held	Attended
Mr. Dhanunjaya Kumar Alla, Chairman *	Independent Director	3	3
Mr. Dinesh Kumar	Managing Director	4	4
Mr. K.Vasudeva Rao	Executive Director	4	4
Mr.Rajiv Garg	Independent Director	4	0

* Ceased to be a director w.e.f. 30th September 2011

Name, designation and address of Compliance Officer:

Mr. K.Sateesh Gupta
Company Secretary
XL Energy Ltd
C2, Pooja Plaza, Vikramপুরi
Secunderabad – 500 009
Tel: 040 27775568 Fax: 040 27840081
Email: satish@xlenergy.co

Details of Complaints received:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	7	7	NIL

MANAGEMENT COMMITTEE

1. Management Committee of Directors is constituted in order to take decisions in day to day operations of the Company viz., opening of Bank accounts, day to day administrative and financial functions, to appoint attorneys for general or specific purposes, to authorise company executives to institute civil suits, to borrow money for working capital requirements and etc. Generally, the Committee meets every month to review business opportunities & handling day to day operations.
2. The terms of references of the Committee are:
 - (a) Mr.Dinesh Kumar, Managing Director of the Company shall be the Chairman of the Management Committee.
 - (b) The quorum for the Committee meetings shall be TWO members or one third of the total number of members whichever is higher.
 - (c) The Company Secretary shall be the Secretary of the Management Committee and shall issue the Notices for the management Committee meetings, prepare minutes of the meetings of the Committee and get the same ratified by the Board of Directors.
3. Nine meetings of the Management Committee were held during the year on 29th January 2010, 26th March 2010, 3rd June 2010, 9th August 2010, 10th December 2010, 29th January 2011, 18th February 2011, 28th March 2011, 30th March 2011.
4. The composition of the Management Committee and the details of meetings attended by its members are given below:

Name	Category	No. of meetings during the year 2010-11	
		Held	Attended
Mr. Dinesh Kumar	Managing Director	9	9
Mr. K.Vasudeva Rao	Executive Director	9	9
Mr. V.Visweswara Rao*	Director (Finance)	9	4
Mr. Aneesh Mittal	Whole Time Director	9	5

*Ceased to be a member of Management Committee w.e.f 4th November 2010

General Body meetings:

i. Location and time, where last three AGMs held:

Year	Date & Time of Meeting	Venue	Special Resolutions
2008-2009	26 th May 2010	Plot No.198/A, IDA Cherlapally, Hyderabad – 500051	<ol style="list-style-type: none"> 1) Increase of Authorised Share Capital & consequent changes in the MOA & AOA 2) Issue of FCCB's/ GDRs/ADRs/ Convertible Securities/Shares 3) Issue of Share warrants 4) Issue of Cumulative Redeemable Preference Shares 5) Re appointment of Mr. Dinesh Kumar, Managing Director 6) Reappointment of Mr. V Visweswara Rao, Director (Finance) 7) Ratification of allotment of equity shares on conversion of warrants issued on Preferential basis 8) Erosion of more than 50% of Company's peak net worth during immediately preceding four financial years
2007-08 (Adjourned AGM)	30 th March 2009	Plot No.198/A, IDA Cherlapally, Hyderabad – 500051	<ol style="list-style-type: none"> 1) Authorization to borrow funds of the Company 2) Mortgage, Charge and/or hypothecate the assets of the company 3) Re-appointment of and revision in payment of remuneration to Mr. K.Vasudeva Rao, Whole Time Director 4) Re-appointment of Mr.Pramod Kumar Jain as a Director as well as Whole-time Director
2007-08	24 th December 2008	Plot No.198/A, IDA Cherlapally, Hyderabad – 500051	Adjourned due to lack of quorum
2006-07	September 26, 2007 at 11.00 A.M	Plot No.198/A, IDA Cherlapally, Hyderabad – 500051	<ol style="list-style-type: none"> 1) U/s 31 of the Companies Act, 1956, to alter the capital clause of the Articles of Association 2) U/s 81 of the Companies Act, 1956, issue of FCCBs/GDRs/ADRs /Convertible securities/Shares 3) U/s 81 of the Companies Act, 1956, issue of warrants 4) U/s 257, 198, 269,309 of the Companies Act, 1956, appointment of Mr.Visweswara Rao as Director (Finance)

ii. Special Resolution passed during the Financial Year 2010-11 through the Postal Ballot Procedure

The following Special resolutions passed through postal Ballot procedure on 28.03.2011 for further issue of cumulative redeemable preference shares and related resolutions.

1. Reclassification of Authorised Share Capital of the Company & alteration of Memorandum of association of the Company
2. Alteration of Articles of association of the Company
3. Further issue of Cumulative Redeemable Preference Shares of the Company.

DISCLOSURES

- i. During the year, there were no transactions of material nature of the Company with the Promoters, Directors, Management, their relatives, or subsidiaries of the Company etc. that had potential conflict with the interest of the Company at large.
- ii. The related party transactions with the subsidiary/group companies have been disclosed in the Annual Accounts.
- iii. There were no instances of non-compliances by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets.
- iv. The Company adopted the Code of Conduct for Directors and Senior Management. The code has been circulated to all the members of the Board and Senior Management and the same has been put on the company's website www.xlenergy.co. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Managing Director of the Company (i.e. CEO within the meaning of Clause 49 of the listing Agreement) is given below:

“It is hereby declared that the Company has obtained from all members of the Board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the financial year 2010-11.”

Secunderabad

Dinesh Kumar

24.10.2011

Managing Director

- v. A certificate from the CEO (Managing Director) and CFO (Director (Finance)) was placed before the Board under clause 49 (V) of the Listing Agreement.
- vi. In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of insider trading by the company insiders.
- vii. A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of Share Capital audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- viii. The Board in its report have confirmed that the financial accounts for the period ended 31st March 2011 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- ix. The details of the shares/convertible warrants held by the Non Executive Director as on 31st March 2011:

Name of the Non-Executive Director	No.of Equity shares	No.of convertible warrants
Mr.Rajiv Garg	7,000	NIL

- x. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreements with the Stock Exchanges:

The Company has set up a Remuneration Committee details of which have been given earlier in this Report.

COMMUNICATION TO SHAREHOLDERS

- The quarterly, half yearly and Annual results of the Company are normally published in Financial Express and Andhra Prabha daily.
- The results are also displayed on the Company's website "www.xlenergy.co".
- Press releases made by the Company from time to time are also displayed on the website. Presentations made to the institutional investors and analysts after the declaration of the quarterly results are displayed on the Company's website.
- A management Discussion and Analysis statement is a part of the Company's Annual Report.
- Annual Reports and other communications will be sent through Post.

GENERAL SHAREHOLDERS' INFORMATION

- (i) The Annual General Meeting:

Date & Time : 24.11.2011 at 11.00 AM
Venue : Plot No.198/A, IDA, Cherlapally, Hyderabad – 500051

- (ii) Financial year ending : 31st March, 2011

- (iii) Date of Book Closure : 19.11.2011 to 24.11.2011 (both days inclusive)

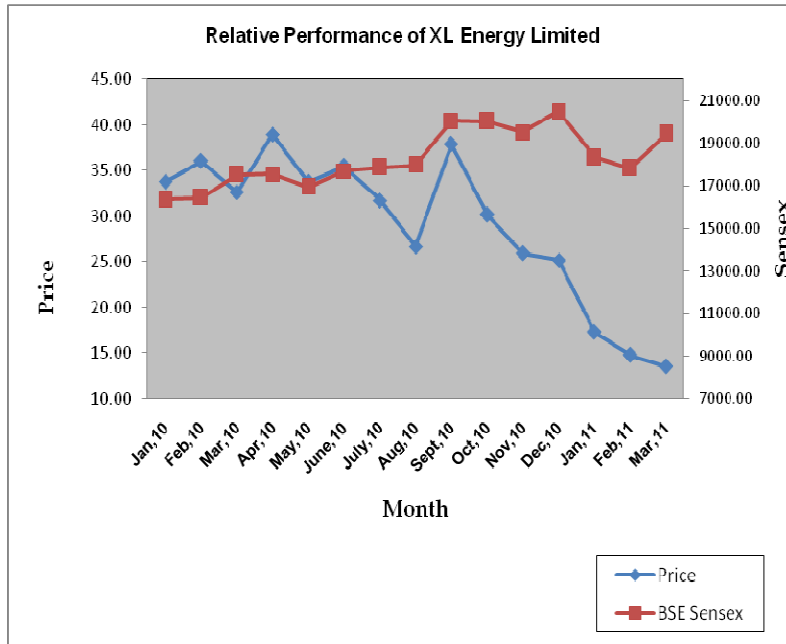
- iv) Listing on Stock Exchanges : 1. The Company's equity shares are currently listed in Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
2. Zero Coupon Foreign Currency Convertible Bonds (FCCBs) are listed at Singapore Exchange Securities Trading Limited (SGX-ST)

- v) Stock Code / Symbol : For equity shares
BSE : 532788 & XLENERGY
NSE : XLENERGY
ISIN for FCCBs
Singapore Stock Exchange: XS0325291861

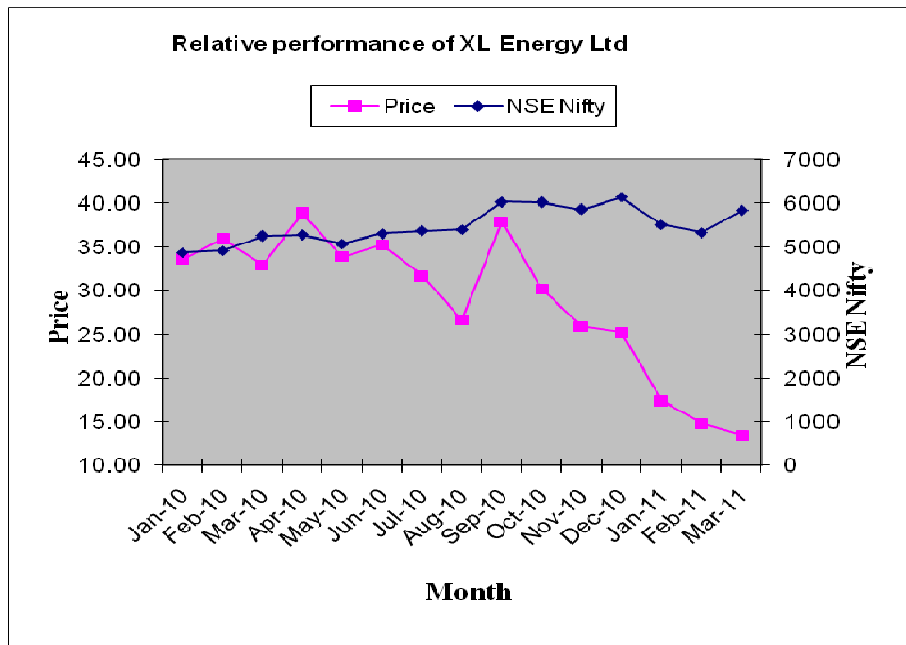
- vi) Market Price Data: High, Low during each month in last financial year

Month	BSE		NSE	
	High	Low	High	Low
January, 2010	41.00	32.15	41.00	32.00
February, 2010	40.25	33.00	40.10	32.60
March, 2010	39.70	31.90	39.65	32.05
April, 2010	41.90	32.00	41.90	32.20
May, 2010	40.80	32.20	40.60	32.20
June, 2010	38.35	32.25	38.35	32.35
July, 2010	36.25	31.35	36.20	31.15
August, 2010	34.15	26.50	34.20	26.55
September, 2010	45.90	26.50	43.70	26.05
October, 2010	39.20	30.00	39.00	28.65
November, 2010	35.45	24.65	35.00	24.65
December, 2010	31.10	21.25	31.10	21.65
January, 2011	25.90	16.45	25.85	16.25
February 2011	18.90	11.80	19.00	12.00
March 2011	15.83	12.50	15.80	10.30

vi) Stock Performance in comparison to broad-based indices - BSE Sensex



Stock Performance in comparison to broad-based indices -NSE Nifty



viii) Registrar and Transfer Agents

Bigshare Services Pvt Ltd,
G-10, Left Wing, Amrutha Ville Appt.,
Opp: Yashoda Hospital, Somajiguda,
Rajbhavan Road, HYDERBAD – 500 082
Tel: +91 40 23374967 Fax: +91 40 23370295
E-mail: bsshyd@bigshareonline.com, Website: www.bigshareonline.com

ix) Share Transfer System

All physical share transfers are handled by Bigshare Services Private Limited. The transferee is required to furnish transfer deed duly complete in all respects together with the share certificates to Bigshare Services Private Limited at the above said address in order to enable them to process the transfer. As regard transfers of dematerialized shares, the same can be effected through the demat accounts of the transferor(s) and transferee(s) maintained with recognized Depository Participants.

All requests received by the Company/RTA for Dematerialization/ Rematerialisation/ transfer are disposed off expeditiously. Share Certificates duly endorsed are issued /transferred to all those shareholders, who opt for shares in the physical form.

x) Distribution of shareholding

a. Distribution of shareholding as on 31st March 2011:

Range (in Rupees)	No. of shareholders	% of shareholders	No. of shares (Rs.)	% of shareholding
1 - 5000	21977	82.44	31493680	13.83
5001 - 10000	2343	8.78	19343120	8.49
10001 - 20000	1180	4.43	18104160	7.95
20001 - 30000	388	1.46	9874470	4.33
30001 - 40000	170	0.64	6104290	2.68
40001 - 50000	189	0.71	8919430	3.92
50001 - 100000	229	0.86	16508470	7.25
Above 100000	180	0.68	117396350	51.55
Total	26656	100.00	227743970	100.00

b. Categories of Shareholders as on 31st March 2011

Category	No. of Shares	Percentage
Promoters	4524113	19.86
Indian Public & others	11753302	51.62
Financial Institutions	424524	1.86
Foreign Institutional Investors	843308	3.70
Bodies Corporate	4413824	19.38
NRIs	657347	2.89
Clearing Member	157979	0.69
Grand Total	22774397	100

x) Dematerialization of shares and liquidity

The Company has admitted its equity & Cumulative Redeemable Preference shares (CRPS) to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company for Equity is INE 183H01011 & for Preference Shares is INE183H04015. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by SEBI.

Out of 2,27,74,397 equity shares, 22,76,69,88 equity shares constituting 99.96% of total equity share capital are held in dematerialized form with NSDL and CDSL as on 31st March 2011.

xi) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

As on 31st March 2011, the outstanding convertible Zero Coupon Foreign Currency Convertible Bonds (FCCBs): USD 4,200,000.

If the FCCBs are fully converted, will result in increase of 10,44,487 equity shares of the Company. Further, Company did not have any outstanding GDRs/ADRs/warrants as on 31st March 2011.

xii) Unclaimed shares in the public issue:

In compliance with clause 5A of the listing agreement, shares issued pursuant to the public issues which remain unclaimed and are lying in the escrow account were transferred to “XL Energy Limited Unclaimed securities Suspense Account”. The details of which are as follows:

S.No.	Description	No. of Shareholders	No. of Shares
1	Aggregate No. of unclaimed shareholders & Shares beginning of the year 01.01.2010	6	273
2	No. of unclaimed shareholders who approached for transfer of shares from suspense account during the year	0	0
3	No. of unclaimed shareholders and shares transferred from suspense account during the year	0	0
4	No. of unclaimed shareholders and shares outstanding at the end of year 31.03.2011	6	273

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

WHERE WE OPERATE

The XL group operates across 3 continents, and our products and services are available in more than 4 countries and focused on European countries and USA.

PLANT & LOCATIONS IN INDIA

- | | |
|---|---|
| <p>1. <u>Jointing Kits Division</u>
Shed No. 30 & 31
I.D.A., Mallapur, Hyderabad - 500 076</p> | <p>2. <u>SPV Division</u>
Shed No. 32, I.D.A.,
Mallapur, Hyderabad - 500 076</p> |
| <p>3. <u>SMPS & CDMA Division:</u>
Plot No. 198/A, I.D.A., Cherlapally,
Hyderabad - 500 051</p> | <p>4. <u>Ethanol Division:</u>
Plot Nos. B 8 to B 10, &
B 18 to B21, MIDC, Kushnoor
NANDED (District), Maharashtra State</p> |
| <p>5. <u>Fabcity :</u>
Plot No. 36, Raviryal Village,
Fab-City (SEZ) India Pvt. Ltd.
Maheshwaram Mandal,
Ranga Reddy District AP</p> | |

ADDRESS FOR CORRESPONDENCE

REGISTERED OFFICE

C2, Pooja Plaza, Vikrampuri
Secunderabad – 500 009
Tel : 040 27775568 Fax : 040 27840081
Email : info@xlenergy.co
Website : www.xlenergy.co

Management Discussion and Analysis

Statements in this Management Discussion and Analysis of Financial Conditions and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities' laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government/regulatory regulations, tax laws, economic developments within the country and such other factors.

i. Industry structure and developments

For XL, this has been a year of learning and building on our core strengths to sustain business success in these difficult times. Leaving behind the worst economic downturn of the recent past, an increasing number of economies showed positive growth.

Photovoltaic (PV) Industry –

The year 2010-11, started out as a very challenging year for the global solar industry, given the rolling effect at the economic slowdown, credit crunch and reduction in the incentive program by the Spanish Government. This was coupled with a short term demand supply mismatch of solar photovoltaic products. However, after a difficult first half, growth rebounded in the second half of the year with the improving credit conditions. All major markets remained firm, with the strongest growth coming from Germany, Italy and southern Europe. Moreover newer markets like USA, Czech Republic, Belgium, France and India have come out with attractive incentive programmes and increasing the solar market area.

Indian PV Industry –

The on-grid ground-mount segment is expected to lead the way in building India's installed capacity, with installations expected to at least double in 2011. The National Solar Mission, as well as state level policies in Gujarat, Rajasthan, and Maharashtra are leading to strong growth, with these three states accounting for as much as 70% of the total Indian market in 2011. Armed with the goal of installing 22 GW of new solar capacity by 2022, the National Solar Mission has sanctioned 300 MW of on-grid PV capacity to be installed through 2011 and 2012, with an additional 300 MW to be allocated in 2H'11. Though the first round of projects has experienced setbacks due to high capital costs, low returns, and regulatory hurdles, a potential restructuring of project guidelines is likely to stimulate higher success rates of future projects. As of June 2011, the on-grid pipeline of projects targeted for completion by 2013 stood at 1.5 GW.

XL PV Business:

XL is a leading international E2E photovoltaic systems integrator. The company plans, builds, operates and owns large photovoltaic plants providing all services from a single source. The product and services range of XL Energy covers project development through to operation, with maintenance and inspection, as well as insurances for your photovoltaic system and its yield.

XL Energy Limited has entered into joint venture with SDEM TEGA S.A., a leading Spain based Company with significant experience in implementing Solar Power Projects as EPC contractors in Europe. The Company SDEM TEGA S.A. along with focus in areas like Electrical installations and communication networks, in renewable energy segment have installed over 30 MW solar Power Projects in the last two years.

ii. Future Outlook

XL's business and revenue growth depends on Solar Photo Voltaic (SPV) industry demand. There has been a significant growth of the SPV modules market in the past. We believe that the near-term growth of the market for SPV products depends largely on the availability and size of government subsidies and economic incentives. We believe that countries such as Germany, Italy, Japan and USA have in the past, and continue to exhibit strong demand for products similar to those manufactured by us, as customers in such jurisdictions are strongly motivated by environmental concerns. India and China are the latest addition to the list of such countries. We believe that Governments in such countries will continue to support through incentives to end-users, distributors, system integrators and manufacturers of solar power products, including SPV products, in furtherance of their efforts to achieve 'grid parity' and in order to promote the use of solar energy in on-grid applications and to reduce dependence on other forms of energy. There are certain criteria in relation to promotion of domestic content in the implementation of the Jawaharlal Nehru National Solar Mission (JNNSM) program which mandate that in a phased manner, all deployment in grid connected solar power be done only through SPV cells and modules manufactured in India. Such initiatives have the potential to create demand for SPV cells manufactured by us.

iii. Risks and concerns

- Liquidity and Interest Risk
- Input cost and falling selling price risk
- Government Policies regarding the imports and exports.
- Further, Rupee appreciation would seriously affect the export business being planned in the Solar Segment.

iv Adequacy of internal controls

The Company has Internal Audit & Compliance functions which are responsible for independently evaluating the adequacy of all internal controls and ensuring that all verticals adhere to internal processes and procedures as well as to regulatory and legal requirements. The audit function also proactively recommends improvements in operational processes and service quality. The Audit Committee of the Board reviews the performance of the Audit & Compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines. The Company has invested in building a system of internal controls to achieve operational efficiency, optimum resource utilization, effective monitoring, and adherence to strict compliance standards.

Financial performance - Overview

The Company for the year has recorded total revenue of Rs. 16512.03 lacs as against Rs.42740.06 lacs for the previous year. The Company has incurred a loss after tax for the year Rs.10634.74 lacs as against a loss of Rs.29583.38 lacs for the previous year.

Human Resource

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is, therefore, a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on the Company's business, its future financial performance and the price of its equity shares.

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF
XL ENERGY LIMITED

We have examined the compliance of conditions of Corporate Governance by XL Energy Limited, for the 15 months period ended March 31st 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For R&A Associates
Company Secretaries

R.Ramakrishna Gupta
Partner

Hyderabad, 23rd October, 2011

C.P. No.6696

Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 277 18 992

277 15 028

663 39 972

FAX : 040 - 277 14 814

G. SATYANARAYANA RES : 278 00 479

J. JAGANNADHA RAO RES : 277 65 195

CH. SESHAGIRI RAO RES : 278 41 166

G. VENKATARATNAM RES : 278 00 569

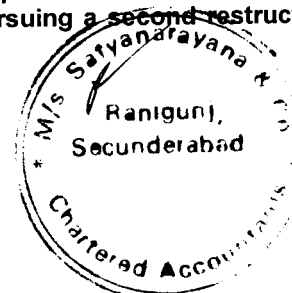
E-MAIL : satco@sol.net.in

AUDITORS' REPORT

To

The Members of
M/S XL Energy Limited,
Secunderabad

- 1 We have audited the attached Balance Sheet of **M/S XL Energy Limited (Formerly XL Telecomm & Energy Limited), C-2, Pooja Plaza, Vikrampuri, Secunderabad – 500 009** as at 31st March 2011, and also the Profit and Loss Account and Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We 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 assessing the accounting principles used and significant estimates made by the 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 issued by the Central Government of India in terms of sub section (4A) section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
- 4 Further to the above our comments are as under:
 - a) There are no dues to Small, Medium and Micro Enterprises under reference is invited to Note No. B (18) under Schedule No. 13
 - b) Reference is invited to Note No. B (19) under Schedule No. 13
 - c) The Company has not determined and provided for the amount of gratuity, liability for the employees on accrual basis as at 31st March 2011 which is required to be determined and provided for as per the accounting standard 15 on employees benefits issued by the Institute of Chartered Accountants of India and also as per the provisions of section 209 of the companies act, 1956 relating to preparation of books of account on accrual basis. In the absence of the value of such provision for gratuity , we are unable to determine quantum of such non provision and its impact of the understatement of the loss for the period ended 31st march 2011
 - d) The balance appearing under the secured loans (other than the hire purchase loans) are arrived at after providing for interest at a lower rate than the original contract rate. The interest for the period is calculated based on the concessional rates of interest that are to be charged as per the corporate debt restructuring (CDR) scheme provided by the lenders to the Company on 30th December 2009. However during the current financial year despite restructuring of loans given by banks, the company could not meet its obligations for repayment of loans as CDR Scheme. Further the promoter also could not bring in capital committed by them. The Company pursuing a second restructuring of the loans

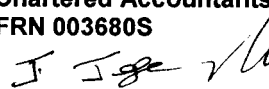


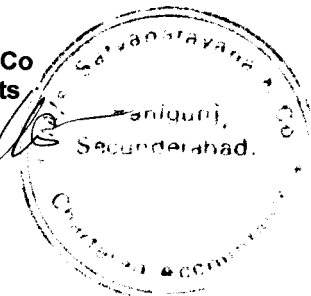
- e) We are unable to comment on the carrying value of the investment in one of the subsidiary companies Viz. Khandoba Distilleries Limited in view of the non implementation of the project being executed in the said company and also the stipulations made by the secured lenders of the company as part of the corporate debt restructuring scheme requiring the company to dispose of the said project being implemented.
- f) The balances appearing under the sundry debtors and loans & advances are subject to confirmation and reconciliation. We find no provision has been made in books for doubtful debts.

5 Subject to our qualifications mentioned paragraphs (3) and (4) 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 purpose of our audit.
- b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books excepting in relation to the accounting standard 15 on employee benefits.
- c) The Balance Sheet, the Profit and Loss Account and cash flow statement dealt with by these report are in agreement with the Books of Account.
- d) 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 Companies Act, 1956 excepting in relation to accounting standard 15 on employee benefits.
- e) On the basis of the written representations received from the directors as on 31st march 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011, from being appointed as Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) 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 companies act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India excepting in relation to accounting standard 15 employee benefits
- i. In the case of Balance Sheet, of the state of affairs of the company as on 31st March 2011.
- ii. In the case Profit and Loss Account, of the Loss for the period 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 Satyanarayana & Co
Chartered Accountants
FRN 003680S


(J. Jagannadha Rao)
Partner
Membership No. 6239



Place : Secunderabad
Date : 24th October 2011.

Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 277 18 992

277 15 028

663 39 972

FAX : 040 - 277 14 814

G. SATYANARAYANA RES : 278 00 479

J. JAGANNADHA RAO RES : 277 65 195

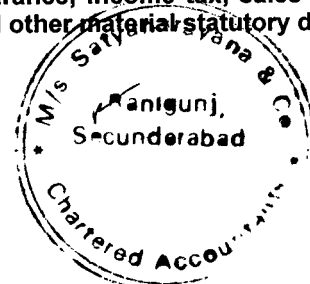
CH. SESHAGIRI RAO RES : 278 41 166

G. VENKATARATNAM RES : 278 00 569

E-MAIL : satco@sol.net.in

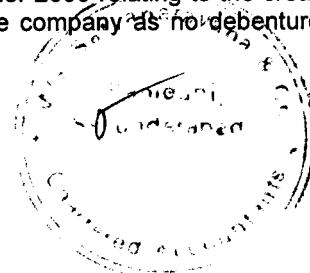
ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE:

- i.
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets of the company.
 - b) The Process of physical verification of fixed assets has been started by the company during the year and it is in progress
 - c) During the year the company has not disposed of any fixed assets.
- ii.
 - a) The inventory has been physically verified by the management during the year. 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 the nature of its business.
 - c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. According to the information and explanations given to us, the company has not taken any loans secured or unsecured from / to companies, firms or other parties covered in the register maintained under sec.301 of the Companies Act, 1956. However, reference is invited to note B (16) of schedule 13 recording monies advance / equity invested.
- iv. In our opinion and according to the information and explanations given to us, the internal control procedures needs to be strengthened and streamlined so as to be commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regards to the sale of goods .
- v. According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered in to the register maintained under sec. 301 of the Companies Act, 1956 have been so entered.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the central government for the maintenance of cost records and sec 209 (1) (d) of the companies act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix.
 - a) **The Company is not regular in depositing with appropriate authorities the following undisputed statutory dues including Provident Fund, investor education protection fund, Employees State Insurance, Income tax, sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it**



Provident Fund Dues	₹. 9.75 Lakhs
ESI	₹. 1.57 Lakhs
Tax Deducted At Source	₹. 157.11 Lakhs
Total	₹. 168.43 Lakhs

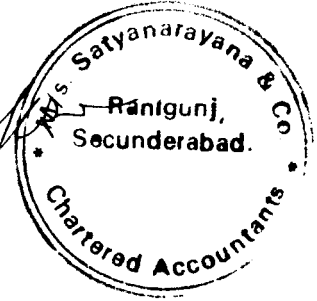
- b According to the information and explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.**
- x. In our opinion the accumulated losses of the company are more than 50% of its net worth. The company incurred a cash loss of ₹. 25,549. 07 lakhs during the current accounting year. The cash loss during immediately preceding accounting year is ₹. 28,343.19 lakhs.
- xi. The company has defaulted in the repayment of dues to banks and financial institutions, for both term loans and working capital loans. The company was granted restructuring of the payment of interest and principle dues under corporate debt restructuring scheme on 30th December 2009. As per the terms the company could not meet its obligations for repayment as per the terms of restructuring. The details were mentioned in schedule no 13 Paragraph B 1 to notes to accounts.
- xii. In our opinion and according to the information and explanations given to us the Company has not granted loans and advances against pledge of shares debentures and other securities
- xiii. In our opinion the company is not a chit fund / a Nidhi / mutual benefit fund/ society. Therefore clause 4 (xiii) is not applicable to the company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in or trading in shares and securities. In the case of the investment held by the company, the same are in the name of the company.
- xv. According to the information and explanations given to us the company has given guarantee for loans taken by others to banks or financial institutions excepting corporate guarantee to M/s Soft Projex (India) Limited.
- xvi. In our opinion and according to the information and explanations given to us the term loans have been applied for the purpose for which they were raise.
- xvii. According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. However the borrowing made by the company for the working capital purposes is converted in to long term loans by the lenders under corporate debt restructuring package granted considering the losses suffered by the company.
- xviii. The Company has converted part of the FCCBs in to equity shares during the year. Reference is invited to note no. B 4 under schedule 13.
- xix. The clause 4 (xiv) of the companies (Audit Report) order 2003 relating to the creation of the security for the debentures is not applicable to the company as no debentures are raised by the company.



- xx. The company has not raised any money by way of public issue during the year. However as per terms of CDR package 10,37,80,394 Preference shares of ₹. 10 each were issued at par to Banks during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that caused the financial statements to be materially misstated.

For Satyanarayana & Co
Chartered Accountants
FRN 003680S

J. Jagannadh Rao
(J.Jagannadh Rao)
Partner
Membership No. 6239



Place : Secunderabad
Date : 24th October 2011

XL ENERGY LIMITED

C-2, POOJA PLAZA, VIKRAMPURI, SECUNDERABAD- 500 009

BALANCE SHEET AS ON 31ST MARCH 2011

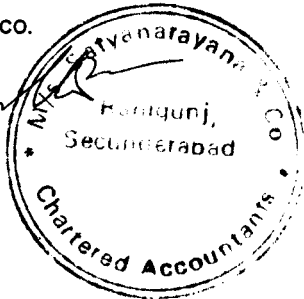
	Schedule No	As at 31.03.2011 (for 15 months period)		As at 31.12.2009 (for 18 months period)	
		Rs In Lakhs		Rs In Lakhs	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		12,655.48		2,077.50
Reserves & Surplus	2		25,549.69		22,550.52
Loan Funds					
Secured Loans	3		87,407.69		87,748.50
Un-Secured Loans-FCCB			1,901.99		5,740.44
Total Sources of Funds			127,514.85		118,116.96
APPLICATION OF FUNDS					
Fixed Assets:					
Gross Block	4		6,058.50		6,043.33
Less: Depreciation			2,057.50		1,680.21
Net Block			4,001.00		4,363.12
Capital work in Progress			37,035.22		35,582.86
Investments	5		4,186.00		4,186.00
Current Assets, Loans and Advances					
Inventories	6		10,328.08		23,353.76
Sundry Debtors			16,625.28		22,343.46
Cash and Bank Balances			1,303.80		924.49
Loans and Advances			9,488.79		9,968.17
Total			37,745.95		56,589.88
Less: Current Liabilities and Provisions					
Current Liabilities	7		3,581.33		2,606.72
Provisions			34.52		1,486.34
Total			3,615.85		4,093.06
Net Current Assets			34,130.10		52,496.82
Profit and Loss Account (Balance at the end of the year)	2		32,550.67		21,915.93
Miscellaneous Expenditure (to the extent not written off or adjusted)			288.72		346.46
Deferred Tax (Asset)			15,323.14		(774.23)
Total Application of Funds			127,514.85		118,116.96
Significant Accounting Policies and Notes on Accounts	13				

As per our report of even date

For SATYANARAYANA & CO.
Chartered Accountants
FRN: 003680S

J. Jagannadha Rao
Partner
Membership No.: 6239

Place: Secunderabad
Date: 24-10-2011

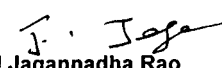

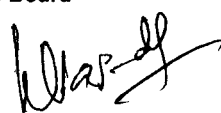
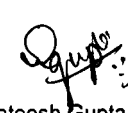


Dinesh Kumar
Dinesh Kumar
Managing Director

For and on behalf of the Board

K. Vasudeva Rao
K. Vasudeva Rao
Executive Director

K. Sateesh Gupta
K. Sateesh Gupta
Company Secretary

XL ENERGY LIMITED			
C-2, POOJA PLAZA, VIKRAMPURI, SECUNDERABAD - 500 009			
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31,2011			
Rs. In Lakhs			
	Schedule No	Period ended March 31,2011 (15 months)	Period ended December 31,2009 (18 months)
INCOME			
Net Sales	8	16507.85	42570.78
Other Income	9	83.98	169.28
Total Income		16591.83	42740.06
EXPENDITURE			
Cost of Materials Consumed	10	24298.33	40573.07
Administrative and Selling Expenses	11	3305.80	4575.32
Foreign Exchange Fluctuations		0.00	2772.44
Provision for Bad & Doubtful Debts		6386.22	0.00
Miscellaneous Expenditure Written off		57.74	69.29
Finance charges	12	8092.81	10354.47
Depreciation		377.29	395.04
Total Expenses		42518.19	58739.63
Less: Extraordinary Items			
Reduction in Value of Inventories (MTM Loss)		0.00	12807.96
Profit/(Loss) before tax		(25926.36)	(28807.53)
Tax Expenses		0.00	358.19
Deferred Tax Expense		15291.62	390.12
Prior Period Adjustments(Dividend Tax)		0.00	27.55
Net Profit/(Loss) available for Appropriation		(10634.74)	(29583.38)
Less: Appropriations			
Transfer to General Reserve		0.00	0.00
Balance Carried Forward to Balance Sheet		(10634.74)	(29583.38)
Earnings per Share (nominal value of share Rs.10/- each)			
Significant Accounting Policies and Notes on Accounts	13		
As per our report of even date			
For SATYANARAYANA & CO. Chartered Accountants FRN: 0036805  J. Jagannadha Rao Partner Membership No.:6239 Place: Secunderabad Date: - 24.10-2011		For and on behalf of the Board  Dinesh Kumar Managing Director	
		 K. Vasudeva Rao Executive Director	
		 K. Sateesh Gupta Company Secretary	

SCHEDULES FORMING PART OF BALANCE SHEET AS AT March 31,2011

Rs.in Lakhs

As at March 31,2011(for 15 months period)

As at December 31,2009 (for 18 Months period)

	As at March 31,2011(for 15 months period)		As at December 31,2009 (for 18 Months period)	
SCHEDULE -1:				
SHARE CAPITAL				
AUTHORISED				
4,00,00,000 Equity Shares of Rs10/- each (previous year 3,00,00,000 Equity Shares of Rs10/- each)	4000.00		3000.00	
11,00,00,000 Preference Shares of Rs10/- each (previous year NIL)	11000.00	15000.00	0.00	3000.00
ISSUED, SUBSCRIBED & PAID UP				
2,27,74,397 Equity shares of Rs 10/- each fully paid (previous year 2,07,74,950 Equity shares of Rs10/- each fully paid)	2277.44		2077.50	
10,37,80,394 cumulative Redeemable Preference shares of Rs 10/- each fully paid (previous year NIL)	10378.04	12655.48	0.00	2077.50
Total		12655.48		2077.50
SCHEDULE -2:				
RESERVES AND SURPLUS				
Capital Reserve		543.54		543.54
Share Premium Account:				
Balance at the beginning of the year		21270.25		18286.00
Additions during the year		2999.17		2984.25
		24269.42		21270.25
General Reserve:				
Balance at the beginning of the year		736.73		736.73
Add: Transfer from P&L A/c during the period		-		-
		736.73		736.73
Total		25549.69		22550.52
Profit & Loss Account:				
Balance at the beginning of the year				7667.46
Add: Profit/(Loss) for the year		-21915.93		-29583.39
Balance at the end of the year		-10634.74		-21915.93
		-32550.67		-21915.93
SCHEDULE -3:				
SECURED LOANS				
Term Loans		87401.63		87710.14
Hire Purchase Loans from Banks		6.06		38.36
Total		87407.69		87748.50

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE No :4 FIXED ASSETS		Rs Lakhs									
S.No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.01.2010	Additions	Deletions	Total as on 31.03.2011	As on 01.01.2010	for the Period	Deletions	Total as on 31.03.2011	As on 31.03.11	As on 01.01.10
1	Land	1154.60			1154.60	0.00	0.00		0.00	1154.60	1154.60
2	Buildings	903.26			903.26	175.30	37.71		213.01	690.25	727.96
3	Plant & Machinery	3193.40	6.53		3199.93	1225.70	267.44		1493.14	1706.79	1967.70
4	Computers	108.88	5.23		114.11	108.54	4.58		113.12	0.99	0.34
5	Vehicles	349.51			349.51	94.13	41.50		135.63	213.88	255.38
6	Furniture & Fixtures	263.35			263.35	56.10	5.63		61.73	201.62	207.25
7	Office Equipment	70.33	3.41		73.74	20.44	20.43		40.87	32.87	49.89
	Total	6043.33	15.17	0.00	6058.50	1680.21	377.29	0.00	2057.50	4001.00	4363.12
	Previous Year Balance	5608.45	447.37	12.49	6043.33	1286.17	395.04	1.00	1680.21	4363.12	4322.28
	Capital Work in progress									37035.22	35582.86

SCHEDULES FORMING PART OF BALANCE SHEET AS AT March 31,2011

	As at March 31,2011(for 15 months period)	As at December 31,2009 (for 18 Months period)
	Rs Lakhs	Rs Lakhs
SCHEDULE-5:		
INVESTMENTS		
(I) Investment in Shares of :		
(a) Khandoba Distilleries Ltd-Subsidiary (1,53,78,000 fully paid equity shares of Rs.10/- each)	1537.80	1230.00
(b) Saptashva Solar SL-Spain-wholly owned subsidiary (25,48,006 fully paid equity shares of Euro 1 each)	1636.49	1636.49
(c) Saptashva Solar Ltd-wholly owned subsidiary (50,000 fully paid equity shares of Rs.10/- each)	5.00	5.00
(ii) Application money paid-pending allotment of Shares		
(a) Khandoba Distilleries Ltd-Subsidiary	0.00	307.80
(b) Saptashva Solar SL-Spain-wholly owned subsidiary	1006.71	1006.71
	4186.00	4186.00
SCHEDULE 6		
CURRENT ASSETS, LOANS & ADVANCES		
(i) Stock in hand		
Raw Material, Stores & Spares, Consumables etc.	3738.73	12839.70
Work in process	6539.41	7286.54
Finished goods	49.94	3227.52
Total	10328.08	23353.76
(ii) Sundry Debtors		
(Unsecured, considered good)		
(a) for more than six months	23011.50	21835.12
(b) other Debts	0.00	508.34
	23011.50	22343.46
Less: Provision for Bad & Doubtful Debts	6386.22	0.00
Total	16625.28	22343.46
(iii) Cash and Bank Balances		
Cash on hand	6.57	6.30
Balances with Scheduled banks		
(a) in Current Account	32.12	4.13
(b) in Deposit Accounts(including margin money)	1261.76	910.53
Unclaimed Dividend Balance	3.35	3.53
Total	1303.80	924.49
(iv) Loans and Advances		
(Unsecured, considered good)		
(a) Deposits	300.39	95.94
(b) Other advances	9188.40	9872.23
Total	9488.79	9968.17
SCHEDULE -7		
CURRENT LIABILITIES & PROVISIONS		
(I) CURRENT LIABILITIES		
Sundry Creditors - Trade	2709.61	1814.15
Other Liabilities	868.36	789.04
Unclaimed dividend	3.36	3.53
Total	3581.33	2606.72
(II) Provisions		
Provision for Income Tax	34.52	1486.34
Total	3615.85	4093.06

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2011

	Rs Lakhs	
	Period ended 31st March,2011(15 months)	Period ended 31st December,2009 (18 months)
SCHEDULE - 8		
SALES		
i. Domestic Sales		
Telecom Division	80.13	1785.06
Energy Division	123.58	524.73
ii. Export Sales		
Telecom Division	0.00	781.50
Energy Division	16316.96	39853.69
Gross Sales	16520.67	42944.98
Less: Excise Duty & Sales Tax	12.82	374.20
Net Sales	16507.85	42570.78
SCHEDULE-9		
OTHER INCOME		
Interest Received	78.46	150.27
Miscellaneous Income	5.52	19.01
Total	83.98	169.28
SCHEDULE -10		
COST OF MATERIALS CONSUMED		
a) Consumption of Raw Materials	20448.39	44641.84
b) Consumption of Stores, Spares and Other Consumables	20.89	129.77
c) (increase)/Decrease in Stocks		
i) (increase)/Decrease in Stocks WIP		
- Opening Stock	1327.88	184.49
- Closing Stock	676.41	1327.88
	651.47	(1143.39)
ii) (increase)/Decrease in Stocks FG		
- Opening Stock	3227.52	172.37
- Closing Stock	49.94	3227.52
	3177.58	(3055.15)
Total (Increase)/ Decrease in Stocks	3829.05	(4198.54)
Total Cost of Material Consumed (a+b+c)	24298.33	40573.07
SCHEDULE- 11		
Administrative, Manufacturing and Selling expenses		
Salaries and wages, & Benefits to employees	1289.76	1874.17
Repair and Maintenance to Other assets	71.77	224.48
Rent	86.25	63.85
Rates and taxes	86.61	25.42
Remuneration to Auditors	2.75	2.75
Insurance	86.91	306.04
Professional consultancy	483.27	434.38
Printing and stationery	16.36	35.42
Travelling and conveyance	129.78	313.44
Communication expenses	21.24	63.58
Donations	0.82	0.01
Other expenses	167.96	483.12
Loss on sale of assets/write off	0.00	5.49
Selling Expenses	862.32	743.17
Total	3306.80	4575.32
SCHEDULE- 12		
INTEREST AND FINANCE CHARGES		
Interest on Term Loans & Bank charges	8089.49	10337.49
Interest on Hire purchase Loans	3.32	16.98
Total	8092.81	10354.47

Cash Flow Statement for the period ended March 31st, 2011

15 Months ended
March 31, 2011

A Cash Flow from Operating Activities

Net Profit/(Loss) before tax and extra ordinary items		(25,926.36)
Adjustments for :		
Depreciation	377.29	
Misc. Expenditure written off	57.74	
Loss on sale of assets / write off	-	
Interest income	(78.46)	
Interest & Finance Charges	8,092.81	

Operating Profit before Working Capital Adjustments **8449.38**
(17,476.98)

(Increase)/ Decrease in Inventories		13,025.68
(Increase)/ Decrease in Trade and other receivables		5,718.18
(Increase)/ Decrease in Loans & Advances		479.38
Increase/ (Decrease) in Trade Payables & others		(477.21)
Increase/ (Decrease) in Working Capital borrowings		-

Cash generated from operations **1,269.05**

Interest on working capital borrowings	8092.81	
Direct taxes paid	0	
Transfer to General Reserve	0	(8,092.81)
Cash flow before extraordinary items		(6,823.76)
Reduction in value of inventories (MTM Loss)	0	

Net Cash from Operating Activities **(6,823.76)**

B Cash Flow from Investing Activities

Purchase of Fixed Assets (net of sales)	362.12	
Capital work in Progress	1,452.36	
Purchase / (Sale) of Investments	-	
Interest Income Received	(78.46)	

Net Cash used in Investing Activities **(1,736.02)**

C Cash Flow from Financing Activities

Proceeds from issue of Share Capital including premium	13,118.35	
Proceeds from Long Term & other Borrowings	(340.81)	
Repayment of Unsecured Loans - FCCB	(3,838.45)	
Interest Paid		
Deferred Tax Asset	-	
Transfer to General Reserve		
Dividend and dividend tax provided		
Misc expenses not written off		

Net Cash Flow from Financing Activities **8,939.09**

Net Increase /(Decrease) in Cash and Cash Equivalents **379.31**
Cash and Cash Equivalents at the Beginning of the Year 924.49
Cash and Cash Equivalents at the End of the Year **1,303.80**

Note:

- The above cash flow statement has been prepared using the 'Indirect Method' as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Previous years figures have been regrouped wherever necessary to conform with the current year presentation.

As per our report of even date

FOR SATYANARAYANA & CO.

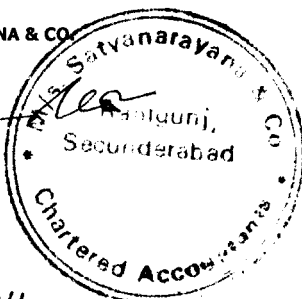
Chartered Accountants
FRN: 003680S

J. Jagannadha Rao

Partner
Membership No.: 6239

Place: Secunderabad

Date: 24-10-2011



For and on behalf of the Board

Dinesh Kumar
Dinesh Kumar
Managing Director

K. Vasudeva Rao
K. Vasudeva Rao
Executive Director

K. Sateesh Gupta
K. Sateesh Gupta
Company Secretary

Schedules forming part of Balance Sheet and Profit & Loss Account

SCHEDULE: 13 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES:

1) System of Accounting:

The accounts have been prepared and presented under the historical cost convention method on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) to the extent applicable.

2) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of duties & taxes (net of CENVAT/VAT), incidental expenses and erection / commissioning expenses.

3) Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on Assets bought / sold during the year is charged at applicable rates on monthly basis in the month the Asset is put to use / sold.

4) Expenditure during construction period:

Expenditure (including Finance cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as preoperative expenses pending allocation to the assets and are shown under "Capital Work in Progress". These expenses will be apportioned to fixed assets on commencement of commercial production.

5) Investments:

Long term investments and investments in subsidiary companies are carried at cost. Provision for diminution in value is made whenever necessary in accordance with the Accounting Standards in force.

6) Valuation of Inventories:

- a) Inventories are valued at the lower of weighted average cost or net realizable value. The weighted average value is calculated on the basis of net landed cost.
- b) Cost for the purpose of finished goods and material in process is computed on the basis of cost of material, labour and other related overheads.
- c) In all the cases necessary adjustments are made in respect of non-moving, slow moving, damaged and unserviceable goods.

7) Foreign Exchange:

Foreign Exchange transactions are recorded at the exchange rates prevailing at the time of transactions or at contracted rates. Current assets and current liabilities are translated at values prevailing at the Balance Sheet date. Gains/losses, if any, arising thereby are recognized in the Profit and Loss account.

8) Revenue Recognition:

- a) Revenue from sales is recognized when significant risk and rewards in respect of ownership of the products are transferred.
- b) Revenue from domestic sales is recognized on dispatch of products from the factory of the Company.
- c) Revenue from export sales is recognized on the basis of dates of Bill of Lading.

9) Employee Retirement Benefits:

Contributions paid/payable to the defined contribution plan of Provident Fund for employees covered under the scheme are recognized in the Profit and Loss account each year. Gratuity has been provided on cash basis.

10) Borrowing Costs:

Borrowing costs incurred in relation to the acquisition and construction of assets is capitalized as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

11) Income Tax Expenditure:

- a) Current Tax Expense: The current charge for income tax is calculated in accordance with the tax regulations.
- b) Deferred Tax Expense: Deferred income tax reflects the impact of timing difference between accounting income and tax income for the year/ period. Deferred tax is measured based on the tax rates and the tax laws enacted at the Balance sheet date. Deferred tax asset is recognized only to the extent of certainty of realization of the asset.
- c) Fringe Benefit Tax: Fringe Benefit Tax is calculated in accordance with the tax regulations.

12) Miscellaneous Expenditure:

Miscellaneous expenditure comprises of preliminary/ public issue expenses and deferred revenue expenditure which are amortized over a period of ten years.

B) NOTES TO ACCOUNTS

1. Note on Corporate Debt Restructuring (CDR):

The Company has approached the consortium of Banks for restructuring of debts under the CDR (Corporate Debt Restructuring) scheme of RBI during the previous accounting year 2008-09. The detailed note of the same has been given in the previous Balance Sheet.

However, during the current financial year despite reconstructing of loans given by Banks, the Company could not perform as per projections of CDR scheme for reasons like:

- (a) The selling price of modules deteriorated further to the level of EURO 1.1 per WP as against the projected figure of EURO 2 per WP.
- (b) For various reasons internal to the Banks, the consortium could not come up with the working capital limits to support the execution of orders resulting in drop in revenues & cancellation of orders.

In view of significant drop in selling prices, the Company has to dispose of inventories at much lower price than estimated in the CDR scheme, resulting in further loss in M to M.

In view of above reasons, the Company could not meet its obligations for repayment of loans as per CDR scheme. Further the promoters also could not bring in necessary capital committed by them.

The company is pursuing with the Banks the Second restructuring of its loans, taking current situation into Account.

2. The net worth of the Company suffered substantial erosion due to the losses suffered during the period. However, considering the restructuring package granted to the Company under CDR (Corporate Debt Restructuring) scheme and also the various measures taken by the Company for increasing the net worth and the business prospects, the accounts are stated on going concern basis.
3. Previous Figures are not comparable as current year consists of 15 months period (01.01.2010 to 31.03.2011) as against the 18 months period (01.07.2008 to 31.12.2009) of previous year.

4. Foreign Currency Convertible Bonds:

Pursuant to the approval accorded by the members on 26.09.2007, the Company had made allotment of Foreign Currency Convertible Bonds (FCCB) of USD 40 Million in October 2007 having a maturity period of 5 years and one day.

During the year upon , conversion of US\$ 8.04 million FCCBs the Company issued and allotted 19,99,447 equity shares of Rs. 10/- each at a premium of Rs. 150/- per share during the current year. The outstanding balance of FCCBs as on 31.03.2011 is USD 4.2 million.

Consequent to the above, the paid up equity share capital of the company was increased to 2,27,74,397 equity shares of Rs.10/- each.

5. Contingent liabilities not provided for in respect of:

(Rupees in Lakhs)

Particulars	As at 31.03.2011	As at 31.12.2009
a) Guarantee / Counter Guarantees given on sale of contracts	1954.50	2007.88
b) Letter of credits by Banks	NIL	NIL
c) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for	2476.42	2476.42

6. Secured Loans:

(Rupees in Lakhs)

SI No	Particulars	As at 31.03.2011	As at 31.12.2009
	A. Term Loans:		
i)	Canara Bank – SPV	4326.42	4310.87
ii)	IDBI Bank – SPV	4935.79	4931.37
iii)	Bank of India – SPV	4956.30	4914.96
iv)	State Bank of Bikaner & Jaipur – SPV	2477.41	2453.69
v)	State Bank of Mysore – SPV	2051.92	1970.56
vi)	IDBI corporate loan	250.00	250.00
	Total	18997.84	18831.45
	B. Funded interest Term loans I:		
i)	Canara Bank – SPV	129.73	252.05
ii)	State Bank of Bikaner & Jaipur – Fabcity	88.38	170.02
iii)	State Bank of Mysore – Fabcity	0.00	126.38
iv)	IDBI – Fabcity	176.91	298.17
v)	Bank of India – Fabcity	158.34	318.00
	Total	553.36	1164.62
	C. Short Term Loans:		
i)	Canara Bank	8178.24	8097.21
ii)	IDBI Bank	2829.52	2893.85
iii)	State Bank of India	22058.98	22245.71
	Total	33066.74	33236.77
	D. Working Capital Term Loans:		
i)	Canara Bank – Telecom	99.08	98.01
ii)	Canara Bank – SPV	4041.08	3965.31
iii)	Canara Bank – Ethanol	844.95	835.13
iv)	Canara Bank-CDR-WCTL-II	407.45	0.00
v)	Canara Bank-CDR-WCTL-III	2451.00	0.00
vi)	Canara Bank-CDR-WCTL-IV	250.37	0.00
vii)	Vijaya Bank – Telecom	1548.87	1546.65
viii)	Federal Bank – Telecom	971.60	868.62
ix)	Federal Bank – Ethanol	422.38	392.54
X)	Federal Bank-CDR-WCTL	21.47	0.00
xi)	State Bank of Hyderabad	96.42	95.13
xii)	State Bank of Hyderabad-CDR-WCTL-I	701.08	0.00
xiii)	State Bank of Hyderabad-CDR-WCTL-II	623.30	0.00
xiv)	IDBI Bank – SPV	1533.89	1554.24
xv)	IDBI Bank – Telecom	572.65	585.82
xvi)	IDBI Bank – Ethanol	439.72	449.51
xvii)	IDBI Bank-CDR-WCTL	71.58	0.00
xiii)	State Bank of India – SPV	13442.91	13758.21

XL Energy Limited
(Formerly XL Telecom & Energy Limited)

xix)	State Bank of India-CDR-WCTL	796.77	0.00
xx)	ICICI Bank LTD-CDR-WCTL	277.19	0.00
xxi)	ICICI Bank (LC & BG dev)	0.00	384.38
xxii)	IDBI Bank (BG dev)	0.00	27.80
xxiii)	Canara Bank-Export bills discounted	0.00	(17.46)
xxvi)	SBI-Export Bills Discount	299.50	0.00
	Total	29913.26	25153.17
	E.Funded interest term loans II:		
i)	Canara Bank – SPV	177.41	224.22
ii)	State Bank of India – SPV	720.33	744.83
	Total	897.74	969.05
	F. Working Capital Borrowings:		
i)	Canara Bank – Telecom	370.92	2637.24
ii)	Canara Bank – Ethanol	0.00	296.24
iii)	Vijaya Bank – Telecom	1235.16	1126.63
iv)	Vijaya Bank – Ethanol	0.00	122.20
v)	Federal Bank – Telecom	1373.83	1107.93
vi)	Federal Bank – Ethanol	0.00	117.23
vii)	ICICI Bank – Telecom	504.40	390.00
viii)	ICICI Bank – Ethanol	0.00	119.79
ix)	State Bank of Hyderabad – CC	186.85	862.79
x)	State Bank of Hyderabad - Telecom	0.00	637.87
xi)	State Bank of Hyderabad - Ethanol	0.00	88.32
xii)	IDBI Bank – Telecom	694.22	679.32
xiii)	IDBI Bank – Ethanol	0.00	97.45
xiv)	State Bank of India – CC	189.17	681.45
xv)	Indian Overseas Bank – Telecom	0.15	(0.10)
xvi)	Dev.CR.Bank-Telecom	0.01	0.00
	Total	4554.71	8964.36
	G. Hire Purchase Loans:		
i)	ICICI Bank	3.01	27.07
ii)	HDFC Bank	3.05	11.29
	Total	6.06	38.36
	H.CDR-Funded Interest Term Loans:		
i)	Canara Bank-CDR-FITL	-59.28	0.00
ii)	Canara Bank-CDR-STL	-220.30	0.00
iii)	Canara Bank-CDR-WCTL	-26.60	0.00
iv)	Federal Bank-CDR-FITL	0.06	0.00
v)	State Bank of Hyderabad-CDR-FITL	-0.53	0.00
vi)	State Bank of India-CDR-FITL	-275.34	0.00
vii)	Vijaya Bank-CDR-FITL	-0.01	0.00
viii)	State Bank of Bikaner & jaipur-CDR-FITL	-0.02	0.00
	Total	-582.02	0.00

All the loans are secured by,

- Mortgage and first charges on immovable properties, both present and future situated at Plot No. 198 A&B, IDA Cherlapally, Hyderabad
- Mortgage and first charges on the fixed assets of Ethanol Division situated at Plot No. B 8-10, MIDC, Kushnour, Nanded, Maharashtra
- Mortgage and first charges on lease hold rights on land admeasuring 2,02,350 sq. mts. Approximately and fixed assets both present and future, situated at survey nos. 50,66,68,69,70,84,85,86 & 87 situated at Fabcity, Raviryal village, Maheswaram mandal, Rangareddy district, Andhra Pradesh
- First charge on immovable properties, present and future situated at Shed nos. 30, 31 and 32, IDA, Mallapur, Hyderabad.
- Hypothecation of all tangible, movable properties and Assets, both present and future including raw materials, goods in process, finished goods and book debts.
- Personal guarantee of Mr. Dinesh Kumar, Mr. Aneesh Mittal and Mrs. Ritulal Kumar.
- Hire Purchase loans are secured by hypothecation of specific vehicles.

7. Earnings in Foreign Currency:

(Rupees in Lakhs)

Particulars	2010-11	2008-09
FOB value of exports realized during the year	16684.63	35031.12

8. Expenditure in Foreign Currency:

(Rupees in Lakhs)

Particulars	2010-11	2008-09
Traveling Expenses	15.63	64.36
Import of Raw material (CIF Value)	9888.71	70006.31

9. Managerial Remuneration:

(Rupees in Lakhs)

Particulars	2010-11	2008-09
Salary to Managing Director	225.00	225.00
Contribution to P.F. for Managing Director	0.14	0.14
Salary to Whole time Directors	119.00	193.50
Contribution to P.F. for Whole time Directors	0.35	0.56

10. Remuneration to Auditors:

(Rupees in Lakhs)

Particulars	2010-11	2008-09
Audit Fee	2.76	2.76

11. Deferred Tax Liability(+)/Asset(-):

(Rupees in Lakhs)

Particulars	2010-11	2008-09
Depreciation	-15323.14	774.23

12. Details of Imported and Indigenous Raw Materials, Spare Parts and other Components:

(Value in Rupees Lakhs)

Name of the Material	2010-11		2008-09	
	%	Value	%	Value
- Imported	98.77	23,999.46	93.93	38,110.28
- Indigenous	1.23	298.87	6.07	2,462.79
Total	100.00	24,298.33	100.00	40,573.07

13. Capacities and Production:

Class of Goods	Units	Licensed Capacity	Installed Capacity	Production	
				2010-11	2008-09
Cable jointing kits	Nos	- N.A. -	500,000	NIL	Nil
SMPS	Nos	- N.A. -	2,880	6	258
Solar Modules	MW	- N.A. -	180	8	18
CDMA Phones	Nos	- N.A. -	3,000,000	NIL	6354
Ethanol	BL	- N.A. -	45,000,000	NIL	17,10,102

14. Details of Raw Material consumption:

(Rupees in Lakhs)

Particulars	2010-11	2008-09
ENERGY:		

- SPV	23,926.57	37,911.11
- ETHANOL	0	760.26
TELECOM:		
- CDMA	0	647.21
- SMPS	0	1,030.03
OTHERS	371.76	224.46
TOTAL	24,298.33	40,573.07

Note: Quantity wise breakup for all above items has not been provided as these products are dealt in various sizes and models, etc.

15. Details of Finished Goods stock:

(Value in Rupees Lakhs)

Particulars	2010-11				2008-09			
	Op. Qty	Value	Cl. Qty	Value	Op. Qty	Value	Cl. Qty	Value
Kits	-	-	-	-	-	-	-	-
CDMA	975	51.82	975	49.94	1007	49.48	975	51.82
Solar Modules	11445	3156.63	0	0	357	94.18	11445	3156.63
Ethanol	90399	19.07	0	0	136068	28.71	90399	19.07
Total		3227.52		49.94		172.37		3227.52

16. Related Party Transactions:

Information relating to Related Party transactions as per Accounting Standard 18, issued by The Institute of Chartered Accountants of India, notified under Section 211(3C) of the Companies Act, 1956 is as under:

b) Names of related parties and the nature of relationships:

Name	Relationship
i. Khandoba Distilleries Ltd	Subsidiary Company
ii. Saptashva Solar Ltd	Wholly owned subsidiary Company
iii. Saptashva Solar SA	Wholly owned subsidiary Company
iv. Saptashva Solar SRL	Subsidiary of Saptashva Solar SA
v. Digrun Grun SL	Subsidiary of Saptashva Solar SA
vi. Apulia Solar SRL	Subsidiary of Saptashva Solar SRL
vii. Sree Sahasya Enterprises Pvt Ltd	Associate Company
viii. Sree Sahasya Entertainments Pvt Ltd	Associate Company
ix. Soft Projex (I) Ltd	Associate Company
x. Key Management Personnel:	
Shri Dinesh Kumar	Managing Director
Smt Ritu lal Kumar	Director

**c) Transactions made during the period:
(Amounts outstanding at the Balance Sheet date)**

(Rupees in Lakhs)

Name of the Related Party	2010-11	2008-09
i. Khandoba Distilleries Limited:		
- Equity Subscribed	1,537.80	1,230.00
- Application money pending allotment	NIL	307.80
- Advance for Expenses	246.67	82.98
ii. Saptashva Solar Limited:		
- Equity Subscribed	5.00	5.00
iii. Saptashva Solar S.A.:		
- Equity Subscribed	1,636.49	1,636.49
- Application money pending allotment	1,006.71	1,006.71
- Sales	46.59	167.69
iv. Saptashva Solar SRL:		
- Advance for Expenses	345.55	345.55
v. Digrun Grun SL:		
- Sales	653.93	8379.28
vi. Sree Sahasya Enterprises Pvt Ltd		
- Amounts due	303.61	308.36
vii. Sree Sahasya Entertainments Pvt Ltd		
- Amounts due	27.68	27.68
viii. Soft Projex (I) Ltd		
- Amounts due	585.83	565.10

17. The company considers Solar business segment as the primary segment. The primary segment information is provided as Schedule-15.

18. There are no dues to Micro, small and medium enterprises under Development Act, 2006, exceeding 45 days. The micro, small and medium industries are determined to the extent such parties have been identified on the basis of the information available with the Company.

19. Balances appearing under unsecured loans, sundry creditors, Capital WIP, Loans and advances and debtors are subject to confirmation and / or reconciliation, if any.

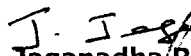
20. Previous year figures have been regrouped / reclassified wherever necessary.

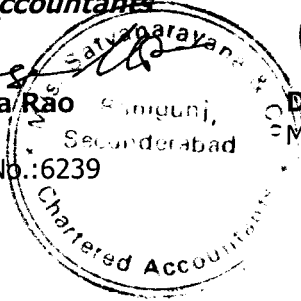
As per our report of even date

For and on behalf of the Board

For SATYANARAYANA & CO.

Chartered Accountants
FRN: 003680S


J. Jagannatha Rao
Partner
Membership No.: 6239




Dinesh Kumar
Managing Director


K. Vasudeva Rao
Executive Director

Place : Secunderabad

Date : 24-10-2011


K. Sateesh Gupta
Company Secretary

Annexure to the Balance Sheet as at March 31, 2011

Statement Pursuant to Section 212 of the Companies Act, 1956										
XL Energy Limited										
Sr. No.	Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/ Loss before Taxation	Profit/ Loss after Taxation	Proposed Dividend
1	Khandoba Distilleries Ltd	1537.81	-	3033.58	3033.58	-	-	-	-	-
2	Saptashva Solar Ltd	5.00	-	5.00	5.00	-	-	-	-	-
3	Saptashva Solar SA, Spain	1545.75	1.04	1546.79	1546.79	1956.40	46.59	16.22	12.17	nil

Note -

2 Converted into Indian Rupee at the Exchange Rate, 1 Euro = Rs.60.6652 for Balance sheet items and Rs.60.6652 for P & L items

As per our report of even date

For SATYANARAYANA & CO.

Chartered Accountants

FRN: 0036805

J. Jagannadha Rao
Partner
Membership No. 6239

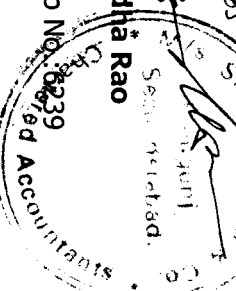
Place : Secunderabad
Date : 24-10-2011

For and on behalf of the Board

Dinesh Kumar
Dinesh Kumar
Managing Director

K. Vasudeva Rao
K. Vasudeva Rao
Executive Director

K. Sateesh Gupta
K. Sateesh Gupta
Company Secretary



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

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G. SATYANARAYANA RES : 278 00 479

J. JAGANNADHA RAO RES : 277 65 195

CH. SESHAGIRI RAO RES : 278 41 166

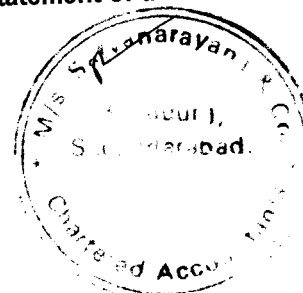
G. VENKATARATNAM RES : 278 00 569

E-MAIL : satco@sol.net.in

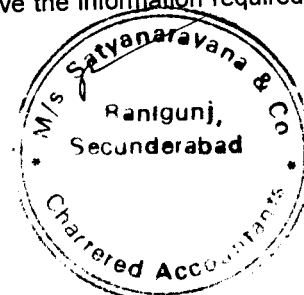
Consolidated Auditors Report

To,
The Board of Directors XL Energy Limited
Secunderabad

- 1 We have audited the attached balance sheet of M/s XL Energy Limited (formerly XL Telecom & Energy Limited) its subsidiaries of M/s Khandoba Distilleries Limited, M/s Saptashva Solar Limited , M/s Saptshva Solar SA as at 31st March 2011, Profit & Loss Account and cash flow statement for the period ended on that date annexed there to. These financial statements are 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 assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We did not audit the financial statements of the subsidiaries, whose financial statements reflected total assets of ₹. 8,529.10 lakhs as at 31st March 2011 and total revenue of ₹. 1,141. 58 Lakhs for the period ended on that date. These financial statement and other financial information have been certified by the management.
- 4 We report that a consolidated financial statements has been prepared by the company's management in accordance with the requirements of accounting standards (AS 21), issued by the institute of chartered accountants of India and on the basis of audited financial statement of the group and unaudited financial statement of a consolidated entity
- 5 As required by the company's (Auditors Report) order 2003 issued by the central Govt. of India in terms of sub section (4A) of section 227 of the companies act, 1956vwe enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order
- 6 Further to the above our comments are as under
 - a There are no dues to Small, Medium and Micro Enterprises under reference is invited to Note No. B (18) under Schedule No. 13
 - b Reference is invited to Note No. B (19) under Schedule No. 13
 - c The company has applied uniform exchange rate for the purpose of consolidation of foreign subsidiaries and has not complied with the accounting standard 11 on the effects of changes in foreign exchange rates issued by the Institute of Chartered Accountants of India. In the absence of audited financial reports of subsidiaries, we are unable to determine quantum of such non provision and its impact of the understatement of the loss for the period ended 31st March 2011.



- d The Company has not determined and provided for the amount of gratuity, liability for the employees on accrual basis as at 31st March 2011 which is required to be determined and provided for as per the accounting standard 15 on employees issued by the Institute of Chartered Accountants of India and also as per the provisions of section 209 of the companies act, 1956 relating to preparation of books of account on accrual basis. In the absence of the value of such provision for gratuity , we are unable to determine quantum of such non provision and its impact of the understatement of the loss for the period ended 31st march 2011
- e The balance appearing under the secured loans (other than the hire purchase loans) are arrived at after providing for interest at a lower rate than the original contract rate. The interest for the period is calculated based on the concessional rates of interest that are to be charged as per the corporate debt restructuring (CDR) scheme provided by the lenders to the Company on 30th December 2009. However during the current financial year despite restructuring of loans given by banks, the company could not meet its obligations for repayment of loans as CDR Scheme. Further the promoter also could not bring in capital committed by them. The Company pursuing a second restructuring of the loans
- f We are unable to comment on the carrying value of the investment in one of the subsidiary companies Viz. Khandoba Distilleries Limited in view of the non implementation of the project being executed in the said company and also the stipulations made by the secured lenders of the company as part of the corporate debt restructuring scheme requiring the company to dispose of the said project being implemented.
- g The balances appearing under the sundry debtors and loans & advances are subject to confirmation and reconciliation. We find no provision has been made in books for doubtful debts.
- 7 Subject to our qualifications mentioned paragraph (5) (6) 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 purpose of our audit.
- b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books excepting in relation to the accounting standard 15 on employee benefits.
- c) The Balance Sheet, the Profit and Loss Account and cash flow statement dealt with by these report are in agreement with the Books of Account.
- d) 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 Companies Act, 1956 excepting in relation to accounting standard 15 on employee benefits.
- e) On the basis of the written representations received from the directors as on 31st march 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011, from being appointed as Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) 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

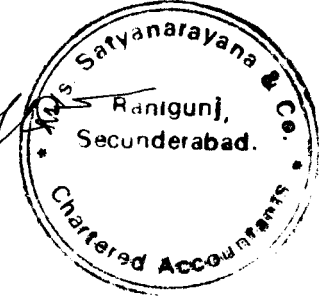


companies act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India excepting in relation to accounting standard 15 employee benefits

- i. In the case of Balance Sheet, of the state of affairs of the company as on 31st March 2011.
- ii. In the case Profit and Loss Account, of the Loss for the period 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 Satyanarayana & Co
Chartered Accountants
FRN 003680S

J. Jagannadha Rao
(J.Jagannadha Rao)
Partner
Membership No. 6239



Place : Secunderabad
Date : 24th October 2011

Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 277 18 992

277 15 028

663 39 972

FAX : 040 - 277 14 814

G. SATYANARAYANA RES : 278 00 479

J. JAGANNADHA RAO RES : 277 65 195

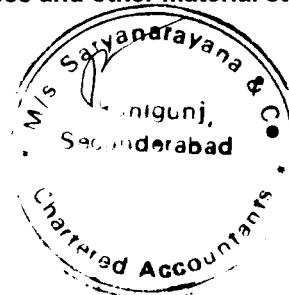
CH. SESHAGIRI RAO RES : 278 41 166

G. VENKATARATNAM RES : 278 00 569

E-MAIL : satco@sol.net.in

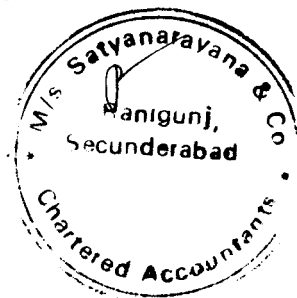
ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE:

- i.
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets of the company.
 - b) The Process of physical verification of fixed assets has been started by the company during the year and it is in progress
 - c) During the year the company has not disposed of any fixed assets.
- ii.
 - a) The inventory has been physically verified by the management during the year. 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 the nature of its business.
 - c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. According to the information and explanations given to us, the company has not taken any loans secured or unsecured from / to companies, firms or other parties covered in the register maintained under sec.301 of the Companies Act, 1956. However, reference is invited to note B (16) of schedule 13 recording monies advance / equity invested.
- iv. In our opinion and according to the information and explanations given to us, the internal control procedures needs to be strengthened and streamlined so as to be commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regards to the sale of goods .
- v. According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered in to the register maintained under sec. 301 of the Companies Act, 1956 have been so entered.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the central government for the maintenance of cost records and sec 209 (1) (d) of the companies act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix.
 - a) **The Company is not regular in depositing with appropriate authorities the following undisputed statutory dues including Provident Fund, investor education protection fund, Employees State Insurance, Income tax, sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it**



Provident Fund Dues	₹. 9.75 Lakhs
ESI	₹. 1.57 Lakhs
Tax Deducted At Source	₹. 157.11 Lakhs
Total	₹. 168.43 Lakhs

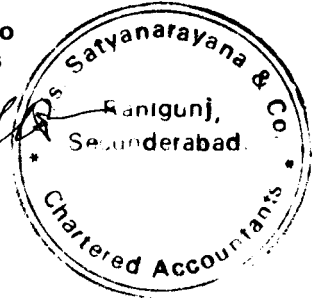
- b According to the information and explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. In our opinion the accumulated losses of the company are more than 50% of its net worth. The company incurred a cash loss of ₹. 25,549.07 lakhs during the current accounting year. The cash loss during immediately preceding accounting year is ₹. 28,343.19 lakhs.
- xi. The company has defaulted in the repayment of dues to banks and financial institutions, for both term loans and working capital loans. The company was granted restructuring of the payment of interest and principle dues under corporate debt restructuring scheme on 30th December 2009. As per the terms the company could not meet its obligations for repayment as per the terms of restructuring. The details were mentioned in schedule no 13 Paragraph B 1 to notes to accounts.
- xii. In our opinion and according to the information and explanations given to us the Company has not granted loans and advances against pledge of shares debentures and other securities
- xiii. In our opinion the company is not a chit fund / a Nidhi / mutual benefit fund/ society. Therefore clause 4 (xiii) is not applicable to the company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in or trading in shares and securities. In the case of the investment held by the company, the same are in the name of the company.
- xv. According to the information and explanations given to us the company has given guarantee for loans taken by others to banks or financial institutions excepting corporate guarantee to M/s Soft Projex (India) Limited.
- xvi. In our opinion and according to the information and explanations given to us the term loans have been applied for the purpose for which they were raise.
- xvii. According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. However the borrowing made by the company for the working capital purposes is converted in to long term loans by the lenders under corporate debt restructuring package granted considering the losses suffered by the company.
- xviii. The Company has converted part of the FCCBs in to equity shares during the year. Reference is invited to note no. B 4 under schedule 13.
- xix. The clause 4 (xiv) of the companies (Audit Report) order 2003 relating to the creation of the security for the debentures is not applicable to the company as no debentures are raised by the company.
- xx. The company has not raised any money by way of public issue during the year. However as per terms of CDR package 10,37,80,394 Preference shares of ₹. 10 each were issued at par to Banks during the year.



xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that caused the financial statements to be materially misstated.

For Satyanarayana & Co
Chartered Accountants
FRN 003680S

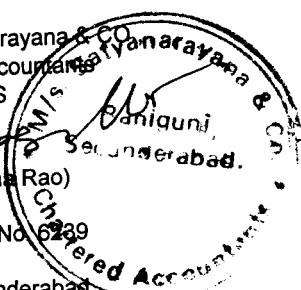


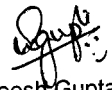

(J. Jagannadha Rao)
Partner
Membership No. 6239



Place : Secunderabad
Date : 24th October 2011

XL ENERGY LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

Rs in Lakhs

	Schedule No.	As at March 31, 2011 (for 15 Months Period)	As at December 31, 2009 (for 18 Months Period)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	12,655.48	2,077.50
Share Application Money Reserves & Surplus	2	25,591.99	22,592.82
Loan Funds			
Secured Loans	3	88,903.46	89,147.25
Un-Secured Loans	4	1,901.99	7,077.55
Deferred Tax Liability			774.23
Total Source of Funds		<u>129,052.92</u>	<u>121,669.35</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	13154.09	13003.60
Less: Depreciation		3086.74	1953.92
Net Block		10067.35	11049.68
Capital Work in Progress		39497.97	38511.04
		<u>49565.32</u>	<u>49560.72</u>
Current Assets, Loans & Advances	6		
Inventories		10,328.08	23,353.76
Sundry Debtors		17,336.18	19,258.95
Cash and Bank Balances		1,304.29	931.08
Loans and Advances		10,026.88	11,458.48
Deferred Tax Assets		15,323.14	-
		<u>54,318.57</u>	<u>55,002.27</u>
Less: Current Liabilities & Provisions	7		
Current Liabilities		9,778.08	3,843.78
Provisions		35.21	1,486.48
		<u>9,813.29</u>	<u>5,330.26</u>
Net Current Assets		<u>44,505.29</u>	<u>49,672.02</u>
Profit and Loss Account	2		
(Balance at the end of the year)		34,055.20	21,697.45
Miscellaneous Expenditure	14		
(to the extent not written off or adjusted)		927.11	739.16
Total Application of Funds		<u>129,052.92</u>	<u>121,669.35</u>
Significant Accounting Policies and Notes on Accounts	15		
As per our report of even date			
FOR Satyanarayana & Co. Chartered Accountants FRN 003680S J. Jagannadha Rao Partner Membership No. 6239 Place : Secunderabad Date : 24-10-2011	  (Dinesh Kumar) Managing Director	For and on behalf of the Board  (K. Vasudeva Rao) Executive Director	
		 (K. Sateesh Gupta) Company Secretary	

XL ENERGY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2011

		Rs in Lakhs
	Schedule No.	
		Period ended March 31, 2011 (for 15 Months Period)
		Period ended December 31, 2009 (for 18 Months Period)
INCOME		
Net Sales	8	17,644.94
Other Income	9	88.47
Gain in Foreign Exchange		-
TOTAL INCOME		17,733.41
EXPENDITURE		
Cost of Materials Consumed	10	24,321.09
Manufacturing Expenses	11	1,064.07
Administrative and Selling Expenses	12	2,563.57
Provisions for Bad & Doubtful debts		6,386.22
Foreign Exchange Fluctuation		-
Misc Expenditure Written off		2,772.44
Interest & Finance Charges	13	57.74
Depreciation		8,096.79
Total Expenses		1,132.59
		43,622.07
Profit/(Loss) Before Taxation & Extraordinary items		(25,888.66)
Less: Extraordinary items		-
MTM Loss		12,807.96
Foreign Currency translation adjustment		269.23
Profit/(Loss) Before Taxes		(1,718.09)
Less: Provision for taxes		(27,606.75)
Tax expenses		42.62
Fringe Benefit Tax		-
Deferred tax Expenses		31.47
Prior period Adjustments (Dividend tax)		(15,291.62)
Net profit/(Loss) available for Appropriation		390.12
Less: Appropriation		-
Provisions for Dividend & Tax there on		-
Transfer to General Reserve		42.30
Balance carried forward to Balance Sheet		(12,357.75)
Earnings Per Share (nominal value of share Rs.10/- each)		(29,364.91)
Significant Accounting Policies and Notes on Accounts	15	(141.14)

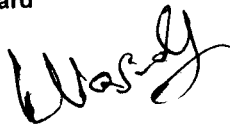
As per our report of even date

FOR Satyanarayana & Co.,
 Chartered Accountants
 FRN 003680S
 I. Jagannadha Rao
 Partner
 Membership No. 62899

Place : Secunderabad
 Date : 24-10-2011

For and on behalf of the Board


 (Dinesh Kumar)
 Managing Director


 (K. Vasudeva Rao)
 Executive Director


 (K. Sateesh Gupta)
 Company Secretary

XL ENERGY LIMITED
SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

Rs in Lakhs

	As at March 31, 2011 (for 15 Months Period)	As at December 31, 2009 (for 18 Months Period)
Schedule - 1		
SHARE CAPITAL		
Authorised		
4,00,00,000 Equity shares of Rs 10/- each (Previous year 3,00,00,000 Equity shares of Rs 10/- each)	4,000.00	3,000.00
11,00,00,000 Preference shares of Rs 10/- each (Previous year Nil)	11,000.00	-
	<u>15,000.00</u>	<u>3,000.00</u>
Issued, Subscribed & Paid up		
2,27,74,397 Equity shares of Rs 10/- Each fully paid (Previous year 2,07,74,950 Equity shares of Rs 10/- each)	2,277.44	2,077.50
10,37,80,394 Preference shares of Rs 10/- each fully paid (Previous year Nil)	10,378.04	-
Total	<u>12,655.48</u>	<u>2,077.50</u>
Schedule - 2		
Reserves & Surplus		
Capital Reserve	543.54	543.54
Share Premium Account:		
Opening Balance	21,270.25	18,286.00
Addition during the year	2,999.17	2,984.25
	<u>24,269.42</u>	<u>21,270.25</u>
General Reserve		
Opening Balance	779.03	736.73
Addition during the year	-	42.30
	<u>779.03</u>	<u>779.03</u>
		22,592.82
Profit and Loss Account		
Opening Balance	(21,697.45)	7,667.46
Addition during the year	(12,357.75)	(29,364.91)
Balance at the end of the year	<u>(34,055.20)</u>	<u>(21,697.45)</u>
Schedule - 3		
Secured Loans		
Term loans	20724.29	20,181.45
Funded interest term loans I	-	1,164.62
Short term Loans	145.77	33,236.77
Working Capital Term loans	68,027.35	24,543.89
Funded interest term loans II	-	969.05
Working Capital Borrowings	-	8,964.36
Hire purchase loans from Banks	6.05	38.36
Interest accrued but not due	-	48.75
	<u>88,903.46</u>	<u>89,147.25</u>
Schedule - 4		
Un Secured Loans		
Un Secured Loans - FCCB	1,901.99	5,740.44
L Trade SRL	-	604.34
Saptasva Solar SA	-	275.07
Others	-	457.70
	<u>1,901.99</u>	<u>7,077.55</u>

Schedule forming part of Consolidated Balance sheet
Fixed Assets

Rs in Lakhs

Description	Gross Block - At Cost				Depreciation			Net Block	
	As at	Additions	Deletions	As at	As at	For the	Deletions	As at	As at
	1-Jan-10	During the	During the	31-Mar-11	31-Mar-11	Period	31-Mar-11	31-Mar-11	31-Dec-09
Land	1,288.99	134.39	-	1,423.38	-	-	-	1,423.38	1,288.99
Factory Buildings	903.26	-	-	903.26	175.30	37.71	213.01	690.25	727.96
Plant & Machinery	10,018.36	6.53	-	10,024.89	1,499.39	1,022.68	2,522.07	7,502.82	8,518.97
Computers	109.26	5.61	-	114.87	108.54	4.69	113.23	1.64	0.72
Motor Vehicles	350.05	0.55	-	350.60	94.15	41.68	135.83	214.77	255.90
Furniture & Fixtures	263.35	-	-	263.35	56.10	5.63	61.73	201.62	207.25
Office equipment	70.33	3.41	-	73.74	20.44	20.43	40.87	32.87	49.89
Total	13,003.60	150.49	-	13,154.09	1,953.92	1,132.82	3,086.74	10,067.35	11,049.68
Previous year Figures	5,608.45	7,407.64	12.49	13,003.60	1,286.17	668.75	1,953.92	11,049.68	4,322.28
Capital Work-in-Progress								39,497.99	38,511.04

XL ENERGY LIMITED
SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

Rs in Lakhs

As at March 31, 2011
(for 15 Months Period)

As at December 31, 2009
(for 18 Months Period)

Schedule - 6

Current Assets, Loans & Advances

(i) Stock in hand		
Raw material, Stores & Spares, Consumable	3,738.73	12,839.70
Work-in-Progress	6,539.41	7,286.54
Finished goods	49.94	3,227.52
	<u>10,328.08</u>	<u>23,353.76</u>
(ii) Sundry Debtors		
For more than six months	17,336.18	18,517.43
other debts	-	741.52
	<u>17,336.18</u>	<u>19,258.95</u>
(iii) Cash and Bank Balances		
Cash on hand	6.76	6.29
Balances with Scheduled Banks	0.30	
in Current Accounts	32.12	10.73
in Deposits Accounts	1,261.76	910.53
Un claimed Dividend	3.35	3.53
	<u>1,304.29</u>	<u>931.08</u>
(iv) Loans and Advances		
(Unsecured, considered good)		
(Recoverable in cash or in kind or for value to be received)		
Advance to Suppliers	-	8,849.65
Deposits	308.29	118.92
Modvat Available	-	341.77
Prepaid Expenses	-	123.50
other Advances	9,718.59	2,024.64
	<u>10,026.88</u>	<u>11,458.48</u>

Schedule - 7

Current Liabilities & Provisions

(i) Current liabilities		
Sundry Creditors -Trade	8,901.05	2,448.58
Other Liabilities	868.36	1,383.80
Interest accrued but not due	-	7.86
Unclaimed Dividend Balance (2006-07 and 2007-08)	3.36	3.52
TDS payable	5.29	-
Minority interest in M/s Khandoba Distilleries Ltd		
150 Equity shares of Rs 10/- each fully paid	0.02	0.02
	<u>9,778.08</u>	<u>3,843.78</u>
(ii) Provisions		
Provision for Income tax	34.52	1,486.48
Provision for Dividend and tax there on	-	-
Provision for Audit fee	0.55	-
Provision for FBT	0.14	-
	<u>35.21</u>	<u>1,486.48</u>

XL ENERGY LIMITED
SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT

	Period ended March 31, 2011 (15 Months)	Rs in Lakhs Period ended December 31, 2009 (18 Months)
Schedule - 8		
Sales		
Domestic Sales	80.13	1,785.06
Telecom Division	1,260.67	1,416.30
Energy Division		
Export Sales	-	781.50
Telecom Division	16,316.96	39,853.69
Energy Division	17,657.76	43,836.55
Gross Sales	12.82	374.20
Less: Excise duty & Sales tax	17,644.94	43,462.35
Net Sales		
Schedule - 9		
Other income		
Interest received	78.46	175.97
Miscellaneous Income	10.01	19.01
	88.47	194.98
Schedule - 10		
Cost of material Consumed		
Consumption of Raw materials	20,471.15	44,764.40
Consumption of Stores, Spares and others	20.89	129.77
(Increase)/Decrease in Stock		
(Increase)/Decrease in Stock WIP	1,327.88	184.49
-Opening Stock	676.41	1,327.88
-Closing Stock	651.47	(1,143.39)
(Increase)/Decrease in Stock FG	3,227.52	172.37
-Opening Stock	49.94	3,227.52
-Closing Stock	3,177.58	(3,055.15)
	3,829.05	(4,198.54)
Total (Increase)/Decrease in Stock		
	24,321.09	40,695.63
Total Cost of material Consumed		
Schedule - 11		
Manufacturing Expenses		
Salaries, Wages and Bonus	882.52	892.71
Contribution to PF/ESI	41.59	39.80
Employee welfare expenses	30.23	62.59
Repair & Maintenance	20.32	208.00
Consumables & Other manufacturing expenses	8.38	345.11
Others	81.03	6.77
	1,064.07	1,554.98
Schedule - 12		
Administrative and Selling Expenses		
Salaries, Wages and Bonus	272.08	494.23
Contribution to PF/ESI	12.60	21.43
Employee welfare expenses	25.74	34.07
Directors remuneration	25.00	343.25
Repair & Maintenance - Others	71.77	178.00
Rent	121.47	143.49
Rates & Taxes	86.61	54.77
Auditor's remuneration	2.75	2.76
Insurance	86.91	306.04
Consultancy & Professional Charges	548.70	462.58
Selling Expenses	862.32	823.33
Printing & Stationery	18.13	35.84
Communication Expenses	21.24	73.51
Travelling & Conveyance	129.78	322.84
Directors Sitting fee	-	2.28
Donations	0.82	0.01
Loss on sale of assets/written off	-	5.49
Other Services	97.80	-
Other Administrative Expenses	179.85	131.95
	2,563.57	3,435.87

XL ENERGY LIMITED
SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT

Schedule - 13

Interest and Finance charges		
Interest on Term loans	3,996.22	4,290.28
Interest on Working Capital	3,781.91	3,303.10
Interest on Hire purchase loans	7.43	16.98
Interest on other loans	50.92	2,762.75
Bank charges	260.31	18.37
	<u>8,096.79</u>	<u>10,391.48</u>

Schedule - 14

Miscellaneous Expenses (to the extent not written off or adjusted)		
Preliminary Expenses	0.67	0.67
	<u>0.67</u>	<u>0.67</u>

Pre-operative Expenses

Administrative Expenses		
Audit fees	1.15	0.38
Communication Expenses		0.18
Conveyance & Travelling	0.02	3.38
Electricity Charges	0.58	8.12
Staff welfare	0.03	0.07
Office maintenance		15.51
Other Administrative Expenses	14.66	8.48
Printing & Stationery	0.73	0.79
Consultancy & Professional Charges	0.10	10.91
Rent, Rates & Taxes	6.92	14.51
Repairs & Maintenance	2.47	-
Insurance	292.60	-
Sitting fee for Directors	2.49	0.10
Vehicle Maintenance	0.07	0.07
Fringe Benefit Tax		0.14
Depreciation	0.02	0.03
Financial Charges		
Bank Charges	0.02	0.59
Interest on Term loans	0.86	262.02
Other financial Charges	299.57	51.99
Total	<u>622.29</u>	<u>377.27</u>
Fee for increase of Authorised Capital	14.76	14.76
Others	288.72	346.46
Total Miscellaneous Expenditure	<u>926.44</u>	<u>739.16</u>

Schedules forming part of Consolidated Balance Sheet and Profit & Loss Account

SCHEDULE: 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES:

1) System of Accounting:

The accounts have been prepared and presented under the historical cost convention method on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) to the extent applicable.

2) Principles of consolidation:

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down on the accounting standards on Consolidated Financial Statements by the ICAI. The financial statements of the parent company, XL Telecom & Energy Limited and the subsidiary companies, Khandoba Distilleries Ltd, Saptashva Solar Ltd, Saptashva Solar SA, Spain have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gains / losses. Exchange differences resulting from the difference due to transactions of foreign currency assets and liabilities in subsidiary company is disclosed as foreign currency translation adjustment. The consolidated financial statements are prepared applying uniform accounting policies for like transactions and other events in similar circumstances in use at the parent and subsidiary company.

3) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of duties & taxes (net of CENVAT/VAT), incidental expenses and erection / commissioning expenses.

4) Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on Assets bought / sold during the year is charged at applicable rates on monthly basis in the month the Asset is put to use / sold.

5) Expenditure during construction period:

Expenditure (including Finance cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as preoperative expenses pending allocation to the assets and are shown under "Capital Work in Progress". These expenses will be apportioned to fixed assets on commencement of commercial production.

6) Investments:

Long term investments and investments in subsidiary companies are carried at cost. Provision for diminution in value is made whenever necessary in accordance with the Accounting Standards in force.

7) Valuation of Inventories:

- a) Inventories are valued at the lower of weighted average cost or net realizable value. The weighted average value is calculated on the basis of net landed cost.
- b) Cost for the purpose of finished goods and material in process is computed on the basis of cost of material, labour and other related overheads.
- c) In all the cases necessary adjustments are made in respect of non-moving, slow moving, damaged and unserviceable goods.

8) Foreign Exchange:

Foreign Exchange transactions are recorded at the exchange rates prevailing at the time of transactions or at contracted rates. Current assets and current liabilities are translated at values prevailing at the Balance Sheet date. Gains/losses, if any, arising thereby are recognized in the Profit and Loss account.

9) Revenue Recognition:

- a) Revenue from sales is recognized when significant risk and rewards in respect of ownership of the products are transferred.
- b) Revenue from domestic sales is recognized on dispatch of products from the factory of the Company.
- c) Revenue from export sales is recognized on the basis of dates of Bill of Lading.

10) Employee Retirement Benefits:

Contributions paid/payable to the defined contribution plan of Provident Fund for employees covered under the scheme are recognized in the Profit and Loss account each year. Gratuity has been provided on cash basis.

11) Borrowing Costs:

Borrowing costs incurred in relation to the acquisition and construction of assets is capitalized as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

12) Income Tax Expenditure:

- a) Current Tax Expense: The current charge for income tax is calculated in accordance with the tax regulations.
- b) Deferred Tax Expense: Deferred income tax reflects the impact of timing difference between accounting income and tax income for the year/ period. Deferred tax is measured based on the tax rates and the tax laws enacted at the Balance sheet date. Deferred tax asset is recognized only to the extent of certainty of realization of the asset.
- c) Fringe Benefit Tax: Fringe Benefit Tax is calculated in accordance with the tax regulations.

13) Miscellaneous Expenditure:

Miscellaneous expenditure comprises of preliminary/ public issue expenses and deferred revenue expenditure which are amortized over a period of ten years.

B) NOTES TO ACCOUNTS

1. Note on Corporate Debt Restructuring (CDR):

The Company has approached the consortium of Banks for restructuring of debts under the CDR (Corporate Debt Restructuring) scheme of RBI during the previous accounting year 2008-09. The detailed note of the same has been given in the previous Balance Sheet.

However, during the current financial year despite reconstructing of loans given by Banks, the Company could not perform as per projections of CDR scheme for reasons like:

- 1. The selling price of modules deteriorated further to the level of EURO 1.1 per WP as against the projected figure of EURO 2 per WP.
- 2. For various reasons internal to the Banks, the consortium could not come up with the working capital limits to support the execution of orders resulting in drop in revenues & cancellation of orders.

In view of significant drop in selling prices, the Company has to dispose of inventories at much lower price than estimated in the CDR scheme, resulting in further loss in M to M.

In view of above reasons, the Company could nor meet its obligations for repayment of loans as per CDR scheme. Further the promoters also could not bring in necessary capital committed by them.

The company is persuing with the Banks the Second restructuring of its loans, taking current situation in to Account.

2. The net worth of the Company suffered substantial erosion due to the losses suffered during the period. However, considering the restructuring package granted to the Company under CDR (Corporate Debt Restructuring) scheme and also the various measures taken by the Company for increasing the net worth and the business prospects, the accounts are stated on going concern basis.

3. Previous Figures are not comparable as current year consists of 15 months period (01.01.2010 to 31.03.2011) as against the 18 months period (01.07.2008 to 31.12.2009) of previous year.

4. Foreign Currency Convertible Bonds:

Pursuant to the approval accorded by the members on 26.09.2007, the Company had made allotment of Foreign Currency Convertible Bonds (FCCB) of USD 40 Million in October 2007 having a maturity period of 5 years and one day.

During the year upon , conversion of US\$ 8.04 million FCCBs the Company issued and allotted 19,99,447 equity shares of Rs. 10/- each at a premium of Rs. 150/- per share during the current year. The outstanding balance of FCCBs as on 31.03.2011 is USD 4.2 million.

Consequent to the above, the paid up equity share capital of the company was increased to 2,27,74,397 equity shares of Rs.10/- each.

5. Contingent liabilities not provided for in respect of:

(Rupees in Lakhs)

Particulars	As at 31.03.2011	As at 31.12.2009
a) Guarantee / Counter Guarantees given on sale of contracts	1954.50	2007.88
b) Letter of credits by Banks	NIL	NIL
c) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for	8336.42	8336.42

6. Secured Loans:

Secured Loans	As at 31.03.2011	As at 31.12.2009
Term loans	20724.29	20,181.45
Funded interest term loans I	-	1,164.62
Short term Loans	145.77	33,236.77
Working Capital Term loans	68,027.35	24,543.89
Funded interest term loans II	-	969.05
Working Capital Borrowings	-	8,964.36
Hire purchase loans from Banks	6.05	38.36
Interest accrued but not due	-	48.75
	88,903.46	89,147.25

All the loans are secured by,

- Mortgage and first charges on immovable properties, both present and future situated at Plot No. 198 A&B, IDA Cherlapally, Hyderabad
- Mortgage and first charges on the fixed assets of Ethanol Division situated at Plot No. B 8-10, MIDC, Kushnoor, Nanded, Maharashtra
- Mortgage and first charges on lease hold rights on land admeasuring 2,02,350 sq. mts. Approximately and fixed assets both present and future, situated at survey nos. 50,66,68,69,70,84,85,86 & 87 situated at Fabcity, Raviryal village, Maheswaram mandal, Rangareddy district, Andhra Pradesh

- First charge on immovable properties, present and future situated at Shed nos. 30, 31 and 32, IDA, Mallapur, Hyderabad.

- Hypothecation of all tangible, movable properties and Assets, both present and future including raw materials, goods in process, finished goods and book debts.

- Personal guarantee of Mr. Dinesh Kumar, Mr. Aneesh Mittal and Mrs. Ritulal Kumar.

- Hire Purchase loans are secured by hypothecation of specific vehicles.

7. Remuneration to Auditors:

(Rupees in Lakhs)

Particulars	2010-11	2008-09
Audit Fee	2.76	2.76

8. Managerial Remuneration:

(Rupees in Lakhs)

Particulars	2010-11	2008-09
Salary to Managing Director	225.00	225.00
Contribution to P.F. for Managing Director	0.14	0.14
Salary to Whole time Directors	119.00	193.50
Contribution to P.F. for Whole time Directors	0.35	0.56

9. Deferred Tax Liability(+)/ASSET(-):

(Rupees in Lakhs)

Particulars	2010-11	2008-09
Depreciation	-15323.14	774.23

10. Related Party Transactions:

Information relating to Related Party transactions as per Accounting Standard 18, issued by The Institute of Chartered Accountants of India, notified under Section 211(3C) of the Companies Act, 1956 is as under:

b) Names of related parties and the nature of relationships:

Name	Relationship
i. Khandoba Distilleries Ltd	Subsidiary Company
ii. Saptashva Solar Ltd	Wholly owned subsidiary Company
iii. Saptashva Solar SA	Wholly owned subsidiary Company
iv. Saptashva Solar SRL	Subsidiary of Saptashva Solar SA
v. Digrun Grun SL	Subsidiary of Saptashva Solar SA
vi. Apulia Solar SRL	Subsidiary of Saptashva Solar SRL
vii. Sree Sahasya Enterprises Pvt Ltd	Associate Company
viii. Sree Sahasya Entertainments Pvt Ltd	Associate Company
ix. Soft Projex (I) Ltd	Associate Company
x. Key Management Personnel:	
Shri Dinesh Kumar	Managing Director
Smt Ritulal Kumar	Director

**c) Transactions made during the period:
(Amounts outstanding at the Balance Sheet date)**

(Rupees in Lakhs)

Name of the Related Party	2010-11	2008-09
i. Khandoba Distilleries Limited:		
- Equity Subscribed	1,537.80	1,230.00
- Application money pending allotment	NIL	307.80
- Advance for Expenses	246.67	82.98
ii. Saptashva Solar Limited:		
- Equity Subscribed	5.00	5.00
iii. Saptashva Solar S.A.:		
- Equity Subscribed	1,636.49	1,636.49
- Application money pending allotment	1,006.71	1,006.71
- Sales	46.59	167.69
iv. Saptashva Solar SRL:		
- Advance for Expenses	345.55	345.55
v. Digrun Grun SL:		
- Sales	653.93	8379.28
vi. Sree Sahasya Enterprises Pvt Ltd		
- Amounts due	303.61	308.36
vii. Sree Sahasya Entertainments Pvt Ltd		
- Amounts due	27.68	27.68
viii. Soft Projex (I) Ltd		
- Amounts due	585.83	565.10

11. The company considers Solar business segment as the primary segment. The primary segment information is provided as Schedule-15.

12. There are no dues to Micro, small and medium enterprises under Development Act, 2006, exceeding 45 days. The micro, small and medium industries are determined to the extent such parties have been identified on the basis of the information available with the Company.

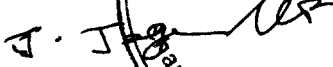
13. Balances appearing under unsecured loans, sundry creditors, Capital WIP, Loans and advances and debtors are subject to confirmation and / or reconciliation, if any.

14. Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date

For and on behalf of the Board

For **SATYANARAYANA & CO.**
Chartered Accountants
FRN 0036809
Secunderabad


J. Jagadha Rao
Partner
Membership No.:6239


Dinesh Kumar
Managing Director


K. Vasudeva Rao
Executive Director

Place : Secunderabad
Date : 24-10-2011


K. Sateesh Gupta
Company Secretary

SEGMENT INFORMATION FOR THE PERIOD ENDED MARCH 31, 2011							
INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS							Rs. Lakhs
	CDMA	JKITS &	SPV	SMPS	ETHANOL	OTHERS	TOTAL
	HANDSETS	OFC					
REVENUE							
1) Sales	0.00	36.06	107.37	1.00	5.86	53.42	203.71
2) Exports	0.00		16316.96				16316.96
Total Segment Revenue	0.00	36.06	16424.33	1.00	5.86	53.42	16520.67
3) Profit before							
Interest and Depreciation	0.00	-38.10	-17354.46	-1.06	-6.19	-56.45	-17456.26
4) Interest Expenses	0.00	17.66	8045.62	0.49	2.87	26.17	8092.81
5) Depreciation	0.00	0.82	375.09	0.02	0.13	1.22	377.29
6) Exceptional Items							
Loss on Sale of assets						0.00	0.00
7) Provision for Taxes	0.00	33.37	15202.45	0.93	5.42	49.45	15291.62
8) PROFIT AFTER TAXES							
	0.00	-23.22	-10572.72	-0.64	-3.78	-34.38	-10634.74
9) Secured Loans							
(a) Term Loans	0.00	0.00	72856.23	11176.09	3369.31		87401.63
(b) Hire purchase Loans			6.06				6.06
Total Secured Loans	0.00	0.00	72862.29	11176.09	3369.31	0.00	87407.69
10) Deferred Tax Liability							-15323.14
OTHER INFORMATION							
11) Segmental Assets							
(a) Fixed Assets	501.57	1268.01	2804.26	631.26	853.40	0.00	6058.50
(b) Accumulated Depreciation	335.91	867.99	333.93	259.77	259.90	0.00	2057.50
Rs. Lakhs							
	CDMA	JKITS &	SPV	SMPS	ETHANOL	OTHERS	TOTAL
	HANDSETS	OFC					
12) Current Assets							
(a) Inventories including Goods in Transit	371.06	0.00	8934.76	1022.26	0.00	0.00	10328.08
(b) Sundry Debtors	3566.13	27.77	12832.49	198.89	0.00	0.00	16625.28
(c) Cash and Bank Balances	463.30	0.00	840.50	0.00	0.00	0.00	1303.80
(d) Loans and Advances	5363.64	0.00	4125.15	0.00	0.00	0.00	9488.79
Total Current Assets	9764.13	27.77	26732.90	1221.15	0.00	0.00	37745.95
Segmental Liabilities							
13) Current Liabilities							
14) Provisions	557.77	0.00	2903.75	119.81	0.00	0.00	3581.33
14) Provisions	0.00	0.00	0.00	0.00	0.00	34.52	34.52
Total Current Liabilities & Provisions	557.77	0.00	2903.75	119.81	0.00	34.52	3615.85
15) Misc.Exp/N/W.off						288.72	288.72

Balance Sheet Abstract and Company's General Profile

I Registration Details

Registration No State Code
 Balance Sheet Date

II Capital Raised During the Year (Amount in Rs. Lakhs)

Public Issue Rights Issue
 Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)

Total Liabilities Total Assets

Sources of Funds

Application of Funds

Paid Up Capital	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="8"/>	Net Fixed Assets	<input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="2"/>
Share Application Money	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investments	<input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>
Reserves & Surplus	<input type="text" value="-"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="8"/>	Net Current Assets	<input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="0"/>
Secured Loans	<input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="9"/>	Misc. Expenditure	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="2"/>
Unsecured Loans	<input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="9"/>	Deffered Tax (Asset)	<input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="4"/>

IV Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="3"/>	Profit/loss(-) After Tax	<input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="4"/>
Total Expenditure	<input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="9"/>	Earning Per Share Rs.	<input "="" type="text" value="("/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value=")"/>
Profit/loss(-) Before Tax	<input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="6"/>		

V Generic Names of Principle Products / services of the Company (As per the Monetary Terms)

Item Code No.	<input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/>	Product Description	Protection module for MDF in telecom equipment
Item Code No.	<input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="1"/>	Product Description	Sleeves
Item Code No.	<input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/>	Product Description	Solar Power Generating Systems
Item Code No.	<input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/>	Product Description	Switch mode power supply power plants - 100 amps
Item Code No.	<input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/>	Product Description	CDMA MobileHandsets
Item Code No.	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	Ethanol

XL ENERGY LIMITED
Regd. Office: C2, Pooja Plaza, Vikramপুরi, Secunderabad – 500 009
Ph: +91 40 27883333 Fax: +91 40 27883344

PROXY FORM

Regd. folio No DP ID Client ID

I / Webeing a Member / Members of the above named Company hereby appointofor failing himoras my / our proxy to vote for me / us on my / our behalf at the Twenty Forth Annual General Meeting of the Company to be held on Thursday, 24th November 2011 at 11.00 AM at Premises of the Company's Plant at Plot No. 198/A, I.D.A., Cherlapally, Hyderabad - 500051 and at any adjournment thereof.

Signed thisday of 2011

Affix Rs. 0.15 ps Stamp

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited to the registered office of the Company, not less than 48 hours before the meeting.

XL ENERGY LIMITED
Regd. Office: C2, Pooja Plaza, Vikramপুরi, Secunderabad – 500 009
Ph: +91 40 27883333 Fax: +91 40 27883344

ATTENDANCE SLIP

Regd. Folio No..... DP ID Client ID

I certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the company,

I hereby record my presence in the Twenty Forth Annual General Meeting of the Company to be held on Thursday, 24th November 2011 at 11.00 AM at Premises of the Company's Plant at Plot No. 198/A, I.D.A., Cherlapally, Hyderabad - 500051 and at any adjournment thereof.

Member's / Proxy's Name
(in Block Letters)

Member's / Proxy's Name
Signature

Note: Please fill in this attendance slip and hand it over at the entrance of the Hall.