

**SURYACHAKRA POWER
CORPORATION LIMITED**



**ANNUAL REPORT
2010-11**



Board of Directors	:	Mr. P.V. Rao, Chairman Mr. P. K. Bhattacharjee Mr. Mahesh Chand Mr. K. Satyanarayana Mr. V.S. Murthy Commodore K.V. Subramaniam Mr. A. Ramesh Kumar Mr. K. B. Trehan (upto 23.07.2011) Mr. M. Seshavatharam Dr. S. M. Manepalli, Managing Director
Company Secretary	:	Mr. G.V. Suresh Kumar
Audit Committee	:	Mr. P. K. Bhattacharjee, Chairman Mr. M. Seshavatharam Mr. V.S. Murthy
Statutory Auditors	:	M/s. Visweswara Rao & Associates Chartered Accountants “SRI” Plot No.512A1, Road No.31, Jubilee Hills, Hyderabad – 500033 M/s. B S R and Co., Chartered Accountants, Reliance Humsafar, IV Floor, Road No. 11, Banjara Hills, Hyderabad - 500034
Bankers	:	State Bank of India
Regd. Office	:	Suryachakra House, Plot No.304-L-III, Road No.78, Jubilee Hills, Hyderabad -500 033.
Plant	:	Bambooflat, Near Fire Brigade, South Andaman, Port Blair – 744 107.



NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Members of Suryachakra Power Corporation Limited will be held on **Friday, the 30th day of September, 2011 at 10.00 A.M.** at ADDA Function Hall, IV Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad – 500 072 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit and Loss account for the financial year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. Satyanarayana, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. S. Murthy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of the retiring auditors at a remuneration to be fixed by the Board of Directors of the Company.

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 Mr. P. V. Rao be and is hereby appointed as a Director of the Company liable to retire by rotation.”
6. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution.
“RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, as amended from time to time, the consent of the members of the Company be and is hereby accorded for the re-appointment of Dr. S.M. Manepalli as Managing Director of the Company for a period of 3 (three) years w.e.f. September 30, 2011 on the following terms and conditions:
 - i) Salary of Rs.3,00,000/- per month.
 - ii) Perquisites: The value of which shall not exceed Rs.50,000/- Per month.

Category A:

Housing: Rent free accommodation or House Rent Allowance at 30% of the Basic salary.

Explanation:

- i) The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962 and shall be subject to a ceiling of 10% of the salary of the Managing Director.
- ii) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month salary in a year or three months' salary over a period of three years.
- iii) Leave Travel Concession for self and family once in a year incurred in accordance with any rules specified by the company.
- iv) Club fees subject to a maximum of 2 clubs. This will not include admission and life membership fee.
- v) Personal Accident Insurance, the premium of which shall not exceed Rs.4000 per annum.

Category B:

The following perquisites shall not be included in the computation of the ceiling on remuneration:

- i) The company's contribution towards Pension scheme or superannuation fund together with Provident Fund not exceeding 25% of the salary wherein contribution towards Provident Fund shall not exceed 12% of the salary. However for the purpose of calculation of overall ceiling on perquisites, the company's contribution towards Provident Fund, Superannuation fund or annuity fund will not be included to the extent these either singly or put together are not taxable under the Income Tax Act.



- ii) Gratuity payable should not exceed half a month's salary for each completed year of service.
- iii) One month leave for 11 months of service on full pay and allowances as per the rules of the company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite.

Category C:

Provision for Car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be borne by the Managing Director.

"RESOLVED FURTHER THAT the above mentioned salary and perquisites shall be paid and allowed as a minimum remuneration during the tenure of his office as Managing Director notwithstanding the absence or inadequacy of profits in any financial year as long as the minimum remuneration is within the prescribed limits under section II of part II of Schedule XIII of the Companies Act, 1956."

**By Order of the Board of Directors
For SURYACHAKRA POWER CORPORATION LIMITED**

Place: Hyderabad
Date: August 12, 2011

**G.V. SURESH KUMAR
COMPANY SECRETARY**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
The proxy form(s) in order to be effective must be received by the company at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.
3. Brief Particulars of the Directors seeking re-appointment at this Annual General Meeting are annexed to the notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **28.09.2011** to **30.09.2011** (both days inclusive).
5. Members holding shares in physical form are requested to intimate any change in their address quoting their registered folio number to the Registrars and Share Transfer Agents namely M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.
6. Members holding shares in electronic form are requested to intimate any change in their address to the depository participant (DP) with whom the demat account is maintained.
7. Members are requested to bring admission slip duly filled in along with the copy of Annual Report to the Meeting.
8. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. Important Communication to Members: The Ministry of Corporate Affairs has introduced a "Green Initiative in the Corporate Governance" vide its circulars dated 21.04.2011 and 29.04.2011 by allowing the companies to service the notice / documents including Annual Report by way of e-mail to its members. This initiative is a step towards protection of environment and enabling faster communication with the members.
Accordingly, the Company has proposed to serve all the documents to e-mail addresses of the members. The members are requested to support this green initiative of the Government by registering / updating their e-mail addresses with their concerned Depository Participants (DP) to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to intimate their e-mail address to the Company either by e-mail at cosecretary@suryachakra.com or by sending a communication to the Registered Office of the Company. If any member is interested to receive such document in physical form, a communication in this regard may be made to the Company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

Mr. P.V. Rao has been appointed as an Additional Director and Chairman of the Company by the Board of Directors on 22nd November 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956. Prior to that, Mr. Rao was on the Board of the Company as Non-executive Chairman from 7th December 2005 to 19th June 2010. Pursuant to the provisions of the Companies Act, he holds the office of Director up to the date of this Annual General Meeting.

The company received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. P.V. Rao for the office of the Director of the company under section 257 of the Companies Act, 1956. Mr. Rao is not disqualified from being appointed as Director under section 274(1)(g) of the Companies Act, 1956 and has complied with the provisions of section 266A of the Companies Act, 1956.

None of the Directors except Mr. P. V. Rao is interested or concerned in the resolution.

The Board, accordingly, recommends the Resolution for approval of the members of the Company.

ITEM NO. 6

Dr. S.M. Manepalli has been appointed as the Managing Director of the Company at the Annual General Meeting held on 24th September 2008 and his term expires on 29.09.2011. The Remuneration Committee at its meeting held on August 03, 2011 recommended his reappointment for a further period of 3 years on the existing terms and conditions. Considering the contribution of Dr. S. M. Manepalli for the growth of the Company and pursuant to the recommendation of the Remuneration Committee, the Board of Directors of the Company has re-appointed him for a further period of 3 years w.e.f. 30.09.2011 at the board meeting held on August 12, 2011, subject to the approval of the members, on the terms and conditions as mentioned in the resolution under item No. 6 of the notice of this Annual General Meeting.

Dr. S.M. Manepalli hails from an agricultural and business family from Bhimavaram, West Godavari District, Andhra Pradesh and is a qualified M.B.B.S., graduate. During the period 1974-87, he was engaged in the rice mill business and operated 6 rice mills belonging to the family. He has served as the President of Bhimavaram Rice & Oil Merchants Association during 1983-87. He has also operated Deep-sea Foreign Fishing Vessels on Charter basis during 1987-92. Thereafter, he was engaged in Aqua-culture Business, Construction & Operation of Prawn/Fish Tanks, Hatchery, Feed Mill & Processing Plants.

Inspired by the liberalization policies of Govt. of India, during 1995 he has diversified his business interests by setting up power generation plant following the privatization of power sector. He has promoted the Company, which has set up 20MW power plant successfully in Bamboo flat, A & N Islands.

The Board of Directors recommends the resolution for your approval. This may be treated as the requisite abstract of the terms of appointment under section 302 of the Companies Act, 1956.

None of the Directors is concerned or interested in the resolution except Dr. S.M. Manepalli and Mr. M. Seshavatharam, son of Dr. S.M. Manepalli.

**NOTE ON APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY (ITEM NO.4)**

M/s. Visweswara Rao & Associates and B S R and Co., Chartered Accountants, the existing Joint Statutory Auditors of the Company retiring at the conclusion of this Annual General Meeting, have advised the Company not to consider them for re-appointment as Joint Statutory Auditors for the Financial Year 2011-12.

Based on the recommendation of the Audit Committee, the Board of Directors has at its meeting held on 12th August, 2011 recommended the appointment of M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad as the Statutory Auditors of the Company for the Financial Year 2011-12. Special notice u/s 190 of the Companies Act, 1956 ("the Act") has been received by the Company for the appointment of M/s. M. Bhaskara Rao & Co., as the Statutory Auditors in place of the retiring auditors, pursuant to section 225 of the Act.

M/s. M. Bhaskara Rao & Co., Chartered Accountants has expressed their willingness to act as statutory auditors of the Company and confirmed that the said appointment, if made, would be in conformity with the provisions of Section 224 (1-B) of the Act.

The Members' approval is being sought for the appointment of M/s. M. Bhaskara Rao & Co., as the statutory auditors and to authorize the Board of Directors to determine the remuneration payable to them.

The Board of Directors recommends the Resolution for your approval.

None of the Directors of the Company is in any way, concerned or interested in the resolution under Sl. No. 4.

**By Order of the Board of Directors
For SURYACHAKRA POWER CORPORATION LIMITED**

Place: Hyderabad
Date: August 12, 2011

**G.V. SURESH KUMAR
COMPANY SECRETARY**

BRIEF PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**Mr. K. Satyanarayana**

Mr. K. Satyanarayana, born on June 15, 1958 holds a Graduate Degree in Engineering (LME, AMIPE) and has rich experience in the development of power projects and other engineering projects. With more than 30 years of overall experience in various fields, he has worked in several reputed companies and gained vast exposure in Malaysia and Singapore for several years in engineering projects. He is on the Board of the Company since June 20, 2009.

Directorships held in other companies: Suryachakra Global Enviro Power Ltd., M.S.M. Energy Ltd., South Asian Agro Industries Ltd., Suryachakra Natural Resources Ltd., Sri Panchajanya Power Private Ltd., Suryachakra Thermal Energy (Andhra) Private Ltd., and Namratha Bizili Private Ltd.

Mr. V. S. Murthy

Mr. V.S. Murthy, born on 15th July 1940 is a graduate in Engineering (B.E., Electrical) and has vast experience in Electrical and Electronic projects. He started his career with Heavy Electrical Corporation (HEC), Ranchi and worked for a period of 26 years. He also worked in ITC Bhadrachalam Paper Board for 10 years and held various positions. He has expertise in the field of Erection, Operation and Maintenance of Transformers, Power Cables, Distribution network etc. He is on the Board of the Company since August 29, 2009.

Directorships held in other companies: Suryachakra Global Enviro Power Ltd., M.S.M. Energy Ltd., South Asian Agro Industries Ltd., Sri Panchajanya Power Private Ltd., and Suryachakra Energy (Chattisgarh) Private Ltd.

Mr. P.V. Rao

Mr. P. Visweswara Rao, born on 20th April, 1942 and a retired IAS officer, is a qualified BA (Hons) and a Law graduate. He has forty years of administrative experience at district, state and national levels. He worked in different capacities and retired as Special Chief Secretary to the Government of Andhra Pradesh. He had also worked as Chairman of Infrastructure Authority of Andhra Pradesh.

Directorships held in other companies: KL Hi-Tech Secure Print Ltd., Kakinada Seaports Ltd., and Phoenix Infocity Private Ltd.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 16th Annual Report of the company together with the audited Accounts for the financial year ended March 31, 2011.

FINANCIAL PERFORMANCE:

(Rs. in million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Income from sale of power	1404.42	1179.88
Income from trading of goods	29.19	889.13
Other Income	47.25	31.88
	1480.86	2100.90
Profit before interest and depreciation	209.66	173.61
Interest and Finance Charges	91.48	72.42
Depreciation	68.66	73.09
Profit after interest, but before exceptional items	49.52	28.11
Exceptional Items (net)	-	24.50
Profit before Tax	49.52	52.61
Current Tax after Adjustments	9.14	(0.56)
Profit after Tax	40.38	52.05
Profit brought forward from previous year	157.80	105.75
Profit and Loss A/c Balance carried forward to Balance Sheet	198.18	157.80

REVIEW OF OPERATIONS:

During the year under review, your Company achieved the gross turnover of Rs.1480.86 million as against Rs.2100.90 million in the previous year. The turnover for the current year was lower than the previous year, since the income from coal trading activity was considered on net basis during the year, in accordance with AS 24 (Discontinuing operations). The revenue from the sale of energy for the current year increased to Rs.1404.42 million from Rs.1179.88 million in the previous year. The Operating Profit (PBIDT) for the current year was Rs.209.66 million as against Rs.173.61 million for the previous year. The Profit after Tax was Rs.40.38 million compared to Rs.52.05 million in the previous year.

The company's 20 MW plant at Bamboo flat, Port Blair has achieved the Plant Load Factor (PLF) during the year 2010-11 at 81.60% against the benchmark of 68.49% and received the incentive of Rs.15.60 million from Andaman & Nicobar Administration (A&N Administration). Comparatively, during the previous year 2009-10, the PLF was 76.49%, for which an incentive of Rs.9.85 million was received by the company.

Management Discussion and Analysis report for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, forms part of the Annual Report. The Board of Directors and the Management review the progress of the Company from time to time and guide the Company towards its goals.

DIVIDEND:

With a view to conserve resources for the planned growth of the organization and also due to inadequacy of profits, your Directors are unable to recommend any Dividend on the Equity Capital of the Company.

INCREASE IN CAPITAL:

During the year, the Company has increased its Authorised Capital from Rs.900 million to Rs.1500 million, after obtaining the consent of the members through postal ballot, to enable the Company to issue Global Depository Receipts (GDRs), Foreign Currency Convertible Bonds (FCCBs) etc., up to US\$ 100 Million.

Subsequently, your Company has opened the GDR issue for subscription to the prospective investors on 19.04.2011 and closed the issue on 26.04.2011. The Company has received the subscription of US\$ 22,995,000 (Rs. 1,025 million) and issued 3,650,000 GDRs to the investors @ US\$ 6.30 per GDR. The underlying shares were 20 shares per GDR, which means 73,000,000 new equity shares were issued for the GDRs. Accordingly, the paid up capital of the Company has gone up to Rs.1496.33 million. The GDRs were listed in the Euro MTF Market of Luxemburg Stock Exchange on 28th April 2011 and the underlying equity shares were listed on BSE on 19th May 2011.



SUBSIDIARY COMPANIES:

During the year under review, the performance of the subsidiaries viz., Suryachakra Global Enviro Power Limited, South Asian Agro Industries Limited, M.S.M. Energy Limited and Sri Panchajanya Power Private Limited, which operate biomass based power plants at Chhattisgarh and Maharashtra has been severely affected due to non-availability of quality raw material at reasonable rates. The prices of biomass like rice husk, cotton stalk etc., have been steeply rising thereby resulting into high cost of production.

As a long term strategy, the group has proposed to enter into buy-back agreements with some companies in Chhattisgarh and Maharashtra, which will endeavor to continuous supply of Napier grass catering to about 50% of total requirement of the plants. The cost of Napier grass is much cheaper than other conventional biomass raw material, besides having higher Gross Calorific Value (GCV). The Napier grass supplying companies have finalized the land required for taking on lease / contract farming for energy plantation in Chhattisgarh and Maharashtra. With this continuous feed supply at competitive price, the subsidiaries are expected to improve their performance in the forthcoming years.

1) Suryachakra Global Enviro Power Limited:

During the year, the 9.8 MW plant at Madwa village, Champa–Janjgir District, Chhattisgarh had generated 33.166 million units achieving a PLF of 38.63%. The generation was low due to the scarcity of quality biomass fuel. As most of the paddy is grown as single crop, husk was available for 6 to 7 months of the year. Further, the evacuation line at 33 KV was connected to grid at about 20 KM from the plant. Because of the long transmission line, the plant operation was effected due to line faults during rainy season. The transmission line losses were approximately 5% of the generation.

During the year under review, the Company had earned an amount of Rs.28.52 million from 42950 CERS for the period from October 2008 to December 2009 and Rs.20.99 million from 31604 CERs for the period from January 2010 to March 2011.

2) South Asian Agro Industries Limited:

During the year, the 9.8 MW plant at Khajuri village, Baloda Bazar, Raipur District, Chhattisgarh has generated 22.28 million units and achieved a PLF of 25.96%. The plant faced the problem of fuel shortage during rainy season as the rice husk is the main biomass fuel which is available only during milling season lasting for 4 to 5 months in a year since paddy is grown as a single crop in major cultivation acreage.

During the year under review, the Company had earned an amount of Rs.21.16 million from 31861 CERS for the period from January 2009 to December 2009 and Rs.15.29 million from 23031 CERs for the period from January 2010 to March 2011.

3) M.S.M. Energy Limited:

The 10 MW biomass based power plant at Parbhani, Maharashtra was commissioned and synchronized with the grid of MSEDCL on 15th November, 2010. Total generation during the year was 5.23 million units. The generation was low during the year due to scarcity and high price of quality biomass fuel. Frequent grid interruptions have also contributed for low generation.

Another 10 MW plant is under construction at Kholapur Village, Amravati District, Maharashtra. The plant is expected to commence operations during the year 2011-12.

4) Sri Panchajanya Power Private Limited:

The 10 MW power plant at Limbala MIDC, Hingoli, Maharashtra was commissioned and synchronized with the grid of MSEDCL on 5th September, 2010. During the year, the total generation of the plant was 9.94 million units. The generation was low during the year due to scarcity of quality biomass fuel and high price. Frequent grid interruptions have also contributed for low generation.

The application for CDM Registration filed with United Nations Framework Convention on Climate Change (UNFCCC) for CERs got registration on 13th January, 2011 and date of Registration action was 4th April, 2011. Crediting period is 01.04.2011 to 31.03.2018.

Other subsidiaries:

Your company had signed a Memorandum of Understanding with the Govt. of Chhattisgarh in February 2008 and subsequently executed the implementation agreement in May 2010 for setting up of coal based thermal power plant in the state of Chhattisgarh. The company has transferred the project under development to Suryachakra Energy (Chhattisgarh) Private Ltd., a wholly owned subsidiary of your company for a consideration of Rs.356.40 million being the carrying value of the assets in the project during the last quarter of the year.



In January 2011, your company has incorporated a wholly owned subsidiary viz., Suryachakra Global Ventures Limited in Hong Kong to pursue the activities of investment in coal mine and coal trading etc.

During the year, the Company had purchased 30,000 shares of Suryachakra Power Venture Private Limited from its promoters to make it a subsidiary of the Company for the purpose of making the bids for the solar projects under JNNSM Scheme. As the bids were not successful, the Company had sold the above shares and SPVL ceased to be the subsidiary of the Company.

Consolidated Financial Statements:

The Consolidated Accounts presented by the Company for the year 2010-11 include the financials of its subsidiary companies. In accordance with the General Circular issued by the Ministry of Corporate Affairs, Govt. of India dated 8th February 2011, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not attached to the Balance sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies to any member of the Company or its subsidiaries, upon receiving a request for the same. Further, the annual accounts of the subsidiary companies including the consolidated annual accounts of the Company will be kept open for inspection at the Registered Office of the Company and that of the subsidiaries, during the office hours. A summary of financial information of the subsidiary companies is provided in the Annual Report of the Company.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any deposits from the shareholders / public under Section 58A of the Companies Act, 1956, during the year under review.

INSURANCE:

The properties of the Company including its buildings, plant and machinery and stocks have been adequately insured as required.

CORPORATE GOVERNANCE:

The Company is in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with Stock Exchanges. A separate report on Corporate Governance forms part of Annual Report of the company together with a Certificate from the Practicing Company Secretary confirming the compliance of Corporate Governance. As per SEBI requirement, Secretarial audit is being carried out at specific intervals by a Practicing Company Secretary. The findings of the audit have been satisfactory.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i] in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii] the directors have 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 the financial year and of the profit or loss of the company for that period;
- iii] the directors have ensured that proper and sufficient care is taken in the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv] the annual accounts are prepared on a going concern basis.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. K. Satyanarayana and Mr. V.S. Murthy, Directors will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment as Directors of the Company.

During the year, Mr. P.V. Rao has resigned from the Board as Director & Chairman w.e.f 19th June 2010 due to personal reasons. The Board has appointed him again as Additional Director and Chairman on 22nd November 2010 pursuant to Section 260 of the Companies Act, 1956. The Board has also appointed Mr. K B Trehan as an Additional Director of the Company on 11th November 2010 pursuant to Section 260 of the Companies Act, 1956.

Mr. T. Venkata Raju has resigned from the Board w.e.f 28.02.2011 due to personal reasons.

ADEQUACY OF INTERNAL CONTROLS:

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly. The internal control system is supplemented by an extensive program of internal audits, review by management and documented policies, guidelines and procedures.



The internal control system is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets. The Audit Committee reviews the internal control systems on a regular basis.

STATUTORY AUDITORS:

The Joint Statutory Auditors of the Company viz., M/s Visweswara Rao & Associates, Chartered Accountants and M/s B S R and Co, Chartered Accountants will retire at the conclusion of the ensuing Annual General Meeting.

EXPLANATIONS FOR THE QUALIFICATIONS MADE BY THE AUDITORS IN THEIR REPORT:

Auditors Qualification	Board Explanation
<p>In their report, the Auditors stated that, pending the final agreement with the Andaman & Nicobar Administration (A&N Administration) they were unable to comment on the extent of ultimate recoverability of the amounts due from the A&N Administration.</p>	<p>Adequate disclosure was made in Note 3 of Schedule 21 (Notes to the Accounts) in this regard. The Company has taken up the matter with the Andaman & Nicobar Administration and believes that the amounts billed including interest thereon are recoverable based on the interpretation that can be inferred from the formulae contained in the PPA.</p> <p>After continuous and unstinted efforts, the A & N Administration has agreed to pay monthly tariff invoices from April 2011 on the provisional completed cost of the project of Rs. 75.60 crores instead of the earlier provisional completed cost of Rs. 63.14 crores. The company is hopeful of getting further increase in this.</p>
<p>There were significant delays in payment of Provident Fund and Income Tax and repayment of dues.</p>	<p>The delay was due to the tight liquidity conditions faced by the Company and steps would be taken by the management to ensure non-recurrence of such events.</p>
<p>Scope and coverage of the internal audit system needs to be strengthened to make it commensurate with the size and nature of its business.</p>	<p>The adequate internal audit team is already in place. However, the team will be further strengthened suitably.</p>
<p>The revenue from the sale of Certified Emission Reductions (CERs) and sundry debtors balance is overstated by the subsidiaries, pending necessary approvals for such CERs from regulatory authorities. (Auditors Report on consolidated accounts).</p>	<p>The subsidiaries viz., Suryachakra Global Enviro Power Ltd., and South Asian Agro Industries Ltd., have recognized the income from sale of CERs during the year. The Project Design Documents (PDDs) were prepared for above 2 projects and received the Host Country Approval. PDDs have been validated by M/s. Det Norske Veritas (DNV), subsequently monitoring report was done by Ernst & Young and finally verification of the CERs receivables was completed by Designated Operational Entity (DOE) i.e., DNV, Bangalore. The Verification Report for issuance of CERs is submitted to United Nations Framework Convention on Climate Change, Germany (UNFCCC) for its consent through DNV. Final issuance of CERs is pending with UNFCCC.</p>

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement giving the particulars with respect to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and outgoings as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed hereto and forms part of the Report.

PARTICULARS OF EMPLOYEES:

Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended:



None of the employees of the Company has drawn salary exceeding Rs.60.00 Lakhs per annum or Rs.5.00 Lakhs per month during the year in terms of section 217 (2A) of the Companies Act, 1956.

HUMAN RELATIONS:

Your Company's industrial relations continued to be cordial throughout the year under review at all the units.

ACKNOWLEDGMENT:

Your Directors gratefully acknowledge the valuable support, guidance and assistance provided / extended to the Company by various departments of the Central and State Governments, different statutory authorities, State Bank of India, its group and SREI Equipment Finance Pvt. Limited etc.

Your Directors also express their gratitude to the Shareholders of the company for the confidence reposed in the management. Your Directors also take this opportunity to offer their sincere thanks to customers, and other organizations, that have helped the company from time to time through their continued support and co-operation. Your Directors wish to place on record their appreciation to the employees of the Company for their hard work, dedication, commitment and co-operation extended in achieving the results.

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 11.07.2011

**P.V. RAO
CHAIRMAN**

Annexure:**A) CONSERVATION OF ENERGY:**

- (a) Energy conservation measures taken.

Your Company continues to implement various programs taken up in the previous years such as (1) power factor improvement (2) recycling of effluent water, etc.

- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

B) TECHNOLOGY ABSORPTION:

Your Company uses state of art technology for improving the productivity and quality of services. To create adequate infrastructure, the Company continues to invest in the latest technology and innovations.

The efforts helped the company to remain in business on a competitive basis, with continuous improvement.

The Technologies have been fully absorbed and the Company's production rate has exceeded the design criteria of the plant. The quality and yields are comparable to the World Leaders in the Industry. The Indian Technicians are fully trained in all operations.

C) FOREIGN EXCHANGE EARNED AND OUTGO / USED:

Foreign exchange outgo for the year 2010-11 was Rs. 4,304,490 and for the previous year was Rs. 3,081,279.



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Corporate Governance is a commitment to values pursuing excellence and maintaining transparency, accountability and ethical business standards. Your Company is committed to maximize the shareholder value by adopting the principles of good corporate governance in line with the provisions stipulated in the Listing Agreement.

2. BOARD OF DIRECTORS:

The Board has been constituted in a manner, which will result in an appropriate mix of executive / non-executive and independent directors to ensure proper governance and management. As on 31st March 2011, the Board has 10 (Ten) Directors.

A) The constitution of the Board as on 31.03.2011 is as follows:

Name of the Director	Category of Director	*Directorships in other companies	#Committee positions held in other companies
Mr. P. V. Rao **	Non Executive Chairman – Independent	2	Nil
Mr. P. K. Bhattacharjee	Independent Director	8	Chairman-1 Member-2
Dr. S. M. Manepalli	Promoter - Managing Director	5	Nil
Mr. M. Seshavatharam	Promoter - Non-Executive Director	5	Member-3
Mr. Mahesh Chand	Independent Director	2	Nil
Mr. K. Satyanarayana	Non-Executive Director	4	Nil
Mr. V.S. Murthy	Independent Director	3	Chairman-3
Commodore K.V. Subramaniam	Independent Director	Nil	Nil
Mr. A. Ramesh Kumar (w.e.f. 10.08.2010)	Independent Director	Nil	Nil
Mr. K. B. Trehan (w.e.f. 11.11.2010)	Independent Director	Nil	Nil

* Excludes Directorships held in foreign companies, private companies and alternate Directorships.

** Resigned with effect from 19.06.2010 & has been inducted again w.e.f 22.11.2010.

Only Audit Committee and Shareholders Grievance Committee are considered for this purpose.

B) BOARD MEETINGS AND ATTENDANCE AT BOARD MEETINGS & LAST ANNUAL GENERAL MEETING:

During the year under review, the Board of Directors of the Company met 5 (Five) times on 28th May 2010, 10th August 2010, 11th November 2010, 22nd November 2010 and 12th February 2011. The Company placed before the Board the audited and un-audited results, annual operating plans, project expansion plans and performance of the Company and its subsidiaries from time to time. Information, which is materially important was placed before the Board.

The attendance at the Board Meetings and the last Annual General Meeting was as under:

Name of the Director	No. of Board meetings held during the year	No. of Meetings attended	Attendance at the last A G M
Mr. P. V. Rao*	5	3	N.A.
Dr. S. M. Manepalli	5	5	Yes
Mr. M. Seshavatharam	5	4	Yes
Mr. P. K. Bhattacharjee	5	5	Yes
Mr. Mahesh Chand	5	1	No
Mr. K. Satyanarayana	5	5	Yes
Mr. V.S. Murthy	5	5	Yes
Commodore K. V. Subramaniam	5	5	Yes
Mr. T. Venkata Raju (Upto 28.02.2011)	5	3	Yes
Mr. A. Ramesh Kumar (w.e.f 10.08.2010)	5	4	No
Mr. K. B. Trehan (w.e.f 11.11.2010)	5	2	N.A.

* Resigned w.e.f. 19.06.2010 and has been inducted again w.e.f. 22.11.2010.



3. AUDIT COMMITTEE:

A) Terms of reference of the Audit Committee include review of:

- Financial reporting process
- Draft financial statements and auditor's report (before submission to the Board)
- Accounting policies and practices
- Internal controls and internal audit systems
- Risk management policies and practices
- Related party transactions
- Internal audit reports and adequacy of internal audit functions.

The role of the Audit Committee includes recommending the appointment of Chief Financial Officer, appointment and removal of the external auditor, discussion of the audit plans, fixation of audit fee and also approval of payment of fees for any other services.

B) Composition & attendance of Audit Committee during the year 2010-11:

The Composition and attendance of the members at the meeting of the Audit Committee was as follows:

Name of the Member	Category	No. of meetings held	No. of meetings attended	Attendance at last AGM
Mr. P. K. Bhattacharjee	Chairman	4	4	Yes
Mr. M. Seshavatharam	Member	4	3	Yes
Mr. V.S. Murthy	Member	4	4	Yes

During the Financial year 2010-11, the Audit committee met 4 (four) times on 28th May 2010, 10th August 2010, 11th November 2010 and 11th February 2011.

4. REMUNERATION COMMITTEE:

The terms of reference of the Remuneration Committee, inter alia include determination of compensation package of Managing Director of the Company and to frame policies and procedures for Employee Stock Option plans if any to be approved by the members of the Company.

Composition of Remuneration Committee

1. Mr. P. V. Rao - Chairman (upto 19.06.2010)
2. Mr. V.S. Murthy - Member & Chairman (w.e.f.29.06.2010)
3. Mr. M Seshavatharam - Member
4. Mr. K. Satyanarayana - Member (w.e.f. 29.06.2010)

Details of remuneration including sitting fee paid to Directors for attending Board & Committee meetings are given below:

(Amount in Rs.)

Name of the Director	Relationship with other Directors	Business relationship with the company	Remuneration Paid During the year 2010-11			
			Sitting fees	Salary	Commission	Total
Mr. P. V. Rao	None	Non-Executive Chairman Independent	15000	-	-	15000
Mr.M. Seshavatharam	Yes	Promoter & Non-Executive Director	6000	-	-	6000
Mr.K. Satyanarayana	None	Non-Executive Director	5000	-	-	5000
Mr.P. K.Bhattacharjee	None	Independent Director	33000	-	-	33000
Mr. Mahesh Chand	None	Independent Director	5000	-	-	5000
Mr. V.S. Murthy	None	Independent Director	33000	-	-	33000
Commodore K.V. Subramaniam	None	Independent Director	25000	-	-	25000
Dr. S.M. Manepalli	Yes	Promoter & Managing Director	-	3859200	-	3859200
Mr. A. Ramesh Kumar	None	Independent Director	20000	-	-	20000
Mr. K. B. Trehan	None	Independent Director	10000	-	-	10000
Mr. T. Venkata Raju	Yes	Non Executive Director	-	-	-	-



5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders / Investors grievance committee focuses on shareholders grievances and strengthening of investor relations. The functions of the Committee include monitoring the redressal of shareholders / investor complaints / grievances pertaining to loss of shares, non- receipt of dividends, dematerialization of shares, approval of transfers / transmission of shares, issue new share certificates on split, rematerialisation and in place of lost/stolen/mutilated share certificates and related issues. There are no complaints pending as on the date of this report.

Composition of the Committee

1. Mr. P. V. Rao - Chairman (upto 19.06.2010)
2. Mr. V.S. Murthy - Member & Chairman (w.e.f. 29.06.2010)
3. Mr. M Seshavatharam - Member
4. Mr. K. Satyanarayana - Member (w.e.f. 29.06.2010)

The details of investor's complaints received and resolved during the Financial year 2010 - 11 are as under:

No. of investors Complaints received during the year	No. of investors complaints resolved during the year	Investor Complaints pending at the end of the year
01	01	Nil

Name & Designation of the Compliance officer : Mr. G.V. Suresh Kumar,
Company Secretary

6. GENERAL BODY MEETINGS:

Particulars of the last three Annual General Meetings and Extraordinary General Meetings, if any, held during the year 2010-11.

Sl.No.	YEAR	VENUE	DATE	TIME
1	2010	ADDA Function Halls, IV Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad-72	30/09/ 2010	10.30 A.M.
2	2009	ADDA Function Halls, IV Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad-72	30/09/ 2009	10.30 A.M.
3	2008	Sri Sagi Rama Krishnam Raju Community Hall, Plot No. 1/A, 'E' Block, Madhuranagar, Hyderabad - 500038	24/09/ 2008	3.00 P.M.

7. DISCLOSURES:

- a. The summary of the materially significant related party transactions is given in the Notes to the Accounts appearing in this Annual Report. However, none of the related party transactions have potential conflict with the interest of the Company at large, as all the transactions were entered into on an arms-length basis.
- b. The Company has complied with all the requirements of the Listing Agreement of the Stock Exchange as well as regulations and guidelines of SEBI. No Penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years as there were no non-compliances by the Company.
- c. The Company has complied with the requirements relating to Corporate Governance as mandated by Listing Agreements with the Stock Exchanges and also with the non-mandatory requirements such as constitution of Remuneration Committee.

8. MEANS OF COMMUNICATION:

The Company has always promptly reported all material information including Quarterly Financial Results to the Stock Exchange where the securities of the Company are listed. The quarterly results and other information were communicated to the Shareholders by way of advertisement in newspapers.

9. GENERAL SHAREHOLDER INFORMATION:

- a) 16th Annual General Meeting

Date	30 th September 2011
Time	10.00 A.M.
Venue	ADDA Function Halls, H.No.2-22-298/1/186-187, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad-72.



- b) Financial Year : 1st April to 31st March
 c) Financial Reporting (Tentative) for the year 2011-12:

Quarter ending	Board Meeting
Quarter ending June 30, 2011	Second week of August, 2011
Quarter ending September 30, 2011	Second week of November, 2011
Quarter ending December 31, 2011	Second week of February, 2012
Quarter ending March 31, 2012	Second week of May, 2012

- Annual General Meeting for the Year ended March 31, 2012 September, 2012
- d) Dates of Book Closure : 28.09.2011 to 30.09.2011 (both days inclusive)
- e) Registered Office : Suryachakra House, Plot No.304-L-III, Road No.78, Jubilee Hills, Hyderabad – 500 033.
- f) Equity shares are listed at : The Bombay Stock Exchange Limited
- g) Stock Codes : 532874 (“SURYACHAKRA”)
- h) Listing fee for the year 2011-12 : Listing fee to the above Stock Exchange has been paid
- i) Dematerialization : As on 31st March 2011 - 6,28,85,807 Equity Shares comprises of 82.60% of the Paid-up Equity Capital of the Company has been dematerialized.
- j) ISIN : INE274I01016
- k) Registrars and Share Transfer Agents : Karvy Computershare Private Limited
Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.
- l) Share Transfer System : All shares have been transferred and returned to the Shareholders concerned within 30 days from the date of receipt, so long as the documents have been clear in all respects.
- m) Investor’s relations : All complaints received from shareholders have been resolved. The complaints are generally replied within 10 days from their lodgment with the Company.
- n) Address for correspondence :
- 1) Registrars and Share Transfer Agents : Karvy Computershare Private Limited
Unit: Suryachakra Power Corp. Ltd,
Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500 081.
 - 2) Company’s address : The Company Secretary - Suryachakra Power Corporation Ltd
Suryachakra House, Plot No.304-L-III, Road No.78, Jubilee Hills, Hyderabad – 500 033.
 - 3) Email address exclusively designated for investors : cosecretary@suryachakra.com
 - 4) Company Website : www.suryachakra.in
- o) Plant Location : Bamboo flat, Near fire Brigade, South Andaman, Port Blair – 744 107.

10. SHARE TRANSFERS:

The trading of Equity Shares of the Company is mandatory in the dematerialized form. To expedite the transfer process in the physical segment, the authority has been delegated by the share transfer committee to RTA i.e. Karvy Computershare Private Limited which will effect Transfer, Transmissions etc., of the shares of the Company in physical segment.

11. NOMINATION FACILITY:

Shareholders holding shares in Physical form and desirous of making changes in the nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956 are requested to submit to the Compliance officer in the prescribed form 2B for this purpose, which can be furnished by the company on request.



12. STOCK MARKET DATA:

Particulars of share quotations at Bombay Stock Exchange Limited:

Month	High	Low	Volume
April-2010	22.90	17.60	29,86,971
May-2010	19.15	15.50	12,57,443
June-2010	18.85	15.55	14,88,694
July-2010	19.95	16.20	20,99,346
August-2010	18.00	15.15	16,13,970
September-2010	21.95	15.30	59,56,986
October-2010	22.65	18.20	94,85,854
November-2010	21.55	16.25	55,64,704
December-2010	18.90	15.70	22,01,101
January-2011	17.50	13.40	16,02,748
February-2011	14.50	10.75	10,84,478
March-2011	13.75	10.91	10,89,374

Source: The Bombay Stock Exchange Limited, Mumbai

13. DISTRIBUTION OF SHAREHOLDING:

Distribution Schedule as on March 31, 2011

Category (Amount)	No. of Share holders	% of holders	Total Shares	Amount (Rs.)	% of Amount
1- 5000	35430	76.40	7970861	79708610	10.40
5001-10000	6057	13.06	5248782	52487820	6.85
10001 -20000	2569	5.54	4013112	40131120	5.24
20001 - 30000	905	1.95	2338010	23380100	3.05
30001 - 40000	306	0.66	1127111	11271110	1.47
40001 - 50000	397	0.86	1932578	19325780	2.52
50001 -100000	429	0.93	3278472	32784720	4.28
100001 & Above	284	0.61	50724034	507240340	66.19
Total	46377	100	76632960	766329600	100

14. SHAREHOLDING PATTERN:

Shareholding pattern by category as on 31st March, 2011:

Category of shareholder	No. of shares held	Percentage of holding
Promoters	39882502	52.04
Banks / Mutual Funds / FI/FIIs	Nil	Nil
Private Corporate Bodies	5805279	7.58
NRI / OCBs	378803	0.49
Indian Public	30566376	39.88
Total	76632960	100.00

15. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the 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 paid-up capital of the Company. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is placed before the Board of Directors of the Company. The audit, inter alia, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form.

**Chief Executive Officer and Chief Financial Officer Certification under clause 49 of the Listing Agreement with the Stock Exchanges**

To
The Board of Directors of
Suryachakra Power Corporation Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2011, we hereby certify that

- a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee regarding the following:
 - i) significant changes in internal control over financial reporting during the year,
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad

V. L. N. Rao

Dr. S M Manepalli

Date : 11.07.2011

Chief Financial Officer

Managing Director

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members
Suryachakra Power Corporation Limited

I have examined the compliance condition of Corporate Governance by SURYACHAKRA POWER CORPORATION LIMITED ("the Company") for the year ended 31st March, 2011 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, the representations made by the Directors and Management, 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 further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad

Date : 11.07.2011

S. Sarveswara Reddy
Practicing Company Secretary
C.P. No. 7478



MANAGEMENT DISCUSSION AND ANALYSIS

Your Company is into power generation for the country and is into various types of Power Generation viz., Diesel, Biomass, Coal etc. It is also engaged in coal trading as an extension of activities and power trading / transmission in the times to come.

THE ECONOMY

The economic growth in 2010-11 has been swift and broad-based. Growth in 2010-11 is estimated to be 8.6% as against 8.0% in 2009-10. Agricultural sector showed a rebound at a growth rate of 5.4% and industry continued to regain its earlier momentum with a growth rate of 8.1%, while service sector showed a decelerated growth of 9.6%. The main concern has been the continuous price rise as indicated by Wholesale Price Index. FY 2010-11 started with 11% headline inflation in April 2010. Overall average inflation from April-December 2010 at 9.4% is the highest recorded in the last ten years. Despite concerns about such high inflation, which will be impacting the cost of all commodities including power, India has envisaged 9% GDP growth rate in the years to come. Achieving the planned target requires synchronized efforts from various sectors of the economy.

POWER INDUSTRY OVERVIEW

Power Sector is the key element for the sustenance of a modern economy. Future economic growth depends on the long term availability of energy from affordable, accessible and environment friendly sources. India currently ranks as the world's seventh largest producer and fifth largest consumer of power. India's energy demand is increasing with the robust economy and a steady forecasted growth in various key sectors of the economy.

The power sector reforms have evolved over time and created an environment for private players to capture significant value from the huge demand for power in India. Historically, the responsibility for generation, transmission and distribution of power in India rested only with the Central and the State Governments. Power generation capacity grew at about 4.4 per cent per annum over the last ten years and failed to keep up with the demand growth leading to a situation of persistent power outages. To give a boost to power generation, the Indian Government introduced the first wave of reforms in the power sector in 1991.

As of March 31, 2011, India's power system had an installed generation capacity of approximately 1,74,911.40 MW Thermal Power Plants powered by coal, gas, diesel accounted for 65.09%, hydroelectric stations for 21.62% and others (including renewable sources of energy and nuclear stations) accounted for 13.29%. The Central Public Sector Undertakings (CPSU) accounted for approximately 31.10% of total power generation capacity, the various state entities accounted for 47.13% and private sector companies accounted for approximately 21.75% (Source Central Electricity Authority).

Although electricity generation capacity has increased substantially in recent years, the demand for electricity in India is still substantially higher than the available supply from April 2002- March 2012.

The planning commission of India estimates that the power sector would need investments to the tune of US\$ 180 billion during the period from FY2007 to FY 2012. The Eleventh plan's capacity addition schemes are also progressing well.

The Government of India has an ambitious mission of **'POWER FOR ALL BY 2012'**. This mission would require that our installed generation capacity should be at least 2, 00,000 MW by 2012 from the present level of 1,14,000 MW. To be able to reach this power to the entire country an expansion of the regional transmission network and inter regional capacity to transmit power would be essential. The latter is required because resources are unevenly distributed in the country and power needs to be carried great distances to areas where load centers exist.

As per the National Electricity Policy, under the 11th Plan (2007-2012) requirement of 1038 BU and a peak load of 1,52,746 MW with diversity and 5% spinning reserve, a capacity addition of about 82,500 MW is required.

Solar energy, renewable energy can become the source of energy for future. The Jawaharlal Nehru National Solar Mission (JNNSM) recognized this sustainable source of energy.

Accordingly, there are tremendous opportunities for private players in the growing power sector in terms of generation as well as transmission / trading of power.

OPPORTUNITIES AND THREATS:

Opportunities

The opportunities are in terms of

- Jawaharlal Nehru National Solar Mission's target of 20,000 MW by year 2022.
- Open access power sale.
- Large demand supply mismatch for power which is expected to continue for quite some time and may be into the year 2020s and 2030s.



- Favourable Government regulations and liberalized schemes; Government is showing positive signs by announcing new policy guidelines like on that of Solar Energy.
- Some of the projects of the subsidiaries of your company are based on bio-mass which provides rural employment, value addition to agro-waste etc.
- Your company and its subsidiaries also envisage growth in other areas of renewable / clean energy like solar power, hydro electricity, wind power and Clean Tech Thermal Plants – Coal, Gas etc.
- Contribute to minimizing global warming through Clean Development Mechanism(Certified Carbon Reductions / Carbon Credits have substantial commercial value and can improve the profitability of the projects substantially)

Threats

- Natural calamities and drought may reduce the bio-mass availability which is the source of raw material for some of your subsidiaries
- Higher input costs of bio-mass, coal etc. may reduce the profitability of the Company and its subsidiaries
- Competition is likely to increase in this sector due to enhanced investments arising out of power sector reforms
- Changes in Government policies – non-commensurate with the existing encouraging policies

FINANCIAL PERFORMANCE REVIEW:

During the year under review, your Company achieved gross turnover of Rs. 1480.86 Million as against the gross turnover of Rs. 2100.90 Million during the previous year. The turnover for the current year was lower than the previous year, since the income from coal trading activity was considered on net basis during the year, in accordance with AS 24 (Discontinuing operations). The income from sale of energy has increased from Rs. 1179.88 Million to Rs. 1404.42 Million. The net profit of the Company for the current year stood at Rs. 40.38 Million as against Rs. 52.05 Million for the previous year.

INTERNAL CONTROL SYSTEMS:

The Internal Control Systems are an essential element of the Corporate Governance and play a key role in identifying, minimizing and managing risks that are significant for the Company. These contribute to the safeguarding of company's assets and ultimately to stockholders' interests.

Your Company has an adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use or disposition, and that transactions are properly authorized, recorded, and reported. The internal control system is supplemented by an extensive program of internal audits, review by management supported through documented policies, guidelines and procedures.

The internal control systems are further designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accounting of all assets / resources of the Company. The audit Committee reviews the internal control systems on quarterly basis.

HUMAN RESOURCES:

Human resources, continue to be one of the biggest assets of the Company. The management has been paying special attention to various aspects like training, welfare and safety and is further strengthening the human resources. Relations with the employees remained cordial throughout the year. The work at all levels in your organization is well designed, organized and managed through participative approach and collaboration of the employees with that of the management.

OUTLOOK:

Barring unforeseen circumstances, your company is geared to achieve its vision and become successful in the near future and attain a high position in India's Growing, High Potential, Power Generation / Transmission Business, while fully participating in all its facets.

FORWARD LOOKING AND CAUTIONARY STATEMENT:

This section contains certain forward looking statements, with words like "plans", "Expects", "likely" or other words of similar meaning. The forward-looking statements, within the meaning applicable securities laws and regulations, are based on certain assumptions and expectations of future events over which the company exercises no control, and the company cannot guarantee or warrant that these assumptions and expectations are accurate or will be realized or assume any responsibility to publicly amend, modify, revise any of these on the basis of any future or subsequent events or information. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the company's operations include domestic and international economic conditions affecting demand, supply and price conditions in the electricity industry and otherwise and changes in government regulations, tax regimes and other statutes.



**AUDITORS' REPORT TO THE MEMBERS OF
SURYACHAKRA POWER CORPORATION LIMITED**

- 1 We have audited the attached balance sheet of Suryachakra Power Corporation Limited ("the Company") as at 31 March 2011, the profit and loss account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) *In relation to the matter set out in note 3 of the Schedule 20 of the financial statements, pending the final agreement with the Andaman & Nicobar Administration (A & N Administration), we are unable to comment on the extent of ultimate recoverability of Rs.59,494,972 for the year ended 31 March 2011 (previous year: Rs.47,835,455) and the total receivables as at 31 March 2011 of Rs. 85,904,780 (previous year: Rs.118,640,315) which are subject to confirmation by the A&N Administration. Furthermore, the Company has accrued interest on the above cumulative billings of Rs. 43,721,965 for the year ended 31 March 2011 (previous year: Rs.28,503,384) which are subject to confirmations by the A&N Administration. The total interest accrued on such disagreements which are subject to confirmations by the A&N Administration is Rs. 127,574,329 (previous year: Rs.83,852,364). The Consequential impact of the above matter on the profit for the year ended 31 March 2011 and the retained earnings as at 31 March 2011 is indeterminable; and*
 - (vii) in our opinion and to the best of our information and according to the explanations given to us, *subject to the matter set out at paragraph (vi) above*, 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:
 - a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2011;
 - b. in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

for **BSR and Co.**

Chartered Accountants

Firm registration No. : 128901W

for **Visweswara Rao & Associates**

Chartered Accountants

Firm registration No. : 005774S

Zubin Shekary

Partner

Membership No: 48814

A.S.Naidu

Partner

Membership No: 208582

Place: Hyderabad

Date : 11 July 2011

Place: Hyderabad

Date: 11 July 2011

**ANNEXURE TO THE AUDITORS' REPORT**

The Annexure referred to in the auditors' report to the members of Suryachakra Power Corporation Limited ("the Company") for the year ended 31 March 2011. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme all the fixed assets were verified during the year and no material discrepancies were noted on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- ii. (a) The inventory consisting of raw materials, stores, spares and consumables have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
(b) In our opinion, 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 records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. (a) The Company has granted an unsecured loan to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 65,004 and the year-end balance of such loans was Rs. 65,004.
(b) In our opinion, terms and conditions on which the above mentioned unsecured loan have been granted is not, prima facie, prejudicial to the interest of the Company.
(c) In case of the above mentioned loan granted to companies listed in the register maintained under Section 301, the terms of arrangement do not stipulate any repayment schedule for principal and interest, which are repayable on demand.
(d) There are no overdue amounts of more than Rupees one lakh in respect of companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
(e) The Company has taken interest free unsecured loan from a party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 159,400 and the year-end balance of such loan was Rs. Nil.
(f) In our opinion, the terms and conditions on which such loan have been taken by the Company are not, prima facie, prejudicial to the interest of the Company.
(g) The above mentioned loan was repayable on demand and was repaid before the year-end and accordingly the Company has been regular in repaying the principal.
- iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weaknesses in internal control system.

**ANNEXURE TO THE AUDITORS' REPORT (continued)**

- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in point (a) above and exceeding the value of Rs.5 lakh with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. *The scope and coverage of the internal audit system needs to be strengthened to make it commensurate with the size and nature of its business.*
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Sales tax, Service tax, Customs duty and other material statutory dues *except that there were significant delays in payment of Provident fund and Income tax.* As informed to us the provisions of Investor Education and Protection Fund, Employee' State Insurance, Wealth tax and Excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax, Service tax, Customs duty and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable. As informed to us the provisions of Investor Education and Protection Fund, Employee' State Insurance, Wealth tax and Excise duty are not applicable to the Company.
- (c) Further, there were no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.
- (d) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. As informed to us the provisions of Excise duty are not applicable to the Company.
- x. Subject to the matter specified in paragraph 4(vi) of our report even dated, the Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, except for the delays stated in Appendix 1 attached, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions.
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual fund/ society.

**ANNEXURE TO THE AUDITORS' REPORT (continued)**

- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
- xv. According to the information and explanation given to us, the Company has not given any guarantee for loan taken by others from banks and financial institutions.
- xvi. In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of account, the term loans obtained by the Company were applied for the purpose for which such loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. There are no unutilised amounts of money raised by public issues and thus paragraph 4(xx) of the Order is not applicable.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R and Co.

Chartered Accountants

Firm registration No. : 128901W

Zubin Shekary

Partner

Membership No: 48814

Place : Hyderabad

Date : 11 July 2011

for Visweswara Rao & Associates

Chartered Accountants

Firm registration No. : 005774S

A. S.Naidu

Partner

Membership No: 208582

Place : Hyderabad

Date : 11 July 2011



ANNEXURE TO THE AUDITORS' REPORT (continued)

Appendix – 1 for Clause.: xi

Details of defaults in repayment of principal on term loans to financial institutions.

Name	Amount	Due date	Payment date	Delay Days
SREI Infrastructure Finance Limited	4,955,060	30-Apr-10	29-Sep-10	152
SREI Infrastructure Finance Limited	5,180,290	31-Jul-10	29-Dec-10	151
SREI Infrastructure Finance Limited	4,966,210	31-Oct-10	30-Mar-11	150
SREI Infrastructure Finance Limited	5,123,425	31-Jan-11	31-Mar-11	59

Details of defaults in payment of interest on term loans to financial institutions.

Name	Amount	Due date	Payment date	Delay Days
SREI Infrastructure Finance Limited	890,457	30-Apr-10	29-Sep-10	152
SREI Infrastructure Finance Limited	814,809	31-Jul-10	29-Dec-10	151
SREI Infrastructure Finance Limited	732,006	31-Oct-10	30-Mar-11	150
SREI Infrastructure Finance Limited	569,194	31-Jan-11	31-Mar-11	59

Details of defaults in repayment of principal on term loans to banks.

Name	Amount	Due date	Date of payment	Delay Days
State Bank of India (Kolkata) Corporate loan	1,800,000	1-Jun-10	3-Jul-10	32
State Bank of India (Kolkata) Corporate loan	1,800,000	1-Jul-10	19-Jul-10	18
State Bank of India (Kolkata) Corporate loan	1,800,000	1-Aug-10	3-Aug-10	2
State Bank of India (Kolkata) Rupee loan	5,000,000	1-Jul-10	3-Jul-10	2



SURYACHAKRA POWER CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Schedule No.	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	766,329,600	766,329,600
Reserves and surplus	3	660,454,263	620,077,334
		1,426,783,863	1,386,406,934
Loan funds			
Secured loans	4	367,293,396	396,861,500
Unsecured loans	5	515,159,141	260,492,786
		882,452,537	657,354,286
Total		2,309,236,400	2,043,761,220
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	871,629,427	868,513,291
Less: Accumulated depreciation		(527,909,515)	(459,730,865)
Net block		343,719,912	408,782,426
Capital work-in-progress		-	316,814,840
		343,719,912	725,597,266
Investments	7	1,247,876,290	891,276,284
Current assets, loans and advances			
Inventories	8	60,964,081	57,358,036
Sundry debtors	9	1,201,272,748	509,882,382
Cash and bank balances	10	8,111,388	20,837,423
Loans and advances	11	282,205,920	85,994,671
		1,552,554,137	674,072,512
Current liabilities and provisions			
Current liabilities	12	827,144,461	243,764,104
Provisions	13	7,769,478	3,420,738
		834,913,939	247,184,842
Net current assets		717,640,198	426,887,670
Total		2,309,236,400	2,043,761,220
Significant accounting policies	1		
Notes to the accounts	20		

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

As per our report attached.

for B S R and Co
Chartered Accountants
Firm Registration Number : 128510W

for Visweswara Rao & Associates
Chartered Accountants
Firm Registration Number : 005774S

for Suryachakra Power Corporation Limited

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

M. Seshavatharam
Director

G. V. Suresh Kumar
Company Secretary

V. L. Narasimha Rao
Chief Financial Officer

Place : Hyderabad
Date : 11 July 2011

Place : Hyderabad
Date : 11 July 2011



SURYACHAKRA POWER CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011
 (All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Schedule No.	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Sale of power		1,404,417,765	1,179,878,780
Income from trading of goods		29,193,337	889,134,632
		1,433,611,102	2,069,013,412
Other income	14	47,250,890	31,884,235
		1,480,861,992	2,100,897,647
EXPENDITURE			
Cost of traded goods sold	15	-	865,337,452
Personnel costs	16	11,439,434	10,769,876
Electricity generation expenses	17	1,237,667,648	1,019,320,619
Administrative and other expenses	18	22,096,258	28,263,916
Finance charges	19	91,479,941	72,419,090
Depreciation	6	68,661,136	73,092,042
Miscellaneous expenses written off (Refer note 16 of Schedule 20)		-	3,588,624
		1,431,344,417	2,072,791,619
Profit after interest but before exceptional items		49,517,575	28,106,028
Exceptional items, net (Refer note 13 of Schedule 20)		-	24,506,649
Profit before tax		49,517,575	52,612,677
Profit before tax from continuing operations		36,136,597	48,931,043
Provision for tax			
- Current tax		7,324,222	8,295,856
- MAT credit entitlement		(850,472)	(7,770,523)
Profit after tax from continuing operations		29,662,847	48,405,710
Profit before tax from discontinued operation		13,380,978	3,681,634
Provision for tax			
- Current tax		2,666,896	624,191
- MAT credit entitlement		-	(584,664)
Profit after tax from discontinued operation		10,714,082	3,642,107
Profit for the year		40,376,929	52,047,817
Balance in profit and loss account brought forward		157,802,199	105,754,382
Balance in profit and loss account carried forward to the balance sheet		198,179,128	157,802,199
Earning per share (equity shares, par value of Rs. 10 each) - Basic and Diluted		0.53	0.68
Significant accounting policies	1		
Notes to the accounts	20		

The Schedules referred to above form an integral part of the profit and loss account.

As per our report attached.

for **B S R and Co**
 Chartered Accountants
 Firm Registration Number : 128510W Firm Registration Number : 005774S

for **Visweswara Rao & Associates**
 Chartered Accountants
 Firm Registration Number : 128510W Firm Registration Number : 005774S

for **Suryachakra Power Corporation Limited**

Zubin Shekary
 Partner
 Membership No.: 48814

A.S.Naidu
 Partner
 Membership No.: 208582

Dr. S.M. Manepalli
 Managing Director

M. Seshavatharam
 Director

G. V. Suresh Kumar
 Company Secretary

V. L. Narasimha Rao
 Chief Financial Officer

Place : Hyderabad
 Date : 11 July 2011

Place : Hyderabad
 Date : 11 July 2011



Suryachakra Power Corporation Limited

Cash Flow Statement for the Year ended 31st March 2011

(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Cash flows from operating activities		
Net profit before tax	49,517,575	52,612,677
Adjustments:		
Interest income	(45,412,580)	(30,223,927)
Finance charges	91,479,941	72,419,090
Depreciation	68,661,136	73,092,042
Miscellaneous expenses written off	-	3,588,624
Insurance claims written off	-	44,184,594
Advances written off	-	2,083,586
Fixed assets written off	1,976,115	3,402,005
Profit on sale of investments	-	(68,691,243)
Profit on sale of fixed assets	-	(62,500)
Operating profit before working capital changes	166,222,187	152,404,948
(Increase)/Decrease in inventory	(3,606,045)	4,162,616
(Increase)/Decrease in sundry debtors	(647,668,401)	(153,889,456)
(Increase)/Decrease in loans and advances	(16,455,711)	101,101,368
Increase/(Decrease) in current liabilities and provisions	583,641,181	27,509,025
Cash generated from operations	82,133,211	131,288,501
Income taxes paid/ (refund)	(5,706,378)	(1,409,711)
<i>Net cash generated from operating activities</i>	76,426,833	129,878,790
Cash flows from investing activities:		
Investment made in subsidiary	(6)	(143,402,643)
Investment in significant interest entity	-	(159,400)
Share application money paid	(183,749,725)	(96,637,546)
Refund of share application money	4,054,333	288,531,039
Interest received	2,480,941	1,410,992
Refund of countervailing duty	81,580,181	62,500
Purchase of fixed assets (refer note 15 of Schedule 20)	(126,940,077)	(8,768,461)
<i>Net cash generated from / (used in) investing activities</i>	(222,574,353)	41,036,481
Cash flows from financing activities:		
Proceeds from secured loan, net	40,002,361	-
Proceeds from unsecured loan, net	560,618,897	-
Repayment of secured loan, net	(69,212,803)	(61,711,281)
Repayment of unsecured loan, net	(305,952,542)	-
Interest paid	(92,034,427)	(118,623,759)
<i>Net cash generated from / (used in) financing activities</i>	133,421,486	(180,335,040)
Net increase in cash and cash equivalents	(12,726,034)	(9,419,769)
Cash and cash equivalents at beginning of the year	20,837,423	30,257,192
Cash and cash equivalents at end of the year	8,111,388	20,837,423
Notes:		
1. Components of cash and cash equivalents as at (Refer Schedule 10)		
Cash in hand	56,421	79,657
Balances with scheduled banks		
- in current accounts	352,586	832,708
- in deposit accounts	7,702,381	19,925,058
	8,111,388	20,837,423

As per our report attached.

for B S R and Co

Chartered Accountants

Firm Registration Number : 128510W Firm Registration Number : 005774S

for Visweswara Rao & Associates

Chartered Accountants

Firm Registration Number : 128510W Firm Registration Number : 005774S

for Suryachakra Power Corporation Limited

Zubin Shekary

Partner

Membership No.: 48814

A.S.Naidu

Partner

Membership No.: 208582

Dr. S.M. Manepalli

Managing Director

G. V. Suresh Kumar

Company Secretary

M. Seshavatharam

Director

V. L. Narasimha Rao

Chief Financial Officer

Place : Hyderabad

Date : 11 July 2011

Place : Hyderabad

Date : 11 July 2011

**Schedules to the accounts (Continued)****Schedule 1 : Significant accounting policies (continued)****Background**

Suryachakra Power Corporation Limited (“the Company”) was incorporated on 28 February 1995, as a Public Limited Company. The Company was converted into a Private Limited Company with effect from 9 August 2000. Pursuant to this, the name of the Company was changed to “Suryachakra Power Corporation Private Limited”. The Company was re-converted into a public limited company with effect from 8 September 2005. Pursuant to this, the name of the Company was changed to Suryachakra Power Corporation Limited.

The Company is engaged in the generation and sale of electricity. The commercial operation started with effect from 1 April 2003. The Company is listed in Bombay Stock Exchange since 23 July 2007. The Company is also engaged in business of trading of coal from the year 31 March 2009.

1. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India (ICAI) and the provisions of Companies Act, 1956. The financial statements are presented in Indian rupees.

2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Revenue recognition

- a) The Company’s revenue from sale of electricity is based on the Power Purchase Agreement (PPA) entered into with Andaman and Nicobar (A & N) Administration. The PPA is for a period of 15 years and contains a set of pre-defined formulae for calculation of revenue to be billed on a monthly basis. Such billings as per the terms of the PPA include a fixed charge payment, a variable charge payment, incentive payment, foreign exchange adjustment and charge in law adjustment. The revenue from sale of power is recognised on the basis of billing to A&N Administration as per the terms and conditions contained in the PPA.
- b) Revenue from sale of traded goods is recognised on dispatch of products (which coincides with the transfer of risks and rewards) to the customers of the Company. Revenue from sale of goods is stated exclusive of returns, sales tax and applicable trade discounts and allowances and volume rebates.
- c) Income from interest on deposits is recognised on the time proportionate method using the underlying interest rates.

4. Fixed assets and depreciation:*Fixed assets*

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. The cost of fixed assets also includes exchange differences arising in respect of foreign currency loans taken or other liabilities incurred before 1 April 2004 for the purpose of their acquisition and constitution.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under Capital work-in-progress.

Depreciation

Depreciation on fixed assets used in generation of electricity is provided using the straight-line method at the rates prescribed by Central Government vide Notification Nos. S.O. 265 (E) and 266 (E) dated 27 March 1994 and 29 March 1994, respectively, issued under the Electricity Supply Act, 1948. Depreciation on fixed assets used in coal trading business is provided using the straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 as in the opinion of the management these rates reflect the estimated useful life of their assets. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of acquisition.


Schedule to the accounts (Continued)
Schedule 1 : Significant accounting policies (continued)
5. Investments:

Long term investments are carried at cost less any other-than temporary diminution in value, determined separately for each individual investment.

6. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	First-in-first-out (FIFO)
---------------	---------------------------

Stores, spare parts and consumables	First-in-first-out (FIFO)
-------------------------------------	---------------------------

7. Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit after tax attributable to equity shareholders, for the year by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

8. Employee benefits

Contribution payable to an approved gratuity fund (a defined benefit plan), determined by an independent actuary at the balance sheet date are charged to profit and loss account. Provision for compensated absences is made on the basis of actuarial valuation as at the balance sheet date, carried out by an independent actuary. All actuarial gain and losses arising during the year are recognised in the profit and loss account of the year.

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

9. Foreign exchange transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange difference arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account except that exchange differences arising in respect of any loan taken or other liabilities incurred before 1 April 2004 for the purpose of acquisition or construction of fixed assets are adjusted to the carrying amount of fixed assets.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. Non monetary assets are recorded at the rates prevailing on the date of transaction.

10. Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

11. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any assets forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

**Schedule to the accounts (Continued)****Schedule 1 : Significant accounting policies (continued)****12. Leases**

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset taken on lease or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases that do not transfer substantially the risks and rewards of ownership are classified as operating leases and recorded as expenses in the statement of profit and loss account on a straight line basis over the lease term.

13. Income tax

Income tax expense comprises current tax and deferred tax.

Current tax

The current charge for income taxes is calculated in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax consequences of timing differences which originates during the year and reverse after the tax holiday period are recognised in the year in which the timing differences originates. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably / virtually certain to be realised.

The break-up of the deferred tax assets and liabilities as at the balance sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has a legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) credit entitlement represents amounts paid in a year under Section 115 JAA of the Income Tax Act 1961 ('IT Act'), in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward for set off against future tax payments for ten succeeding years in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT Credit entitlement", under "Loans and Advances" in balance sheet with a corresponding credit to the profit and loss account, as a separate line item. Such assets are reviewed as at each balance sheet date and written down to reflect the amount that will not be available as a credit to be set off in future, based on the applicable taxation law then in force.



SCHEDULES TO THE BALANCE SHEET

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	As at 31.03.2011	As at 31.03.2010
Schedule 2: Share capital		
<i>Authorised</i>		
150,000,000 (previous year : 90,000,000) equity shares of Rs.10 each	1,500,000,000	900,000,000
	1,500,000,000	900,000,000
<i>Issued, subscribed and paid-up</i>		
76,632,960 (previous year : 76,632,960) equity shares of Rs.10 each fully paid	766,329,600	766,329,600
	766,329,600	766,329,600
Schedule 3: Reserves and surplus		
<i>Securities premium account</i>		
Balance at the beginning of the year	462,275,135	501,750,000
Less: Utilised during the year towards adjustment of unamortised public issue expenses (refer note 16 of schedule 20)	-	(39,474,865)
Balance at the end of the year	462,275,135	462,275,135
<i>Profit and loss account</i>		
Balance in profit and loss account	198,179,128	157,802,199
	660,454,263	620,077,334
Schedule 4: Secured loans		
<i>From banks</i>		
Term loans (Note 1)		
- State Bank of India (Kolkata) Rupee loan	29,893,275	45,049,875
- State Bank of India (Kolkata) Corporate loan	-	12,689,944
- State Bank of India (Frankfurt, Germany)	27,348,125	43,447,250
Hypothecation loans		
- Kotak Mahindra Bank Loan (Note 2)	-	1,122,855
Short term working capital demand loan (Note 3)		
- State Bank of India (Kolkata) (cash credit)	179,213,271	182,157,952
- State Bank of India (cash credit)	100,699,708	60,697,347
<i>From other than banks</i>		
- SREI Equipment Finance Private Limited - term loan (Note 1)	30,139,017	51,696,277
	367,293,396	396,861,500

Notes:

- The above term loans are secured by first charge on all immovable assets, present and future, Company's right, title and interest in the leasehold land/ project documents, second charge on current assets, pledge of 7,937,388 shares held by promoters and personal guarantee of Managing Director for Rupee Loans and State Bank of India (Frankfurt) Foreign Currency loan.
- Secured by way of hypothecation of respective assets.
- Secured by first charge on all current assets, present and future, second charge on all fixed assets and personal guarantee of the Managing Director.

Schedule 5: Unsecured loans*	As at 31.03.2011	As at 31.03.2010
From banks		
Term loan from Kotak Mahindra Bank	3,843,322	1,386,584
From other than banks		
Term loan		
- Loan from A&N Administration	20,941,188	7,429,019
- Bajaj Auto Finance Limited	525,304	-
- Tata Capital Limited	4,892,340	-
- Indiabulls Financial Service Limited	1,293,855	-
Working capital loan		
- Global Trade Finance Limited	263,243,241	251,517,783
- Managing director	-	159,400
Inter corporate deposits	220,419,891	-
	515,159,141	260,492,786

* The amount repayable within a period of one year is Rs. 494,217,953 (previous year: 252,904,367).



Schedules to the balance sheet (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Schedule 6: FIXED ASSETS:

Particulars	Gross Block			Depreciation Block			Net Block		
	As at 1 April 2010	Additions	Deletions/ Adjustments	As at 31 March 2011	As at 1 April 2010	For the year	Deletions/ Adjustments	As at 31 March 2011	As at 31 March 2010
Land development	67,291,429	-	-	67,291,429	30,748,776	4,486,095	-	32,056,558	36,542,653
Buildings and roads	172,394,500	83,633,150	2,458,600	253,569,050	68,214,293	28,715,527	482,485	157,121,715	104,180,207
Plant and machinery (Refer Note:1 and 2)	616,546,948	151,329	81,580,181	535,118,096	351,453,104	34,411,074	-	149,253,918	265,093,844
Furniture and fittings	2,828,039	2,681,686	-	5,509,725	2,667,443	263,715	-	2,578,567	160,596
Office equipments	1,961,450	78,510	-	2,039,960	1,481,815	124,050	-	434,095	479,635
Computers equipments	4,252,989	610,242	-	4,863,231	3,878,884	145,394	-	838,953	374,105
Vehicles	3,237,936	-	-	3,237,936	1,286,550	515,280	-	1,436,106	1,951,386
Total	868,513,291	87,154,917	84,038,781	871,629,427	459,730,865	68,661,135	482,485	527,909,515	408,782,426
Previous year	886,445,421	1,445,021	19,377,151	868,513,291	388,540,598	73,092,042	1,901,775	459,730,865	408,782,426

Notes:

- Adjustment includes the foreign exchange gain on foreign currency loans taken before 1 April 2004, for the purpose of acquisition/ construction of fixed assets, adjusted to the cost of fixed assets amounting to Rs. 118,943 (Previous year: foreign exchange gain of Rs. 14,073,371)
- During earlier years, in view of the uncertainty of receipt of the claims made, the Company had capitalized as part of the cost of the respective fixed assets, certain excise and countervailing duties eligible for refund under the Foreign Trade Policy. During the year ended 31 March 2011, the Company received such refunds from the authorities. Such refund of duties, net of expenses incurred, amounting to Rs. 81,461,238 have been adjusted against the cost of the respective fixed asset. In accordance with Accounting Standard 6 (Depreciation), the revised unamortised depreciable amount will be depreciated prospectively over the residual useful life of the respective fixed assets.
- Total Capital work-in-progress (including capital advances) as on 31 March 2010 included borrowing cost capitalised of Rs. 93,388,592. Such borrowing costs capitalised during the current year is Rs. 37,515,580 (previous year: Rs. 44,706,063).
- Also refer note 15 of Schedule 20.



SCHEDULES TO THE BALANCE SHEET (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
Schedule 7: Investments (at cost) <i>(Long term (Non-trade) at cost, unless otherwise stated)</i>		
In subsidiary companies		
Suryachakra Global Enviro Power Limited 48,905,355 (previous year: 48,905,355) equity shares of Rs.10 each fully paid up	891,116,884	891,116,884
Suryachakra Energy (chattisgarh) Private Limited* 2,000,000 (previous year: Nil) equity shares of Rs. 10 each fully paid up	356,600,000	-
Suryachakra Global Ventures Limited** 1 (previous year: Nil) shares of Hong Kong \$ 1 each fully paid up	6	-
In other companies		
Suryachakra Power Venture Private Limited 15,940 (previous year: 15,940) equity shares of Rs.10 each fully paid up	159,400	159,400
	1,247,876,290	891,276,284
* Subsidiary from 5 March 2011. ** Subsidiary from 26 January 2011. Aggregate cost of unquoted investments	1,247,876,290	891,276,284
Schedule 8: Inventories		
Raw materials	24,669,973	19,642,348
Stores, spares and consumables	36,294,108	37,715,688
	60,964,081	57,358,036
Schedule 9: Sundry debtors <i>(Unsecured, considered good)</i>		
Debts outstanding for a period exceeding six months	267,450,103	-
Other debts*	933,822,645	509,882,382
	1,201,272,748	509,882,382

* Includes interest accrued on amounts withheld of Rs.127,574,329 (previous year: Rs.83,852,364) (Refer note 3 of Schedule 20)

Schedule 10: Cash and bank balances	AS AT 31.03.2011	AS AT 31.03.2010
Cash in hand	56,421	79,657
Balances with scheduled banks in current accounts	352,586	832,708
- in deposit accounts (Note 1)	7,702,381	19,925,058
	8,111,388	20,837,423

Note:

- Deposits with scheduled banks include Rs. 7,702,381 (previous year Rs.19,925,058) representing margin money for letter of credits.



SCHEDULES TO THE BALANCE SHEET (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
Schedule 11: Loans and advances <i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	25,721,784	10,133,980
MAT credit entitlement	9,205,659	8,355,187
Deposits	642,548	312,639
Interest accrued but not due	472,994	790,326
Loans and advances to subsidiary and step down subsidiaries	65,004	-
<i>Share application money pending allotment:</i>		
Suryachakra Energy (Chattisgarh) Private Limited	32,225	1,080,050
Suryachakra Thermal Energy (Andhra) Private Limited	24,693,434	24,451,175
Suryachakra Thermal (Madhya Pradesh) Private Limited	38,021,314	40,871,314
Suryachakra Power Venture Private Limited	970,000	-
Suryachakra Global Enviro Power Limited	181,935,416	-
Suryachakra Global Ventures Limited	445,542	-
	282,205,920	85,994,671
Loans and advances to subsidiary and step down subsidiaries comprise:		
MSM Energy Limited*	65,004	-
	65,004	-
Maximum amount outstanding at any time during the year:		
Suryachakra Global Enviro Power Limited	-	37,039,709
South Asian Agro Industries Limited*	-	73,318,552
MSM Energy Limited*	65,004	41,022,549
Sri Panchajanya Power Private Limited*	-	374,843
	65,004	151,755,653
* Step down subsidiary from 20 January 2010 (refer note 5(b)(ii) of Schedule 20).		
Schedule 12: Current liabilities		
Sundry creditors		
- dues to micro and small enterprises (refer note 12 of schedule 20)	-	-
- others	813,549,178	239,948,179
Interest accrued and but not due on loans	357,661	554,486
Other current liabilities	3,854,494	3,261,439
Book overdraft	9,383,128	-
	827,144,461	243,764,104
Schedule 13: Provisions		
Provision for compensated absences	170,912	106,912
Provision for tax [net of advance tax of Rs. 2,270,535 (previous year Rs. 5,626,174)]	7,598,566	3,313,826
	7,769,478	3,420,738



SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
Schedule 14: Other income		
Interest income		
- on deposits, gross [tax deducted at source: Rs. 79,834 (previous year Rs. 226,013)]	1,690,615	1,720,543
- on overdue debts from A&N Administration	43,721,965	28,503,384
Profit on sale of assets	-	62,500
Miscellaneous income	1,838,310	1,597,808
	47,250,890	31,884,235
Schedule 15: Cost of traded goods sold		
Finished goods - traded		
Opening stock	-	9,736,744
Add: Purchases	-	855,600,708
	-	865,337,452
Schedule 16: Personnel costs		
Salaries, wages and bonus	10,728,081	10,013,248
Contributions to provident and other funds	519,880	478,627
Gratuity and compensated absences	138,422	138,846
Staff welfare expenses	53,051	139,155
	11,439,434	10,769,876
Schedule 17: Electricity generation expenses		
Raw materials consumed	1,225,996,246	1,008,670,065
Power and fuel	303,018	270,596
Repairs and maintenance - buildings	53,829	87,058
Operation and maintenance expenses	9,505,242	7,062,285
Spares and consumables consumed	1,809,313	3,230,615
	1,237,667,648	1,019,320,619



SCHEDULES TO THE PROFIT AND LOSS ACCOUNT (Continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
Schedule 18: Administrative and selling expenses		
Insurance expenses	4,610,682	5,828,019
Legal and professional charges	4,484,827	4,448,889
Rates and taxes	4,105,614	1,187,220
Rent	2,094,890	444,447
Fixed assets written off	1,976,115	3,402,005
Travelling and conveyance	1,737,772	1,475,830
Communication expenses	1,164,380	1,623,096
Printing and stationery	846,979	901,118
Repairs and maintenance		
- buildings	182,000	463,397
- others	-	95,600
Director's sitting fees	152,000	199,000
Balances written off	-	2,083,586
Customer claims	-	5,047,160
Miscellaneous expenses	740,999	1,064,549
	22,096,258	28,263,916
Schedule 19: Financial charges		
Interest expenses		
- Term loans	10,686,365	18,735,185
- Working capital loans	42,436,458	36,549,253
- Others	32,607,204	8,805,303
Bank charges	5,749,914	8,329,349
	91,479,941	72,419,090



SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts

1. (a) Capital commitments and contingent liabilities:

Particulars	As at 31.03.2011	As at 31.03.2010
i. Letter of credit outstanding	29,700,000	100,000,000
ii. Estimated amount of contracts necessary to be executed on capital amount not provided for (net of advances)	-	4,812,916,003
iii. Liquidated damages for delay in commencement of commercial operations	31,570,000	31,570,000
iv. Claims made against the Company by suppliers and not accepted by the Company	-	860,162

- (b) The following equity shares of Suryachakra Global Enviro Power Limited held by the Company are pledged in favour of respective banks and financial institutions as guarantees for the loans taken by Suryachakra Global Enviro Power Limited.

Shares pledge in favour of	No of shares	
	As at 31.03.2011	As at 31.03.2010
- State Bank of India	-	4,300,200
- IDBI Bank Limited	4,458,500	4,458,500

2. Earnings per share (EPS)

The computation of earnings per share is set out below:

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
<i>Earnings</i>		
Net profit/(loss) after tax for the year	40,376,929	52,047,817
<i>Shares</i>		
Number of equity shares at the beginning and as of the end of the year	76,632,960	76,632,960
Weighted average number of equity shares considered for computation of basic and diluted EPS	76,632,960	76,632,960
<i>Earnings per share of par value Rs.10 - Basic and Diluted (Rs.)</i>	0.53	0.68

The Company has no potentially dilutive equity shares outstanding during the year.

3. Revenue from A&N Administration

- a) The Company's revenue from sale of electricity is based on the Power Purchase agreement (PPA) entered into the Andaman and Nicobar (A & N) Administration. The PPA is for a period of 15 years and contains a set of pre-defined formulae for calculation of the revenue to be billed on a monthly basis. Such billings as per terms of the PPA include a fixed charge payment, a variable charge payment, incentive payment, foreign exchange adjustment and change-in-law adjustment.
- b) The Company, for the purpose of determining the fixed charge monthly billings, invoices the A & N Administration based on the capital cost as envisaged in the PPA. Pending final confirmation of actual capital expenditure, no adjustment is made to the revenue. Such adjustments, if any will be made in the period in which the amount becomes determinable and is confirmed by the A & N Administration.



SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

- c) Revenues for the year ended 31 March 2011 include an amount of Rs. 59,494,972 (Previous year: Rs. 47,835,455) billed by the company as variable charge payment under the PPA, which has been rejected/ withheld by the A & N Administration on the grounds of the technical interpretation of the formulae for computation of such charges. The Company also has receivables amounting to Rs. 85,904,780 as at 31 March 2011 (Previous year: Rs. 118,640,315) on account of such rejections/ withheld. Further, the Company has accrued interest on such unpaid invoices amounting to Rs. 43,721,965 for the year ended 31 March 2011 (Previous year: Rs. 28,503,384). Total Interest accrued on such disagreements and included in the total receivables as at 31 March 2011 amounts to Rs. 127,574,329 (Previous year: Rs. 83,852,364). The Company has during the year ended 31 March 2011 received an amount of Rs. 92,230,508 towards such receivables as mentioned above.
- d) The Company believes that the amounts billed including interest thereon are recoverable based on the interpretation that can be inferred from the formulae contained in the PPA.

4. Deferred taxes

The Company had started claiming deduction under Section 80-IA of the Income Tax Act, 1961 from the year ended 31 March 2011. Based on the assessment of the deferred tax as on 31 March 2011, the timing differences arising in the current year will reverse within the tax holiday period. Accordingly, no deferred tax has been recognised in the books of accounts of the Company as on 31 March 2011.

5. Related parties

- (a) The related parties where control exists are subsidiaries and step down subsidiaries. There are no other parties over which the company has control.
- (b) Related parties where control exists with whom transactions have taken place during the year are follows:
- (i) **Subsidiary**
- Suryachakra Global Enviro Power Limited
 - Suryachakra Energy (Chattisgarh) Private Limited (from 05 March 2011)
 - Suryachakra Global Ventures Limited (from 26 January 2011)
 - Suryachakra Power Venture Private Limited (for the period 16 September 2010 to 21 March 2011)
- (ii) **Step down subsidiaries**
- South Asian Agro Industries Limited (Subsidiary till 20 January 2010)
 - MSM Energy Limited (Subsidiary till 20 January 2010)
 - Sri Panchajanya Power Private Limited (Subsidiary till 20 January 2010)
- (iii) **Key Management Personnel (KMP) represented on the Board of Directors**
- Dr. S. M. Manepalli, Managing Director
- (iv) **Enterprises over which Key Managerial Personnel has significant influence (Significant interest entities)**
- Suryachakra Thermal Energy (Andhra) Private Limited
 - Suryachakra Thermal (Madhya Pradesh) Private Limited
 - Suryachakra Power Venture Private Limited
 - Suryachakra Energy (Chattisgarh) Private Limited (till 04 March 2011)
- (v) **Non-executive on the Board of Directors**
- Mr. P. K.. Bhattarcharjee
 - Mr. Mahesh Chand
 - Mr. K. Satyanarayana
 - Mr. V. S. Murthy
 - Commodore K. V. Subramaniam, YSM (Retd.)
 - Mr. M. Seshavatharam (Son of Managing Director)
 - Mr. A Ramesh Kumar (from 10 August 2010)
 - Mr. K. B. Trehan (from 11 November 2010)
 - Mr. P. Visweswara Rao, IAS (Retd.) (from 22 November 2010)



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

5. Related parties (continued)

(c) Particulars of related party transactions and balances

A) Following is a summary of related party transactions:

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
i. Loans granted to subsidiary and step down subsidiaries		
a) Suryachakra Global Enviro Power Limited	-	126,291,907
b) MSM Energy Limited	65,004	48,581,678
c) South Asian Agro Industries Limited	-	2,577,645
Total	65,004	177,451,230
ii. Repayment/ transfer of loans by subsidiary and step down subsidiaries		
a) Suryachakra Global Enviro Power Limited	-	137,146,063
b) MSM Energy Limited	-	48,956,521
c) South Asian Agro Industries Limited	-	75,896,197
Total	-	261,998,781
iii. Remuneration to Key Management Personnel/ Non-executive directors		
a) Managerial Remuneration (Refer note 6 of Schedule 20)	3,859,200	3,859,200
b) Sitting fees to Non-executive directors	152,000	199,000
Total	4,011,200	4,058,200
iv. Investments in subsidiary, step down subsidiaries and significant interest entities		
a) Suryachakra Global Enviro Power Limited(Refer note 13(a) of Schedule 20)	-	712,776,884
b) Suryachakra Power Venture Private Limited	300,000	159,400
c) Suryachakra Energy (Chattisgarh) Private Limited (refer note 15 of Schedule 20)	356,600,000	-
d) Suryachakra Global Ventures Limited	6	-
Total	356,900,006	712,936,284
v. Sale of Investments in subsidiary		
a) Suryachakra Power Venture Private Limited	300,000	-
vi. Sale of investments in the following step down subsidiaries (Refer note 13(a) of Schedule 20)		
a) MSM Energy Limited	-	344,100,000
b) South Asian Agro Industries Limited	-	137,875,135
c) Sri Panchajanya Power Private Limited	-	87,399,108
Total	-	569,374,243
vii. Loans taken from subsidiary		
a) Suryachakra Global Enviro Power Limited	-	100,000,000
viii. Loans repaid to subsidiary		
a) Suryachakra Global Enviro Power Limited	-	100,000,000
ix. Unsecured loan received from KMP	-	1,450,872
x. Repayment of unsecured loan to KMP	159,400	5,000,000
xi. Interest expenses on loan balances paid to		
a) Suryachakra Global Enviro Power Limited	-	1,428,247



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

Related Parties (Continued)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
xii. Share application money paid to subsidiary, step down subsidiaries and significant interest entities.		
a) Suryachakra Global Enviro Power Limited	181,935,416	-
b) MSM Energy Limited	-	48,556,278
c) Sri Panchajanya Power Private Limited	-	36,481,268
d) Suryachakra Thermal Energy (Andhra) Private Limited	398,767	-
e) Suryachakra Thermal (Madhya Pradesh) Private Limited	-	11,600,000
f) Suryachakra Power Venture Private Limited	970,000	-
g) Suryachakra Global Ventures Limited	445,542	-
Total	183,749,725	96,637,546
xiii. Refund of share application money by step down subsidiaries and significant interest entities		
a) MSM Energy Limited	-	56,885,311
b) Sri Panchajanya Power Private Limited	-	65,748,267
c) Suryachakra Energy (Chattisgarh) Private Limited	1,047,825	38,919,950
d) Suryachakra Thermal Energy (Andhra) Private Limited	156,508	68,448,825
e) Suryachakra Thermal (Madhya Pradesh) Private Limited	2,850,000	58,528,686
Total	4,054,333	288,531,039
xiv. Rent paid to KMP	1,853,040	-
xv. Rent deposit made to KMP	420,000	-

B) Details of outstanding balances from related parties

Particulars	As at 31.03.2011	As at 31.03.2010
i. Unsecured loan from KMP (Included in "Unsecured Loans" Schedule 5)	-	159,400
ii. Remuneration payable to KMP (Included in "Current liabilities" Schedule 12)	672,580	188,670
iii. Rent payable to KMP	982,940	-

Notes

- 1) Equity investments in subsidiary have been disclosed under "Investments" (Schedule 7). Loans and advances including share application money given/paid to subsidiary and step down subsidiaries and enterprises over which the KMP has significant influence have been disclosed under "Loans and advances" (Schedule 11).

6. Particulars of managerial remuneration (included in Personnel costs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Salary	3,600,000	3,600,000
Contribution to provident and other funds	259,200	259,200
Perquisites	-	-
Total	3,859,200	3,859,200



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

The managerial personnel are covered by the Company's gratuity policy and are eligible for leave encashment along with other employees of the Company. The proportionate amount of gratuity and leave encashment cost pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis.

7. Auditors remuneration (excluding service tax)

Particulars	For the year ended	For the yearended
	31.03.2011	31.03.2010
Audit fees	1,250,000	1,250,000
Other matters	2,100,000	900,000
Reimbursement of out-of-pocket expenses	59,529	19,541
Total	3,409,529	2,169,541

8. Expenditure in foreign currency

Particulars	For the year ended	For the yearended
	31.03.2011	31.03.2010
Interest on foreign currency loan	4,262,934	3,081,279
Foreign travel expenses	41,556	-
Total	4,304,490	3,081,279

9. Employee benefits

The following table sets out the status of the gratuity plan as required under AS 15 (Revised):

Reconciliation of opening and closing balance of the present value of the defined benefit obligation

Particulars	For the year ended	For the year ended
	31.03.2011	31.03.2010
Opening defined benefit obligation	531,220	450,939
Current service cost	161,882	43,819
Interest cost	47,761	36,075
Actuarial losses / (gains)	(89,505)	39,668
Benefits paid	-	(39,281)
Closing defined benefit obligation	651,358	531,220

Change in the fair value of assets

Particulars	For the year ended	For the year ended
	31.03.2011	31.03.2010
Opening fair value of plan assets	597,011	474,295
Expected return on plan assets	56,668	45,138
Contributions by employer	73,530	116,859
Benefits paid	-	(39,281)
Closing fair value of plan assets	727,209	597,011

Amount recognised in Balance Sheet

Particulars	As at	As at
	31.03.2011	31.03.2010
Present value of funded obligations	651,358	531,220
Fair value of plan assets	727,209	597,011
Net asset/(liability)	75,851	65,791
Amounts in the balance sheet		
Net asset/(liability)	75,851	65,791



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

Expense recognised in statement of profit and loss account

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Current service cost	161,882	43,819
Interest on defined benefit obligation	47,761	36,075
Expected return on plan assets	(56,668)	(45,138)
Net actuarial losses / (gains) recognized in the year	(89,505)	39,668
Amount, included in employee benefit expense	63,470	74,424
Actual return on plan assets	56,668	45,138

9. Employee benefits (continued)

Asset information

Category of assets	As at 31.03.2011	As at 31.03.2010
Insurer managed funds	727,209	597,011

Summary of Actuarial Assumptions

Financial assumptions at the valuation date:

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	9.52%
Salary escalation rate	4.00%	4.00%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

10. Segment reporting

The Company's business is organised and management views the performance based on the business segments as mentioned below:

- **Electricity sale:** This division of the Company is engaged in the generation and sale of electricity.
- **Coal trading:** This division of the Company is engaged in the trading of coal.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in one geographical segment.

Segment policies

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

Revenue and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment. Certain expenses are not specifically allocable to individual segments and pertain to the entity as a whole and are disclosed as unallocated expenses.

Assets and liabilities are either specifically identifiable with individual segments or have been allocated to segment on a systematic basis. Assets that pertain to the entity as a whole such as income tax balances have been disclosed as unallocated assets. Liabilities other than loan balances and income tax balances have been identified against each segment or have been allocated on a reasonable basis.



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

10. Segment reporting (continued)

Business segment

Particular	For the year ended 31 March 2011			For the year ended 31 March 2010		
	Electricity sales	Coal trading	Total	Electricity sales	Coal trading	Total
Revenue:						
Segment revenue	1,404,417,765	29,193,337	1,433,611,102	1,179,878,780	889,134,632	2,069,013,412
Result :						
Segment result	111,680,629	28,156,216	139,836,845	109,161,428	17,738,420	126,899,848
Add: (i) Un-allocable income			1,160,671			1,720,543
Less:						
(i) Finance charges		91,479,941			72,419,090	
(ii) Other Un-allocable expenditure		-			3,588,624	
Profit before tax			49,517,575			52,612,677
Less: Provision for tax			9,140,646			564,860
Profit after tax			40,376,929			52,047,817
Other information :						
Assets:						
Segment assets	2,272,097,226	862,847,454	3,134,944,680	2,050,739,481	231,851,394	2,282,590,875
Un-allocable corporate assets	-	-	9,205,659	-	-	8,355,187
Total Assets			3,144,150,339			2,290,946,062
Liabilities:						
Segment liabilities	192,635,738	634,321,974	826,957,712	132,618,319	111,252,697	243,871,016
Un-allocable corporate liabilities	-	-	890,408,764	-	-	660,668,112
Total liabilities			1,717,366,476			904,539,128
Non cash expenditure						
Depreciation	68,336,875	324,261	68,661,136	72,767,781	324,261	73,092,042
Capital expenditure	87,154,917	-	87,154,917	1,445,021	-	1,445,021

11. Discontinuing operations

The Company's Board of Directors at their meeting held on 29 October 2009 approved a definitive plan wherein, its coal trading business will be transferred to a separate legal entity to enable to focus on the core business of power generation, subject to the receipt of all regulatory and other approvals. The execution of the above plan is in process and expected to be completed by October 2011. In accordance with AS 24 (Discontinuing operations), as the initial event has occurred during the year ended 31 March 2010, the coal trading business (representing coal trading segment) would therefore qualify as a discontinuing operation under the above accounting standard.

The following statement shows the revenue, expenses and profits of discontinuing operations:

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Income		
Income from trading of goods	29,193,337	889,134,632
Expenditure		
Cost of goods sold	-	865,337,452
Personnel cost	450,495	248,881
Administrative and other expenses	262,366	5,485,618
Depreciation	324,261	324,261
Interest expense (Note 1)	14,775,238	14,056,786
Profit before tax	13,380,978	3,681,634
Provision for taxes (Note 2)		
- Current tax expense	2,666,896	624,191
- MAT credit entitlement	-	(584,664)
Profit after tax	10,714,082	3,642,107

The carrying value of the assets and liabilities of the discontinuing operations are as follows:



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

Discontinuing operations (continued)

Particulars	As at 31.03.2011	As at 31.03.2010
Fixed assets (Gross block, less accumulated depreciation)	2,438,653	2,762,914
Sundry debtors	851,985,326	208,373,096
Cash and bank balances	8,179,889	19,925,058
Loans and advances	243,586	790,326
Total assets	862,847,454	231,851,394
<i>Less:</i>		
Secured loans (Note 1)	-	60,697,347
Current liabilities	633,746,852	109,427,372
Other current liabilities	575,122	1,825,325
Total liabilities	634,321,974	171,950,044
Net assets	228,525,480	59,901,350

Note 1

Interest expense and related interest bearing liabilities have been considered as unallocable items for segment reporting in note 10 of schedule 20.

Note 2

Tax on profit on discontinuing operations have been computed under the provisions applicable for computing Minimum Alternate tax (MAT), as the tax on the total income of the Company has been computed on this basis.

Cash flow attributable to discontinued operation are as follows:

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Net cash from /(used in) operating activities	63,727,416	(33,429,304)
Net cash from /(used in) investing activities	-	-
Net cash from /(used in) financing activities	(75,472,585)	40,826,198
Net increase/ (decrease) in cash and cash equivalents	(11,745,169)	7,396,894

12. The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2011 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 31.03.2011	For the year ended 31.03.2010
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year is as follows		
- Principal amount payable to suppliers as at the year-end	Nil	Nil
- Interest accrued on the above amount as the year-end	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

13. Exceptional items, net

- (a) The Company has restructured its investments in subsidiaries and accordingly transferred its investment in subsidiaries MSM Energy Limited, South Asian Agro Industries Limited and Sri Panchajanya Power Private Limited having a total carrying value of Rs. 500,683,000 to its wholly owned subsidiary Suryachakra Global Enviro Power Limited (Formerly Lahari Power and Steels Limited) for total consideration of Rs. 569,374,243 to be settled in the form of additional share to be issued in Suryachakra Global Enviro Power Limited resulting in a profit of Rs. 68,691,243 which has been disclosed as an exceptional item in the year ended 31 March 2010. Further, the Company has been issued shares in Suryachakra Global Enviro Power Limited of Rs. 143,402,645, representing the share application money and un-secured loan in all the above mentioned subsidiaries. Climate Change Investment I I S.A. SICAR (CCI) has invested Rs. 400,000,000 and was allotted a 22.01% stake in Suryachakra Global Enviro Power Limited.
- (b) In March 2006, one of the DG Set with a capacity of 5 MW output had suffered major damages. The Company made a claim of Rs. 99,141,696 with the insurance authorities (net of allowances of Rs.5,000,000). Pending final assessment of the claim, the Company had received interim amounts totaling to Rs.54,957,102 from the insurance Company including Rs.11,829,899 during the year ended 31 March 2010. The insurance company vide its letter dated 11 May 2010 has confirmed that all the amounts paid till date are final and no claim would be payable. Accordingly, the balance amount of claims receivable amounting to Rs. 44,184,594 has been written off during the year which has been disclosed as an exceptional item in the year ended 31 March 2010.

14. Quantitative details

- (a) Licensed installed capacity and actual production during the year:

Particulars	For the year ended	
	31.03.2011	31.03.2010
(i) Licensed capacity	20MW	20MW
(ii) Installed capacity	20MW	20MW
(iii) Actual production/ units sold (Kwh)	142,140,600	134,013,700

Licensed and installed capacities are as certified by management and have not been verified by the auditors as this is a technical matter.

- b) Raw Material Consumed:

Particulars	For the year ended		For the year ended	
	31.03.2011		31.03.2010	
	Quantity (Kilo litre)	Value	Quantity (Kilo litre)	Value
<i>Opening Stock</i>				
-HSD Oil	512.00	16,802,022	330.00	9,424,993
-Lube Oil	19.00	2,840,326	33.42	4,091,237
<i>Purchases</i>				
-HSD Oil	34,708.00	1,198,729,622	32,432.00	988,399,268
-Lube Oil	239.41	32,294,248	214.24	26,396,914
<i>Consumption</i>				
-HSD Oil	34,603.00	1,193,945,794	32,250.00	981,022,239
-Lube Oil	235.37	32,050,451	228.66	27,647,826
<i>Closing Stock</i>				
-HSD Oil	617.00	21,585,850	512.00	16,802,022
-Lube Oil	23.03	3,084,123	19.00	2,840,326



SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 20. Notes to the accounts (Continued)

Quantitative details (Continued)

c) Details of imported and indigenous raw materials and stores and spares consumed

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Indigenous	1,227,805,559	1,011,900,680
Imported	-	-

d) Particulars of Purchases, Sales and Stock of coal

Particulars	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Quantity in Ton	Value	Quantity in Ton	Value
Opening Stock	-	-	5,134.56	9,736,744
Purchases	-	-	401,344.84	855,600,708
Sales	-	-	406,479.40	889,134,632
Closing Stock	-	-	-	-

e) Particulars of sale of electricity

Particulars	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Units	Amount	Units	Amount
Sale of electricity (Kwh)	142,140,600	1,404,417,765	134,013,700	1,179,878,780

15. During the year ended 31 March 2011, the Company has transferred the coal based thermal power project under development in Chhattisgarh to Suryachakra Energy (Chhattisgarh) Private Limited (SECPL) for a consideration of Rs.356,400,000 (including Rs. 39,785,160 incurred during the year), being the carrying value of the assets in the said power project against equity shares in SECPL.
16. During the year ended 31 March 2010, the unamortised expenses related to the Initial Public Offer of the Company amounting is Rs.39,474,865 was adjusted to the Securities Premium account. These were carried forward in earlier years as Miscellaneous Expenditure and amortised over a period of 5 years. Had the Company followed amortising these over a period of 5 years, the profit for the year ended 31 March 2010 and the accumulated profits as at 31 March 2010 would have been lower by Rs.10,765,872.
17. The Board of directors in the meeting dated 22 November 2010, approved the Scheme of Amalgamation ('the scheme') of Suryachakra Energy & Infrastructure Limited (SEIPL), a Company belonging to the promoter group of the Company. The Company has not filed the Scheme with the honorable High Court for necessary approvals as the Company is contemplating certain changes in the Scheme.
18. Subsequent to the year end, the Company has issued 3,650,000 Global Depository Receipts (GDRs) at USD 6.3 per GDR. These GDRs have been listed in the Euro MTF Market on 28 April 2011. The Company has listed the underlying 73,000,000 equity shares in Bombay Stock Exchange on 19 May 2011.

19. Previous year figures

Previous years' figures have been regrouped / reclassified wherever necessary, to conform to current years' classification.

As per our report attached.

for B S R and Co
Chartered Accountants
Firm Registration Number : 128510W

for Visweswara Rao & Associates
Chartered Accountants
Firm Registration Number : 005774S

for Suryachakra Power Corporation Limited

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

M. Seshavatharam
Director

G. V. Suresh Kumar
Company Secretary

V. L. Narasimha Rao
Chief Financial Officer

Place : Hyderabad
Date : 11 July 2011

Place : Hyderabad
Date : 11 July 2011


III. Information Pursuant to part IV of Schedule VI of the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile
1. Registration Details

Registration No.	L40103AP1995PLC019554
State Code	: 01
Balance Sheet Date	: 31.03.2011

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	: NIL
Rights Issue	: NIL
Bonus Issue	: NIL
Private Placement	: NIL

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	: 2309236
Total Assets	: 2309236

Sources of Funds

Paid-up Capital	: 766330
Reserves & Surplus	: 660454
Secured Loans	: 367293
Unsecured Loans	: 515159

Application of Funds

Net Fixed Assets/Capital WIP/Incidental Exp.	: 343720
Investments	: 1247876
Net Current Assets	: 717640
Miscellaneous Expenditure	: 0
Accumulated Losses	: NIL

4. Performance of the Company (Amount in Rs. Thousands)

Turnover	: 1480862
Total Expenditure	: 1431344
Profit/Loss Before Tax + (-)	: 49518
Profit/Loss After Tax + (-)	: 40377
Earning Per Share in Rs.	
- Basic	: 0.53
- Diluted	: 0.53
Dividend Rate %	: NIL

5. Generic Names of Three Principal Products/Services of Company

(As per monetary terms)

Item Code No. (ITC Code)	: NIL
Product Description	: Power Generation

for Suryachakra Power Corporation Limited

Dr. S.M. Manepalli	M.Seshavatharam
Managing Director	Director

Place : Hyderabad
Date : 12.08.2011

V.L. Narasimha Rao	G.V. Suresh Kumar
Chief Financial Officer	Company Secretary



AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SURYACHAKRA POWER CORPORATION LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SURYACHAKRA POWER CORPORATION LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated balance sheet of Suryachakra Power Corporation Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financials statements of three step down subsidiaries for the year ended 31 March 2011 have been audited by one of the joint auditors, M/s. Visweswara Rao & Associates, whose reports have been furnished to us and accordingly relied upon by us. The said financial statements reflect the total assets of Rs. 2,763,934,682 as at 31 March 2011 and the total revenues of Rs. 148,707,085 for the year ended 31 March 2011.
4. The financials statements of one subsidiaries for the year ended 31 March 2011 have been audited by other auditors, whose reports have been furnished to us and accordingly relied upon by us. The said financial statements reflect the total assets of Rs. 776,479,154 as at 31 March 2011 and the total revenues of Rs. Nil for the year ended 31 March 2011.
5. The Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements, as specified in Companies (Accounting Standards) Rules, 2006.
6. Without qualifying our opinion, we draw attention to Note 12 of Schedule 21 to the financial statements which sets out the details of substantial losses incurred by a subsidiary and three step down subsidiaries during the current year and operation of its power plant below its normal capacity over the last three months due to uncertainties arising on account of high raw material prices. The group is in the process of identifying alternate sources of raw material to mitigate these uncertainties, which will make its power generation business economically viable and expects to operate their plants at its normal capacity by October 2011. Pending implementation of the Group's plans, based on current projections, the Group believes that carrying values of the related fixed assets of the subsidiary and three step down subsidiaries amounting to Rs. 3,016,261,134 are fully recoverable.
7. *In relation to the matter set out in Note 2 of the Schedule 21 of the financial statements, pending the final agreement with the Andaman & Nicobar Administration (A & N Administration), we are unable to comment on the extent of ultimate recoverability of Rs.59,494,972 for the year ended 31 March 2011 (previous year: Rs.47,835,455) and the total receivables as at 31 March 2011 of Rs. 85,904,780 (previous year: Rs.118,640,315) which are subject to confirmation by the A&N Administration. Furthermore, the Company has accrued interest on the above cumulative billings of Rs. 43,721,965 for the year ended 31 March 2011 (previous year: Rs.28,503,384) which are subject to confirmations by the A&N Administration. The total interest accrued on such disagreements which are subject to confirmations by the A&N Administration is Rs. 127,574,329 (previous year: Rs.83,852,364). The Consequential impact of the above matter on the loss for the year ended 31 March 2011 and the retained earnings as at 31 March 2011 is indeterminable; and*



8. As stated in note 11 of Schedule 21 to the financial statements, a subsidiary and a step down subsidiary based on agreements with customers have recognised revenue from sale of Certified Emission Reductions (CERs) units amounting to Rs. 85,954,733, although the entities as of the balance sheet date are yet to obtain the necessary approvals for such CER units from regulatory authorities. Accordingly, the revenue from sale of CERs and Sundry debtors balance is overstated by Rs. 85,954,733, with a consequential impact on the loss for the year and balance in profit and loss account.
9. In our opinion and to the best of our information and according to the explanations given to us, *subject to the matters set out at paragraph 7 and 8 above*, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;
 - (ii) in the case of Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
 - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

for **B S R and Co.**

Chartered Accountants

Firm registration No. : 128901W

for **Visweswara Rao & Associates**

Chartered Accountants

Firm registration No. : 005774S

Zubin Shekary

Partner

Membership No: 48814

Place : Hyderabad

Date : 11 July 2011

A.S.Naidu

Partner

Membership No: 208582

Place : Hyderabad

Date : 11 July 2011



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011
 (All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Schedule No.	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	766,329,600	766,329,600
Reserves and surplus	3	592,455,736	658,929,232
		1,358,785,336	1,425,258,832
Loan funds			
Secured loans	4	2,215,284,093	1,749,494,396
Unsecured loans	5	517,424,141	334,147,849
		2,732,708,234	2,083,642,245
Minority interest			
		780,525,718	281,853,118
Total		4,872,019,288	3,790,754,195
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	3,175,485,459	1,958,118,699
Less: Accumulated depreciation		(668,049,541)	(534,134,825)
Net block		2,507,435,918	1,423,983,874
Capital work-in-progress		1,600,176,634	1,982,133,854
		4,107,612,554	3,406,117,728
Investments			
	7	159,400	159,400
Current assets, loans and advances			
Inventories	8	90,818,769	138,922,259
Sundry debtors	9	1,300,212,150	611,047,736
Cash and bank balances	10	43,342,030	31,747,424
Loans and advances	11	379,540,714	158,678,997
		1,813,913,663	940,396,416
Current liabilities and provisions			
Current liabilities	12	1,041,573,442	550,940,454
Provisions	13	8,092,887	4,978,895
		1,049,666,329	555,919,349
Net current assets			
		764,247,334	384,477,068
Total		4,872,019,288	3,790,754,195
Significant accounting policies	1		
Notes to the consolidated accounts	21		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account, Balance Sheet. As per our report attached.

for **B S R and Co**
 Chartered Accountants
 Firm Registration Number : 128510W

for **Visweswara Rao & Associates**
 Chartered Accountants
 Firm Registration Number : 005774S

for **Suryachakra Power Corporation Limited**

Zubin Shekary
 Partner
 Membership No.: 48814

A.S.Naidu
 Partner
 Membership No.: 208582

Dr. S.M. Manepalli
 Managing Director

M. Seshavatharam
 Director

G. V. Suresh Kumar
 Company Secretary

V. L. Narasimha Rao
 Chief Financial Officer

Place : Hyderabad
 Date : 11 July 2011

Place : Hyderabad
 Date : 11 July 2011



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011
 (All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Schedule	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
INCOME			
Income from sale of electricity		1,620,988,739	1,599,869,041
Income from trading of goods		29,193,337	914,635,457
Income from sale of Carbon Emmission Reductions (refer note 11 of Schedule 21)		85,954,733	-
Other income	15	53,833,540	43,717,904
		1,789,970,349	2,558,222,402
EXPENDITURE			
Cost of traded goods sold	16	-	890,095,534
Personnel costs	17	27,303,349	24,079,805
Electricity generation expenses	18	1,431,483,061	1,286,070,003
Administrative and other expenses	19	47,943,988	47,659,814
Finance charges	20	236,707,245	146,355,439
Depreciation	6	134,207,231	124,233,739
Miscellaneous expenses written off (Refer note 14 of Schedule 21)	14	-	5,796,313
		1,877,644,874	2,524,290,647
Profit/(loss) before exceptional items, tax and minority interest		(87,674,525)	33,931,755
Exceptional item (Refer note 15 of Schedule 21)		-	44,184,594
Loss before tax		(87,674,525)	(10,252,839)
Loss before tax from continuing operations		(101,055,503)	(20,735,975)
Provision for tax			
- Current tax		7,333,188	8,006,867
- MAT credit entitlement		(850,472)	(5,988,914)
Loss after tax from continuing operations before minority interest		(107,538,219)	(22,753,928)
Profit before tax from discontinued operation		13,380,978	10,483,136
Provision for tax			
- Current tax		2,666,896	2,405,800
- MAT credit entitlement		-	(2,366,273)
Profit after tax from discontinued operation		10,714,082	10,443,609
Loss for the year before minority interest		(96,824,137)	(12,310,319)
Minority interest		(30,176,258)	(182,909)
Profit/(loss) for the year		(66,647,879)	(12,493,228)
Balance in profit and loss account brought forward		96,227,740	108,720,968
Balance in profit and loss account carried forward to balance sheet		29,579,861	96,227,740
Earning/ (loss) per share (equity shares, par value of Rs. 10 each) - Basic and Diluted 21(4)		(0.87)	(0.16)
Significant accounting policies	1		
Notes to the consolidated accounts	21		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account, Balance Sheet.
As per our report attached.

for **B S R and Co**
Chartered Accountants
Firm Registration Number : 128510W

for **Visweswara Rao & Associates**
Chartered Accountants
Firm Registration Number : 005774S

for **Suryachakra Power Corporation Limited**

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

M. Seshavatharam
Director

G. V. Suresh Kumar
Company Secretary

V. L. Narasimha Rao
Chief Financial Officer

Place : Hyderabad
Date : 11 July 2011

Place : Hyderabad
Date : 11 July 2011



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011
 (All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
Cash flows from operating activities		
Net profit before tax	(87,674,525)	(10,252,839)
Adjustments for:		
Depreciation	134,207,231	124,233,739
Interest income	(46,431,110)	(30,880,458)
Interest expense	236,707,245	146,355,439
Profit on sale of fixed assets	-	(62,500)
Miscellaneous expenses written off	-	5,796,313
Unrealised foreign exchange gain / (loss)	(648,693)	(8,344,613)
Insurance claims written off	-	44,184,594
Advances written off	-	2,083,586
Fixed assets written off	1,976,115	3,402,005
Operating cash flows before working capital changes	238,136,263	276,515,266
(Increase)/decrease in inventories	48,103,490	(28,854,624)
(Increase)/decrease in Sundry Debtors	(645,442,449)	(162,187,915)
(Increase)/ decrease in loans and advances	(223,337,300)	(25,933,326)
Increase/(decrease) in current liabilities	416,354,827	196,161,416
Cash generated from operations	(166,185,169)	255,700,817
Income taxes paid/ (refund)	(7,242,591)	(1,899,894)
<i>Net cash generated from operating activities</i>	(173,427,760)	253,800,923
Cash flows from investing activities		
Investment in significant interest entity	-	(159,400)
Share application money paid/Received	(1,368,767)	(11,600,000)
Refund of share application money	4,086,558	165,897,461
Interest received	3,355,656	1,205,202
(Increase) / Decrease in foreign currency translation reserve	(26,877)	-
Increase / (Decrease) in Capital reserve	201,260	-
Proceeds from sale of fixed assets	81,627,529	62,500
Purchase of fixed assets	(843,863,767)	(878,678,358)
Purchase of minority interest	-	(83,971,692)
<i>Net cash used in investing activities</i>	(755,988,408)	(807,244,287)
Cash flows from financing activities		
Share application money Received / Minority	528,848,857	-
Proceeds from borrowings, net	641,675,464	289,724,924
Interest paid	(229,513,545)	(280,004,533)
Issue of shares in subsidiary, net of share issue expenses	-	381,806,728
<i>Net cash generated from financing activities</i>	941,010,776	391,527,119
Net increase / (decrease) in cash and cash equivalents	11,594,608	(161,916,245)
Cash and cash equivalents at the beginning of the year	31,747,422	193,663,667
Cash and cash equivalents at the end of the year	43,342,030	31,747,422
Components of cash and cash equivalents as at (Refer Schedule 10)	31.03.2011	31.03.2010
Cash in hand	2,817,794	1,328,070
Balances with scheduled banks		
- in current accounts	11,088,661	2,574,296
- in deposit accounts	29,435,575	27,845,058
	43,342,030	31,747,424

As per our report attached.

for **B S R and Co**
 Chartered Accountants
 Firm Registration Number : 128510W

for **Visweswara Rao & Associates**
 Chartered Accountants
 Firm Registration Number : 005774S

for **Suryachakra Power Corporation Limited**

Zubin Shekary
 Partner
 Membership No.: 48814

A.S.Naidu
 Partner
 Membership No.: 208582

Dr. S.M. Manepalli
 Managing Director

M. Seshavatharam
 Director

G. V. Suresh Kumar
 Company Secretary

V. L. Narasimha Rao
 Chief Financial Officer

Place : Hyderabad
 Date : 11 July 2011

Place : Hyderabad
 Date : 11 July 2011



SURYACHAKRA POWER CORPORATION LIMITED

Schedules to the consolidated balance sheet and profit and loss account

Schedule 1: Significant accounting policies

A. Description of the Group

Suryachakra Power Corporation Limited (“the Company”/ “SPCL”) together with its subsidiaries (collectively referred to as “the Group”/ “Suryachakra Group”) is headquartered in Hyderabad, India. The Group operates various power plants in India which generates electricity using diesel / biomass. The Company is also in the process of setting up power plants in Maharashtra, Chattisgarh and Andhra Pradesh which will generate electricity from biomass / coal. The Company’s shares trade on Bombay Stock Exchange since July 2007.

SPCL’s subsidiary and step-down subsidiaries are listed below:

Entity	Percentage holding (%)	Country of Incorporation
Subsidiary		
• Suryachakra Energy (Chhattisgarh) Private Limited (from 5 March 2011)	100	India
• Suryachakra Global Ventures Limited (from 26 January 2011)	100	Hong Kong
• Suryachakra Global Enviro Power Limited (SGEPL)*	77.99	India
Step down subsidiaries of SGEPL		
• South Asian Agro Industries Limited (SAAIL)**	100	India
• M.S.M Energy Limited (MSM)**	100	India
• Sri Panchajanya Power Private Limited (SPPPL)**	100	India

*Formerly Lahari Power and Steel Limited and a 100% subsidiary till 20 January 2010.

**Subsidiary till 20 January 2010

B. Significant accounting policies

1. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented in accordance with the Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India. The financial statements are presented in Indian rupees.

2. Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

3. Principles of consolidation

The consolidated financial statements include the financial statements of Suryachakra Power Corporation Limited, the parent company and all of its subsidiaries, in which the Company has more than one-half of the voting power of an enterprise or where the Company controls the composition of the board of directors.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses



resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

- The excess / deficit of cost to the parent company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made is recognised in the financial statements as goodwill / capital reserve. The parent company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.
- Minority interest in the net assets of consolidated subsidiaries consists of:
 - (a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - (b) The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4. Fixed assets and depreciation

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. The cost of fixed assets also includes exchange differences arising in respect of foreign currency loans taken on other liabilities incurred before 1 April 2004 for the purpose of their acquisition and constitution.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under Capital work-in-progress.

Depreciation

The Ministry of Corporate Affairs has issued a notification dated 31 May 2011 which prescribes the Companies engaged in the generation or supply of electricity as mentioned under section 616 (c) of the Companies Act, 1956 are allowed to follow rates prescribed for depreciation as per Electricity Act, 2003. Govt. of India, Ministry of Power vide resolution dated 6th January 2006, has notified Tariff Policy in terms of section 3 of the Electricity Act, 2003. The said Tariff Policy inter alia provides that rates of depreciation as notified by Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariffs as well as accounting. CERC, while notifying regulation vide Notification, dated 19-1-2009, in exercise of power conferred under section 178 of the Electricity Act, 2003, has also notified the rates of depreciation as well methodology for computing such depreciation and Depreciation is to be provided up to 90% of the cost of asset, based on straight line method of calculating the depreciation.

Depreciation on fixed assets is provided using the straight line method at the rates determined as being the higher of those specified in Schedule XIV to the Companies Act, 1956 and the rate notified by the CERC (as per the above notification). The management believes that these rates reflect their estimates of the useful lives of these assets. Depreciation is calculated on a pro-rata basis from the date of installation till the assets are sold or disposed.

5. Goodwill

Goodwill arising on consolidation is not amortised. It is tested for impairment on a periodic basis and written-off if found impaired.

6. Inventory

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	First-in-first-out (FIFO)
Stores, spare parts and consumables	First-in-first-out (FIFO)



7. Revenue recognition

- a) The Group's revenue from sale of electricity excluding of revenue from sale of electricity in SPCL is recognized on accrual basis as per the terms and conditions specified in the Power Purchase Agreement (PPA) entered with the respective State Electricity Boards and orders passed by the respective State Electricity Regulatory Commissions. The SPCL's revenue from sale of electricity is based on the Power Purchase Agreement (PPA) entered into with Andaman and Nicobar (A & N) Administration. The PPA is for a period of 15 years and contains a set of pre-defined formulae for calculation of revenue to be billed on a monthly basis. Such billings as per the terms of the PPA include a fixed charge payment, a variable charge payment, incentive payment, foreign exchange adjustment and charge in law adjustment. The revenue from sale of electricity is recognized on the basis of billing to A&N Administration as per the terms and conditions contained in the PPA.
- b) Revenue from trading of goods, where the Company acts as an agent are recognised when the related services are performed which coincides with the dispatch of the goods to the customer.
- c) Income from interest on deposits is recognised on the time proportionate method using the underlying interest rates.

8. Foreign currency transactions (continued)

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange difference arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account except that exchange differences arising in respect of any loan taken or other liabilities incurred before 1 April 2004 for the purpose of acquisition or construction of fixed assets are adjusted to the carrying amount of fixed assets.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. Non monetary assets are recorded at the rates prevailing on the date of transaction.

9. Taxation

Income tax expense comprises current tax and deferred tax.

Current tax

The current charge for income-taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income, which originate during the year but reverse after the tax holiday period. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably / virtually certain to be realized.

The break-up of the deferred tax assets and liabilities as at the balance sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has a legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

(MAT) credit entitlement represents amounts paid in a year under Section 115 JAA of the Income Tax Act 1961 ('IT Act'), in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward for set off against future tax payments for ten succeeding years in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT



Credit entitlement”, under “Loans and Advances” in balance sheet with a corresponding credit to the profit and loss account, as a separate line item. Such assets are reviewed as at each balance sheet date and written down to reflect the amount that will not be available as a credit to be set off in future, based on the applicable taxation law then in force.

10. Investments

Long-term investments are carried at cost less any other-than temporary diminution in value, determined separately for each individual investment.

11. Retirement benefits

Contribution payable to an approved gratuity fund (a defined benefit plan), determined by an independent actuary at the balance sheet date are charged to profit and loss account Provision for compensated absences is made on the basis of actuarial valuation as at the balance sheet date, carried out by an independent actuary. All actuarial gain and losses arising during the year are recognized in the profit and loss account of the year.

Contributions to the recognized provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

12. Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset taken on lease or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases that do not transfer substantially the risks and rewards of ownership are classified as operating leases and recorded as expenses in the statement of profit and loss account on a straight line basis over the lease term.

13. Earnings per share

The basic earnings per share (“EPS”) is computed by dividing the net profit after tax attributable to equity shareholders, for the year by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

14. Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account of that year. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

15. Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
Schedule 2: Share capital		
<i>Authorised</i>		
150,000,000 (previous year : 90,000,000) equity shares of Rs. 10 each	1,500,000,000	900,000,000
	1,500,000,000	900,000,000
<i>Issued, subscribed and paid-up</i>		
76,632,960 (previous year : 76,632,960) equity shares of Rs.10 each fully paid	766,329,600	766,329,600
	766,329,600	766,329,600
Schedule 3: Reserves and surplus		
<i>Securities premium account</i>		
Balance at the beginning of the year	462,275,135	501,750,000
<i>Less:</i> Utilised during the year towards adjustment of unamortised public issue expenses (refer note 14 of schedule 21)	-	(39,474,865)
	462,275,135	462,275,135
Capital reserve (refer note 15 of Schedule 21)	100,627,617	100,426,357
Foreign currency translation reserve	(26,877)	-
<i>Profit and loss account</i>		
Balance in consolidated profit and loss account	29,579,861	96,227,740
	592,455,736	658,929,232
Schedule 4: Secured loans		
<i>From banks</i>		
<i>Term loans:</i>		
State Bank of India (Kolkata) Rupee loan (Note 1)	29,893,275	45,049,875
State Bank of India (Kolkata) Corporate Loan (Note 1)	-	12,689,944
State Bank of India (Frankfurt, Germany) (Note 1)	27,348,125	43,447,250
Syndicate Bank (Note 2)	269,867,231	274,506,859
Andhra Bank (Note 3)	-	57,503,457
State Bank of Hyderabad (Note 3)	-	69,985,975
State Bank of India (Note 3)	194,034,960	70,155,300
State Bank of Hyderabad (Note 4)	188,348,673	177,151,479
IDBI Bank (Note 4)	184,062,700	100,000,000
State Bank of India (Note 4)	-	175,817,795
United bank of India (Note 5)	-	127,405,533
UCO Bank (Note 5)	-	127,488,263
IDBI Bank (Note 6)	66,750,000	56,004,484
IDBI Bank (Note 7)	51,257,238	30,000,000
IDBI Bank (Note 8)	51,261,947	30,000,000
India Bulls Infra structure Limited (Note 9)	711,048,231	-
<i>Hypothecation loans (Note 10)</i>	4,238,761	3,005,946
<i>Working capital demand loan:</i>		
- State Bank of India (Kolkata), Cash credit (C.C) (Note 11)	179,213,271	182,157,952
- State Bank of India (C.C) (Note 12)	100,699,708	60,697,347
- United Bank of India C.C(Note 13)	-	28,781,838
- State Bank of India (Kolkata) (C.C) (Note 14)	-	25,948,822
- IDBI-Cash Credit (Note 15)	86,590,152	-
- Syndicate bank -Cash Credit (Note 16)	40,530,804	-
<i>From other than banks</i>		
- SREI Equipment Finance Private Limited (Note 1)	30,139,017	51,696,277
	2,215,284,093	1,749,494,396



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Notes:

- 1 The above term loans are secured by first charge on all immovable assets, present and future of Suryachakra Power Corporation Limited (SPCL) on paripassu basis right, title and interest in the leasehold land/ project documents, second charge on current assets, pledge of 7,937,388 shares held by promoters and personal guarantee of Managing Director of SPCL for Rupee Loans and State Bank of India (Frankfurt, Germany) Foreign Currency loan.
- 2 Primarily secured by unregistered equitable mortgage on lease hold rights on land at Hingoli and buildings, hypothecation of plant and machinery, equipment and other assets, first charge on receivables, first charge on DSRA account and collateral security by way of equitable mortgage of properties of the directors and their relatives, pledge of 4,734,000 equity shares of Sri Panchajanya Power Private Limited (SPPPL) held by SGEPL and pledge of 1,560,000 equity shares in SPCL held by promoters.
- 3 Primarily secured by first charge on plant and machinery, equitable mortgage of free hold factory land and building of Suryachakra Global Enviro Power Limited (SGEPL) on paripassu basis with other term lenders in the consortium and collateral security by way of pledge of 2,276,707 shares of SPCL held by promoters, 4,300,200 equity shares of SGEPL held by SPCL, equitable mortgage of certain properties owned by promoters and their relatives and guarantee of promoters.
- 4 Primarily secured by paripassu first charge on the fixed assets and receivables of the M.S.M Energy Limited (MSM) along with both present and future and equitable mortgage on 24.35 acres of land at Kolhapur and 20.38 acres of land at Borwand village, collateral security by way of equitable mortgage of properties of the directors of MSM and their relatives, pledge of 10,027,800 equity shares of MSM held by SGEPL and pledge of 200,000 equity shares in SPCL held by promoters, guarantee by some of promoters and their relatives and equitable mortgage of certain properties of promoters.
- 5 Primarily secured by equitable mortgage of factory land and building, plant and machinery of South Asian Agro Industries Limited (SAAIL), hypothecation of movable assets of SAAIL on paripassu basis with other members in the consortium, personal guarantees of promoters, equitable mortgage of certain property held by promoters and pledge of 3,000,000 equity shares of SAAIL held by SGEPL.
- 6 Primarily secured by first charge on the receivables on sale of carbon credits of MSM and collateral security by way of pledge of 20% equity shares of MSM held by the promoters and personal guarantee of promoters of SPCL and their relatives.
- 7 Primarily secured by first charge on the receivables on sale of carbon credits of SGEPL and collateral security by way of pledge of 25% equity shares of SGEPL held by the promoters, pledge of 50,000 equity shares of SPCL and personal guarantee of promoters of SPCL and their relatives.
- 8 Primarily secured by first charge on the receivables on sale of carbon credits of SAAIL and collateral security by way of pledge of 25% equity shares of SAAIL held by the promoters, pledge of 50,000 equity shares of SPCL and personal guarantee of promoters of SPCL and their relatives.
- 9 The above loan is secured by way of first charge on the fixed assets of the 9.8 M.w. biomass based power plant located at champa, chhatisgarh. Pledge of 25% share capital of SGEPL and 30,05,125 shares in SAAIL held by suryachakra power corporation limited, security interest by way assignment/ hypothecation on the power purchase agreement entered into between the company and the chhatisgarh state power distribution company limited.
- 10 Vehicles and other equipment have been obtained on finance lease basis and are secured by way of hypothecation of respective assets.
- 11 Secured by first charge on all current assets, present and future, second charge on all fixed assets of SPCL and personal guarantee of the Managing Director.
- 12 Secured by hypothecation of stocks, stores and spares, consumables and receivables and equitable mortgage of factory land and buildings, plant and machinery and other fixed assets of the company both present and future of SPCL on paripassu basis with other lenders and collateral security by way of equitable mortgage of properties of the directors and their relatives.
- 13 Primarily secured by hypothecation first charge of raw materials, stocks, stores and spares, consumables and receivables of SAAIL.



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

14. Primarily secured by hypothecation of stocks and receivables of SGEPL and collateral security by way of second charge by way of pledge of 2,276,707 shares of SPCL held by promoters and 4,300,200 equity shares of SGEPL held by SPCL and equitable mortgage of certain properties owned by promoters and their relatives and guarantee of promoters.
15. Secured by first and second charge on the entire current assets of M.S.M. Energy Limited both present and future located at Borwand village, Parbhani and Kolhapur village and Amaravati district in the State of Maharashtra and personal guarantees of Directors and their relatives.
16. Secured by first charge on all current assets and fixed assets both present and future of Sri Panchjanya Power Private Limited (SPPPL), second charge on all fixed assets of SPPPL at Limbala, Maharashtra admeasuring 335,612 sq.mts and building constructed thereon.

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
Schedule 5: Unsecured loans		
<i>From banks</i>		
Term loan from Kotak Mahindra Bank*	3,843,322	1,386,584
<i>From other than banks</i>		
Term loan		
- Loan from A&N Administration	20,941,188	7,429,019
- Bajaj Auto Finance Limited	525,304	-
- Tata Capital Limited	4,892,340	-
- India Bulls Financial Services	1,293,855	-
Working capital loan - Short Term		
- Global Trade Finance Limited	263,243,241	325,172,846
- Managing director	-	159,400
-Director	2,265,000	-
Inter corporate deposits*	220,419,891	-
	517,424,141	334,147,849

* The amount repayable within a period of one year is Rs.496,482,953 (previous year : Rs. 326,559,430).



Schedules to the consolidated balance sheet (continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 6: Fixed assets

Particulars	Gross Block			Depreciation			Net Block		
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	As at 1 April 2010	For the year	Deletions/ Adjustments	As at 31 March 2011	As at 31 March 2010
Tangibles									
Land and site development	97,217,207	479,820	-	97,697,027	30,748,776	4,559,251	-	62,389,000	66,468,431
Buildings and roads	384,715,134	262,359,773	2,458,600	644,616,307	75,085,157	36,389,655	482,485	533,623,980	309,629,977
Plant and machinery	1,417,323,346	1,024,890,114	81,580,181	2,360,633,279	409,727,356	87,800,542	(190,031)	1,862,915,350	1,007,595,990
Computers and Equipments	6,923,670	1,080,008	-	8,003,678	6,438,899	392,996	-	1,171,783	484,771
Furniture and fittings	5,391,144	6,290,457	-	11,681,601	3,835,167	539,867	-	7,306,567	1,555,977
Office equipment	11,247,009	5,061,740	-	16,308,749	3,428,663	1,511,464	-	11,368,622	7,818,346
Vehicles	28,651,497	1,291,038	47,409	29,895,126	4,870,807	3,013,456	61	22,010,924	23,780,690
Intangibles									
Good will on consolidation	6,649,692	-	-	6,649,692	-	-	-	6,649,692	6,649,692
Total	1,958,118,699	1,301,452,950	84,086,190	3,175,485,459	534,134,825	134,207,231	292,515	2,507,435,918	1,423,983,874
Previous year	1,897,064,564	80,431,286	19,337,151	1,958,118,699	411,802,861	124,233,739	1,901,775	1,423,983,874	

Notes:

- Adjustment includes the foreign exchange gain on foreign currency loans taken before 1 April 2004, for the purpose of acquisition/ construction of fixed assets, adjusted to the cost of fixed assets amounting to Rs. 118,943 (Previous year: foreign exchange gain of Rs. 14,073.371)
- During earlier years, in view of the uncertainty of receipt of the claims made, the Company had capitalised as part of the cost of the respective fixed assets, certain excise and countervailing duties eligible for refund under the Foreign Trade Policy. During the year ended 31 March 2011, the Company received such refunds from the authorities. Such refund of duties, net of expenses incurred, amounting to Rs. 81,461,238 have been adjusted against the cost of the respective fixed asset. In accordance with Accounting Standard 6 (Depreciation), the revised unamortised depreciable amount will be depreciated prospectively over the residual useful life of the respective fixed assets.
- Total Capital work-in-progress (including capital advances) as on 31 March 2010 of Rs. 316,814,840 includes borrowing cost capitalised of Rs. 93,388,592. Such borrowing costs capitalised during the current year is Rs. 37,515,580 (previous year: Rs. 44,706,063).
- Also refer note 17 of Schedule 20



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
Schedule 7: Investments <i>(Long term (Non-trade) at cost, unless otherwise stated)</i>		
Suryachakra Power Venture Private Limited 15,940 (previous year: 15,940 equity shares of Rs.10 each fully paid up)	159,400	159,400
	159,400	159,400
Aggregate cost of unquoted investments	159,400	159,400
Schedule 8: Inventories		
Raw materials	46,958,513	95,830,790
Stores, spares and consumables	43,860,256	43,091,469
	90,818,769	138,922,259
Schedule 9: Sundry debtors <i>(Unsecured, considered good)</i>		
Debts outstanding for a period exceeding six months	270,120,046	16,811,228
Other debts	1,030,092,104	594,236,508
	1,300,212,150	611,047,736
Schedule 10: Cash and bank balances		
Cash in hand	2,817,794	1,328,070
Balances with scheduled banks		
- In current accounts (Note:1)	11,088,661	2,574,296
- In deposit accounts	29,435,575	27,845,058
	43,342,030	31,747,424

Notes:

- Balances with scheduled banks in current accounts includes the share application money pending refund. (Refer note 14 of Schedule 21). 159,500 159,500
- Deposits with scheduled banks include Rs. 7,702,381 (previous year Rs. 27,845,058) representing margin money for letter of credits.

Schedule 11: Loans and advances	AS AT 31.03.2011	AS AT 31.03.2010
<i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	291,100,822	75,595,901
Prepaid expenses	7,338,307	-
Advance tax, net of provision	38,247	-
MAT credit entitlement	9,205,659	8,355,187
Deposits	7,579,873	7,085,801
Interest accrued but not due	593,058	1,239,569
<i>Share application money pending allotment</i>		
Suryachakra Energy (Chattisgarh) Private Limited	-	1,080,050
Suryachakra Thermal Energy (Andhra) Private Limited	24,693,434	24,451,175
Suryachakra Thermal (Madhya Pradesh) Private Limited	38,021,314	40,871,314
Suryacharka Power Venture Private Limited	970,000	-
	379,540,714	158,678,997



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
Schedule 12: Current liabilities		
Sundry creditors		
- dues to micro and small enterprises	-	-
- others	1,018,947,970	543,495,181
Interest accrued but not due on loans	357,661	554,486
Other current liabilities	12,884,683	6,890,787
Book overdraft	9,383,128	-
	1,041,573,442	550,940,454
Schedule 13: Provisions		
Provision for compensated absences	494,321	176,069
Provision for income tax (net of advance tax)	7,598,566	4,802,826
	8,092,887	4,978,895
Schedule 14: Miscellaneous expenditure to the extent not written off		
<i>Unamortised expenses related to the Initial Public Offer</i>		
Balance at the beginning of the year	-	43,063,489
Less: Amortised during the year	-	(3,588,624)
Less: Adjusted to the securities premium balance (Refer note 14 of Schedule 21)	-	(39,474,865)
	-	-
<i>Share issue expenses</i>		
Balance at the beginning of the year	-	1,225,206
Add: Expenses incurred during the year	-	982,483
	-	2,207,689
Less: Amortised during the year	-	(2,207,689)
	-	-
Total	-	-



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 15: Other income		
Interest income		
- on deposits and others (tax deducted at source : Rs. 167,371; previous year Rs. 479,557)	2,709,145	2,377,074
- on overdue debts from A&N Administration	43,721,965	28,503,384
Profit on sale of assets	-	62,500
Foreign exchange difference (net)	648,693	8,344,613
Miscellaneous income	6,753,737	4,430,333
	53,833,540	43,717,904
Schedule 16: Cost of traded goods sold		
Finished goods - traded		
Opening stock	-	9,736,744
Add: Purchases of traded goods	-	880,358,790
Cost of traded goods sold	-	890,095,534
Schedule 17: Personnel costs		
Salaries, wages and bonus	24,921,885	22,278,627
Contributions to provident and other funds	1,612,022	1,234,135
Staff welfare expenses	769,442	567,043
	27,303,349	24,079,805
Schedule 18: Electricity generation expenses		
Raw materials consumed	1,363,529,095	1,232,250,961
Power and fuel	4,855,565	4,522,979
Repairs and maintenance		
- Buildings	6,885,313	4,586,079
- Machinery	429,985	326,554
- Others	817,813	314,428
Operation and maintenance expenses	45,065,881	40,007,579
Stores and spares consumed	9,899,409	4,061,422
	1,431,483,061	1,286,070,003
Schedule 19: Administrative and selling expenses		
Rent	4,396,180	3,013,287
Rates and taxes	5,463,632	1,268,589
Repairs and maintenance		
- Building	182,000	3,145,982
- Others	877,820	1,847,861
Travelling and conveyance	4,524,394	6,749,337
Insurance expenses	10,308,553	8,040,361
Printing and stationery	1,235,075	1,438,789
Legal and professional charges	13,030,789	7,025,129
Communication expenses	1,632,537	2,220,912
Director's sitting fees	214,000	257,000
Advances written off	-	2,083,586
Customer claims	-	5,047,160
Fixed assets written off	1,976,115	3,402,005
Miscellaneous expenses	4,102,893	2,119,815
	47,943,988	47,659,813
Schedule 20: Financial charges		
Interest expenses		
- Term loans	132,288,829	78,776,241
- Working capital loans	48,284,430	42,105,492
- Others	37,470,892	8,923,614
Bank charges	18,663,094	16,550,092
	236,707,245	146,355,439



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

1. (a) Capital commitments and contingent liabilities:

Particulars	As at 31.03.2011	As at 31.03.2010
i. Letter of credit outstanding	29,700,000	172,329,266
ii. Estimated amount of contracts necessary to be executed on capital amount not provided for (net of advances)	5,184,994,131	5,892,133,150
iii. Liquidated damages for delay in commencement of commercial operations	31,570,000	31,570,000
iv. Claims made against the Company by suppliers and not accepted by the Company	-	860,162
v. Guarantees issued by Sri Panchajanya Power Private Limited (step down subsidiary)	-	500,000

2. (a) SPCL's revenue from sale of electricity is based on the Power Purchase agreement (PPA) entered into the Andaman and Nicobar (A & N) Administration. The PPA is for a period of 15 years and contains a set of pre-defined formulae for calculation of the revenue to be billed on a monthly basis. Such billings as per terms of the PPA include a fixed charge payment, a variable charge payment, incentive payment, foreign exchange adjustment and change-in-law adjustment.
- (b) SPCL, for the purpose of determining the fixed charge monthly billings, invoices the A & N Administration based on the capital cost as envisaged in the PPA. Pending final confirmation of actual capital expenditure, no adjustment is made to the revenue. Such adjustments, if any will be made in the period in which the amount becomes determinable and is confirmed by the A & N Administration.
- (c) Group's revenue for the year ended 31 March 2011 include an amount of Rs. 59,494,972 (Previous year: Rs. 47,835,455) billed by SPCL as variable charge payment under the PPA, which has been rejected/ withheld by the A & N Administration on the grounds of the technical interpretation of the formulae for computation of such charges. The Company also has receivables amounting to Rs. 85,904,780 as at 31 March 2011 (Previous year: Rs. 118,640,315) on account of such rejections/ amounts withheld. Further, the Group has accrued interest on such unpaid invoices amounting to Rs. 43,721,965 for the year ended 31 March 2011 (Previous year: Rs. 28,503,384). Total Interest accrued on such disagreements and included in the total receivables as at 31 March 2011 is Rs. 127,574,329 (Previous year: Rs. 83,852,364).
- (d) The Group believes that the amounts billed including interest thereon are recoverable based on the interpretation that can be inferred from the formulae contained in the Power Purchase Agreement.

3. Deferred taxes

The Company, its subsidiary and step down subsidiaries enjoy the tax holiday under section 80-IA of Income Tax Act, 1961. Based on the assessment carried out by the Company of timing differences as of 31 March 2011, the Company believes that such timing differences will reverse within the tax holiday period. Accordingly, no deferred tax has been recognised in the consolidated financial statements of the Group as on 31 March 2011.

4. Earnings per share (EPS)

The computation of earnings per share is set out below:

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
<i>Earnings</i>		
Loss after tax for the year	(66,647,879)	(12,493,228)
<i>Shares</i>		
Number of equity shares at the beginning and as of end of the year	76,632,960	76,632,960
Weighted average number of equity shares considered for computation of basic and diluted EPS	76,632,960	76,632,960
<i>Loss per share of par value Rs.10 - Basic and Diluted (Rs.)</i>	(0.87)	(0.16)

The Company has no potentially dilutive equity shares outstanding during the year.

5. Related parties

- (a) There are no related parties over which the Group has control.
- (b) Related parties where significant influence exists and with whom transactions have taken place during the year as follows:
- (i) **Key Management Personnel (KMP) represented on the Board of Directors (including Executive Directors in subsidiaries and step-down subsidiaries)**
- Dr. S.M. Manepalli - Managing Director
 - M.Seshavatharam - Director
(Son of Dr. S.M Manepalli)
 - K. Satyanarayana - Director



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)
 (All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

- (ii) **Enterprises over which Key Managerial Personnel has significant influence**
- Suryachakra Thermal Energy (Andhra) Private Limited
 - Suryachakra Thermal (Chattisgarh) Private Limited (till 4 March 2011)
 - Suryachakra Thermal (Madhya Pradesh) Private Limited
 - Suryachakra Power Venture Private Limited
 - Namratha Bizili Private Limited
 - Suryachakra Energy & Infrastructure Private Limited
- (iii) **Non-executive on the Board of Directors in**
- Mr. P. K. Bhattacharjee
 - Mr. Mahesh Chand
 - Mr. K. Satyanarayana (Executive Director in a subsidiary)
 - Mr. V. S. Murthy
 - Commodore K. V. Subramaniam, YSM (Retd.)
 - Mr. M. Seshavatharam (Executive Director in a subsidiary)
 - Mr.A.Ramesh Kumar (from 10 August 2010)
 - Mr. K.B.Trehan (11 November 2010)
 - Mr.P.Visweswara Rao,IAS (Retd.) (from 22 November 2010)
- (c) Particulars of related party transactions and balances

A) Following is a summary of related party transactions:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
(i) Remuneration to Key Management Personnel/ Non-executive Directors		
a) Managerial Remuneration to KMP (including executive directors in subsidiaries and step-down subsidiaries)		
- Suryachakra Power Corporation Limited		
Dr. S. M. Manepalli	3,859,200	3,859,200
- Suryachakra Global Enviro Power Limited		
M. Seshavatharam	1,800,000	750,000
K. Satyanarayana	-	595,000
- South Asian Agro Industries Limited		
M. Seshavatharam	1,800,000	1,800,000
- MSM Energy Limited		
M. Seshavatharam	-	1,050,000
K. Satyanarayana	1,020,000	425,000
b) Sitting fees to Non-executive directors	214,000	257,000
(ii) Unsecured loan received from KMP	2,265,000	1,450,872
Repayment of Unsecured loan to KMP	159,400	5,000,000
(iii) Share application money paid		
- Suryachakra Energy (Chattisgarh) Private Limited	-	-
- Suryachakra Thermal Energy (Andhra) Private Limited	398,767	-
- Suryachakra Thermal (Madhya Pradesh) Private Limited	-	11,600,000
- Suryachakra Power Venture Private Limited	970,000	-
(iv) Refund of share application money		
- Suryachakra Energy (Chattisgarh) Private Limited	1,047,825	38,919,950
- Suryachakra Thermal Energy Andhra Private Limited	156,508	68,448,825
- Suryachakra Thermal (Madhya Pradesh) Private Limited	2,850,000	58,528,686
(v) Investment in significant interest entities		
- Suryachakra Power Venture Private Limited	-	159,400
(vi) Purchase of minority interest in a subsidiary from significant interest entities (See note 15 of Schedule 21)	-	83,971,692
(vii) Rent paid to KMP	3,706,080	-
(viii) Rent deposit made to KMP	420,000	-



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

B) Details of related parties outstanding balances

Particulars	As at 31.03.2011	As at 31.03.2010
Remuneration payable to KMP (Included in "Current Liabilities", Schedule 12)		
-Dr. S.M, Manepalli	672,580	188,670
-M. Seshavatharam	1,053,943	225,432
-K. Satyanarayana	289,380	71,000
Unsecured loan from KMP		
Dr. S.M. Manepalli	2,265,000	159,400
Rent Payable		
Dr. S.M. Manepalli	1,965,880	-

Note 1: Share application money paid to significant interest entities and pending allotment have been disclosed under loans and advances.

6. Particulars of managerial remuneration (included in Personnel costs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Salary	3,600,000	3,600,000
Contribution to provident and other funds	259,200	259,200
Perquisites	-	-
Total	3,859,200	3,859,200

The managerial personnel are covered by the Company's gratuity policy and are eligible for leave encashment, along with other employees of the Company. The proportionate amount of gratuity and leave encashment cost pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis.

7. Auditors remuneration (excluding service tax)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Audit fees	2,567,000	1,950,000
Other matters	2,100,000	1,300,000
Reimbursement of out-of-pocket expenses	59,529	19,541
Total	4,626,529	3,269,541

8. Employee benefits

The following table sets out the status of the gratuity plan as required under AS 15 (Revised):

Reconciliation of opening and closing balance of the present value of the defined benefit obligation

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Opening defined benefit obligation	811,751	613,951
Current service cost	263,959	126,826
Interest cost	70,204	48,160
Actuarial losses / (gains)	24,836	62,095
Benefits paid	-	(39,281)
Closing defined benefit obligation	1,170,730	811,751



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

Change in the fair value of assets

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Opening fair value of plan assets	995,822	604,723
Expected return on plan assets	99,660	68,581
Contributions by employer	208,695	361,799
Benefits paid	-	(39,281)
Closing fair value of plan assets	1,304,177	995,822

Amount recognised in Balance Sheet

Particulars	As at 31.03.2011	As at 31.03.2010
Present value of funded obligations	1,170,730	811,751
Fair value of plan assets	1,304,177	995,822
Net asset/(liability)	133,447	184,071
Amounts in the balance sheet		
Net asset/(liability)	133,447	184,071

Expense recognised in statement of Profit and Loss Account

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Current service cost	263,959	97,610
Interest on defined benefit obligation	70,204	46,438
Expected return on plan assets	(99,660)	(64,945)
Net actuarial losses / (gains) recognised in the year	24,836	87,006
Expense recognised in statement on Profit and Loss account	259,339	166,109

Asset information

Category of assets	As at 31.03.2011	As at 31.03.2010
Insurer managed funds	1,304,177	995,822

Summary of actuarial assumptions

Financial assumptions at the valuation date:

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	9.52%
Salary escalation rate	4.00%	4.00%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Segment Reporting

The Group Company's business is organised and management views the performance based on the business segments as mentioned below:



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

- **Electricity sale:** This division of the Company is engaged in the generation and sale of electricity.
- **Trading of goods:** This division of the Company is engaged in the trading of goods.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

Segment policies

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

Revenue and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment. Certain expenses are not specifically allocable to individual segments and pertain to the entity as a whole and are disclosed as unallocated expenses.

Assets and liabilities are either specifically identifiable with individual segments or have been allocated to segment on a systematic basis. Assets that pertain to the entity as a whole such as income tax balances have been disclosed as unallocated assets. Liabilities other than loan balances and income tax balances have been identified against each segment or has been allocated on a reasonable basis.

Particulars	For the year ended 31 March 2011			For the year ended 31 March 2010		
	Electricity sales	Trading of goods	Total	Electricity sales	Trading of goods	Total
Revenue:						
Segment revenue	1,706,943,472	29,193,337	1,736,136,809	1,599,869,041	914,635,457	2,514,504,498
Result :						
Segment result	118,167,359	28,156,215	146,323,575	115,638,448	24,539,922	140,178,370
Add: (i) Un-allocable income			2,709,145			1,720,543
Less:						
(i) Finance charges			236,707,245			146,355,439
(ii) Other un-allocable expenditure			-			5,796,313
(iii) Prior period items			-			-
Profit / (loss) before tax and minority interest			(87,674,525)			(10,252,838)
Less: Provision for tax			9,149,612			2,057,480
Profit / (loss) before minority interest			(96,824,137)			(12,310,318)
Other information :						
Assets:						
Segment assets	5,049,594,256	862,847,454	5,912,441,710	4,089,655,551	248,662,846	4,338,318,357
Un-allocable corporate assets	-	-	9,243,906	-	-	8,355,187
Total Assets			5,921,685,616			4,346,673,544
Liabilities:						
Segment liabilities	1,136,960,254	685,103,166	1,822,063,420	670,085,222	163,492,961	833,578,183
Un-allocable corporate liabilities	-	-	2,740,836,860	-	-	2,087,836,529
Total liabilities			4,562,900,280			2,921,414,712
Non cash expenditure						
Depreciation	133,882,970	324,261	134,207,231	123,909,478	324,261	124,233,739
Capital expenditure	919,376,788	-	919,376,788	967,508,414	-	967,508,414



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

9. Discontinued operations

The Company's Board of Directors at their meeting held on 29 October 2009 approved a definitive plan wherein, its coal trading business will be transferred to a separate legal entity to enable to focus on the core business of power generation, subject to the receipt of all regulatory and other approvals. The execution of the above plan is in process and expected to be completed by October 2011 in accordance with AS 24 (Discontinuing operations), as the initial event has occurred during the year and trading business (representing trading segment) would therefore qualify as a discontinuing operation under the above accounting standard.

The following statement shows the revenue, expenses and profits of discontinuing operations

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Income		
Sale of traded goods	29,193,337	940,136,282
Expenditure		
Cost of goods sold	-	884,036,775
Personnel cost	450,495	248,881
Administrative and other expenses	262,366	5,485,618
Depreciation	324,361	324,261
Interest expense (note 1)	14,775,238	14,056,786
Profit before tax	13,380,978	10,483,136
Provision for taxes (note 2)		
- Current tax expense	2,666,896	2,405,800
- MAT credit entitlement	-	(2,366,273)
Profit after tax	10,714,082	10,443,609

The carrying value of the assets and liabilities of the discontinuing operations are as follows.

Particulars	As at 31.03.2011	As at 31.03.2010
Fixed assets (Gross block, less accumulated depreciation)	2,438,653	2,762,914
Inventories	-	-
Sundry debtors	851,985,326	225,184,324
Cash and bank balances	8,179,889	19,925,058
Loans and advances	243,586	790,326
Total assets	862,847,454	248,662,622
Less :		
Secured loans (Note 1)	-	60,697,347
Current liabilities	633,746,852	161,667,636
Other current liabilities	51,356,314	1,825,325
Total liabilities	685,103,166	224,190,308
Net assets	177,744,288	24,472,314

Note 1

Interest expense and related interest bearing liabilities have been considered as unallocable items for segment reporting in note 9 of schedule 21.

Note 2

Tax on profit on discontinuing operations have been computed under the provisions applicable for computing Minimum Alternate tax (MAT), as the tax on the total income of the Company has been computed on this basis.



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

Cash flow attributable to discontinued operation are as follows:

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Net cash used in operating activities	79,079,836	(12,843,344)
Net cash used in investing activities	-	-
Net cash generated from financing activities	(75,472,585)	40,826,198
Net increase in cash and cash equivalents	3,607,251	27,982,854

10. Subsequent to the year end, the Company has issued 3,650,000 Global Depository Receipts (GDRs) at USD 6.3 per GDR. These GDRs have been listed in the Euro MTF Market on 28 April 2011. The Company has listed the underlying 73,000,000 equity shares in Bombay Stock Exchange on 19 May 2011.
11. During the year, SGEPL and SAAIL have entered into agreements with customers for sale of units of Certified Emission Reductions (CERs) and have recognised revenue amounting to Rs. 85,954,733. These companies as of the balance sheet date are in the process of obtaining necessary approvals for such CER units from regulatory authorities. These companies are in the process of obtaining the necessary approvals for such CER units from regulatory authorities and based on the advanced stage of the process believes that these approvals would be obtained in the due course.
12. SGEPL and its subsidiaries has incurred substantial losses during the current year and has been operating its power plants below its normal capacity over the last three months primarily due to certain uncertainties arising on account of high raw material prices. The Group is in the process of identifying alternate sources of raw material to mitigate these uncertainties, which will make its power generation business economically viable and expects to operate these plants at its normal capacity by October 2011. Accordingly, the Group believes that the uncertainties are temporary and based on current projections believes that carrying values of the related fixed assets of the above mentioned companies are fully recoverable.
13. In March 2006, one of the DG Set with a capacity of 5 MW output had suffered major damages. The Company made a claim of Rs. 99,141,696 with the insurance authorities (net of allowances of Rs.5,000,000). Pending final assessment of the claim, the Company had received interim amounts totaling to Rs. 54,957,102 from the insurance company including Rs.11,829,899 during the year ended 31 March 2010. The insurance company vide its letter dated 11 May 2010 has confirmed that all the amounts paid till date are final and no claim would be payable. Accordingly, the balance amount of Rs. 44,184,594 has been written off during the current year which has been disclosed as an exceptional item.
14. During the previous year, the unamortised expenses related to the Initial Public offer of the Company amounting to Rs.39,474,865 was adjusted to the Securities Premium account. These were carried forward in the earlier years as Miscellaneous Expenditure and amortised over a period of 5 years. Had the Group followed amortised these over a period of 5 years, the loss for the year would have been higher and the accumulated profits as at 31 March 2011 would have been lower by Rs.10,765,872.
15. **Capital reserve and goodwill on consolidation**
 - (a) **Suryachakra Global Enviro Power Limited (formerly Lahari Power and Steel limited)**

SGEPL was a 100% subsidiary of SPCL as on 31 March 2009. During the previous year, Climate Change Investment (CCI) invested Rs.400,000,000 and it was allotted 22.01% equity interest in SGEPL. This resulted in a profit of Rs.100,426,357 arising on dilution of equity investment, representing the excess of the acquisition price over the interest acquired in net assets of SGEPL, which pending actual disposal of shares by the Group has been recognised in the consolidated financial statements as 'Capital Reserve' under Reserves and Surplus.



SURYACHAKRA POWER CORPORATION LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 21. Notes to the accounts (continued)

(b) Sri Panchajanya Power Private limited (SPPPL)

The Group had promoted SPPPL and with a total investment of Rs.80,478,000 as on 31 March 2009. The Group owned 51% of the equity interest as on 31 March 2009. During the previous year, the Group acquired the entire minority interest of 49% for a consideration of Rs.83,971,692. This step-up acquisition resulted in a goodwill of Rs.6,649,692, representing the difference between the acquisition price and the net assets of SPPPL, which has been recognised as goodwill in the consolidated financial statements.

16. In July 2007, the Company made a public offer of its shares to Indian Investors. There are no unutilised amounts out of such funds raised. Share application money pending refund as on 31 March 2011 is Rs. 159,500 (Previous year: Rs. 159,500).

17. During the quarter ended 31 March 2011, the Company has transferred the coal based thermal power project under development in Chhattisgarh to Suryachakra Energy (Chhattisgarh) Private Limited (SECPL) for a consideration of Rs.356,400,000, being the carrying value of the assets in the said power project against equity shares in SECPL.

18. Previous year figures

Previous years' figures have been regrouped / reclassified wherever necessary, to conform to current years' classification.

for B S R and Co.

Chartered Accountants

Firm Registration Number: 128510W

for Visweswara Rao & Associates

Chartered Accountants

Firm Registration Number: 005774S

for Suryachakra Power Corporation Limited

Zubin Shekary

Partner

Membership No.: 48814

A.S.Naidu

Partner

Membership No.: 208582

Dr. S.M. Manepalli

Managing Director

M.Seshavatharam

Director

G. V. Suresh Kumar

Company Secretary

V.L. Narasimha Rao

Chief Financial Officer

Place : Hyderabad

Date : 11 July 2011

Place : Hyderabad

Date : 11 July 2011



Statement pursuant to the direction of the Ministry of Corporate Affairs/s 212(8) of the Companies Act, 1956 vide General Circular No. 2 / 2011 dated February 08, 2011 about the financial information of the Subsidiary Companies as at March 31, 2011

(in Rs.)

Name of the Subsidiary	Suryachakra Global Enviro Power Limited	South Asian Agro Industries Ltd	M.S.M Energy Ltd	Sri Panchajanya Power Pvt Ltd	Suryachakra Energy (Chattisgarh) Pvt. Ltd	Suryachakra Global Ventures Ltd., HK*
Issued and subscribed share capital	627,079,770	120,205,000	342,600,000	157,800,000	20,000,000	6
Reserves	645,843,827	-	-	-	337,000,000	1,608
Total assets	1,995,256,847	943,458,429	1,238,553,179	566,394,904	752,032,225	418,671
Total liabilities	1,995,256,847	943,458,429	1,238,553,179	566,394,904	752,032,225	418,671
Investments (excluding investments in subsidiaries)	-	-	-	-	-	-
Turnover	107,822,335	77,140,126	13,715,916	19,634,646	-	-
Profit/(Loss) before taxation	(34,915,063)	(58,982,358)	(21,065,194)	(22,124,983)	(27,127)	(86,954)
Taxation	-	8,966	-	-	-	-
Profit/(Loss) after taxation	(34,915,063)	(58,991,324)	(21,065,194)	(22,124,983)	(27,127)	(86,954)
Proposed dividend	-	-	-	-	-	-

* Exchange rate considered as on 31.03.2011 is 1HK\$ = INR 5.73.

Note:

The Annual Accounts of the subsidiary companies and the detailed information will be made available to the investors of holding and subsidiary companies on seeking such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any investor in its head office and that of the subsidiary companies concerned. The Company shall furnish a hard copy of accounts of subsidiaries to any shareholder on demand.

**FOR THE ATTENTION OF MEMBERS**

The attention of the members is invited to the “Green Initiative in the Corporate Governance” introduced by the Ministry of Corporate Affairs by allowing the companies to service the Annual Reports and other notices / documents through electronic mode. This initiative is a step towards protection of environment and enabling faster communication with the members. Your Company has also proposed to serve all the documents to the e-mail addresses of the members, registered with the Depository Participants (DP). The members are requested to support this green initiative by registering / updating their e-mail addresses with their concerned DP to get the Annual Report etc., on such e-mail address. Members holding shares in physical form are also requested to intimate their e-mail address to the Company or its Registrar & Share Transfer Agents for this purpose.



SURYACHAKRA POWER CORPORATION LIMITED
Regd. Office : SURYACHAKRA HOUSE, Plot No. 304-L-III, Road No. 78, Jubilee Hills, Hyderabad - 500 033

ATTENDANCE SLIP

16TH ANNUAL GENERAL MEETING

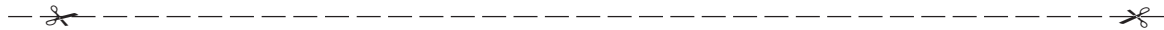
30th day of September, 2011 at 10.00 A.M.

- 1. Regd. Folio No. : _____
- 2. Client ID No. : _____
- 3. DP ID No. : _____
- 4. No. of shares held : _____
- 5. Name of the Member/Proxy : _____

I am a member/proxy for the member of the Company. I hereby record my presence at the 16th Annual General Meeting of the members of the Company at ADDA Function Hall, H.No.No.2-22-298/1/ 186-187, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad - 500 072

Signature of the Member / Proxy

Note: Please complete and sign this attendance slip and hand it over at the entrance of the hall.



SURYACHAKRA POWER CORPORATION LIMITED

Regd. Office : SURYACHAKRA HOUSE, Plot No. 304-L-III, Road No. 78, Jubilee Hills, Hyderabad - 500 033

PROXY FORM

Regd. Folio No. _____ Client ID No. _____

No. of shares held _____ DP ID No. _____

I/We _____

of _____ in the District of _____

_____ being the Member(s) of

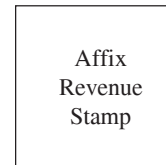
Suryachakra Power Corporation Limited hereby appoint Mr./Ms. _____ of

_____ in the District of _____

or failing him/her appoint Mr./Ms. _____ of _____ in the District of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the members of the Company to be held on 30th day of September, 2011 at 10.00 A.M. and at any adjournment thereof.

Signed this _____ day of September, 2011.



Signature of the Member(s)

Notes:

- 1. The proxy form to be effective should be duly completed in all respects and signed across the revenue stamp.
- 2. The proxy form must be deposited at the Registered Office not less than 48 hours before the time fixed for holding the meeting.
- 3. A proxy need not be a member of the Company.

Book - Post Printed Matter

If Undelivered please return to :



Suryachakra Power Corporation Limited

Regd. Office : SURYACHAKRA HOUSE,

Plot No. 304-L-III, Road No. 78,

Jubilee Hills, Hyderabad - 500 033

Tel No. : 040 - 3082 3000; Fax No. : 040 - 2354 1339;

Website : www.suryachakra.in;

E-mail : cosecretary@suryachakra.com