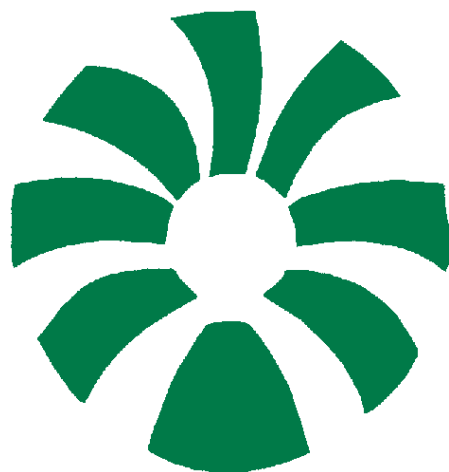


**SURYACHAKRA POWER
CORPORATION LIMITED**



**ANNUAL REPORT
2009-10**





Board of Directors	:	Mr. P.V. Rao IAS (Retd.), Chairman (resigned w.e.f. 19.06.2010) Mr. P. K. Bhattacharjee Mr. Mahesh Chand Mr. K. Satyanarayana Mr. V.S. Murthy Commodore K.V. Subramaniam YSM (Retd.) Mr.A.Ramesh Kumar (w.e.f. Aug 10, 2010) Mr. Venkata Raju Thontepu (w.e.f. May 28, 2010) Mr. M. Seshavatharam Dr. S.M. Manepalli , Managing Director
Company Secretary	:	Mr. G. V. Suresh Kumar
Audit Committee	:	Mr. P. K. Bhattacharjee , Chairman Mr. V.S. Murthy Mr. M. Seshavatharam
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 Associates Chartered Accountants Reliance Humsafar, IV Floor, Road No. 11, Banjara Hills Hyderabad - 500034
Banker	:	State Bank of India
Registered 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 15th Annual General Meeting of the Members of Suryachakra Power Corporation Limited will be held on Thursday the 30th day of September, 2010 at 10.30 A.M. at ADDA Function Hall, H.No.2-22-298/1/ 186-187, IVth 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, 2010 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. Mahesh Chand, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.M.Seshavatharam, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration

To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution.

“RESOLVED THAT M/s. Visweswara Rao & Associates and M/s. B S R and Co, Chartered Accountants be and are hereby appointed as Joint 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. Venkata Raju Thontepu 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 an Ordinary Resolution:

“RESOLVED THAT Mr. A. Ramesh Kumar be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

Place: Hyderabad
Date: August 10, 2010

**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. The Register of Members and Share Transfer Books of the Company will remain closed **from 28.09.2010 to 30.09.2010 (both days inclusive)**.
4. 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**.
5. 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.
6. Members are requested to bring admission slip duly filled in along with the copy of Annual Report to the Meeting.
7. 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.
8. Brief Particulars of the Directors seeking re-appointment at this Annual General Meeting is annexed to the notice.

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

Mr. Venkata Raju Thontepu, who was appointed by the Board of Directors as an additional Director on May 28, 2010 under section 260 of the Companies Act, 1956 holds the office of Director up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. T. Venkata Raju for the office of the Director of the Company under section 257 of the Companies Act, 1956.

Mr. Venkata Raju 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. Venkata Raju Thontepu, Mr. M.Seshavatharam and Dr.S.M. Manepalli is interested or concerned in the resolution.

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

ITEM NO. 6

Mr. A. Ramesh Kumar, who was appointed by the Board of Directors as an additional Director on August 10, 2010 under section 260 of the Companies Act, 1956 holds the office of Director up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. A. Ramesh Kumar for the office of the Director of the Company under section 257 of the Companies Act, 1956.

Mr. A. Ramesh Kumar 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. A. Ramesh Kumar is interested or concerned in the resolution.

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

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

M/s. B S R and Associates, Chartered Accountants, Hyderabad one of the existing Joint Auditors retiring at the conclusion of this Annual General Meeting has advised the Company not to consider the firm for reappointment as Joint Statutory Auditors of the Company for the Financial Year 2010-11, vide their letter dated 28th May, 2010.

Based on the recommendation of the Audit Committee, the Board of Directors has at its meeting held on 28.05.2010 recommended the appointment of M/s. B S R and Co, Chartered Accountants as Joint Statutory Auditors of the Company for the Financial Year 2010-11 in place of M/s. B S R and Associates.

Special notice u/s 190 of the Companies Act, 1956 (hereinafter referred as Act) has been received by the Company for the appointment of M/s. Visweswara Rao & Associates and M/s B S R and Co as Joint Statutory Auditors in place of the retiring auditors, pursuant to section 225 of the Act.

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

The Members' approval is being sought for the appointment of M/s. Visweswara Rao & Associates and M/s. B S R and Co as the joint 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 Directors
For SURYACHAKRA POWER CORPORATION LIMITED

Place: Hyderabad
Date: August 10, 2010

G. V. SURESH KUMAR
COMPANY SECRETARY

BRIEF PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**Mr. Mahesh Chand**

Mr. Mahesh Chand, born on July 01, 1953 is an Engineering graduate with 30 years of experience in various Engineering and Power Projects. He is presently working as Senior Vice President in Power Sector Company. He is also a member of Indian Institute of Materials Management. He is on the Board of the Company since May 03, 2005.

Directorships held in other Companies: Reliance Energy Management Pvt Ltd, Reliance Energy Global Pvt Ltd, Reliance Power Transmission Ltd, Reliance Infrastructure and Consultants Ltd.

Mr. M. Seshavatharam

Mr.M. Seshavatharam, born on August 09, 1976 is a graduate in Commerce. He hails from a reputed business community and has to his credit varied business experience. He gained rich experience in power projects, agriculture and fresh water fish culture. He is also a Director in various other Companies of the group, whose main business is generation of Power. He is on the Board of the Company since inception.

Directorships held in other Companies: Suryachakra Global Enviro Power Ltd, M. S. M. Energy Limited, South Asian Agro Industries Limited, Sri Panchajanya Power Private Limited, Arunodaya Green Fuels Limited, Suryachakra Natural Resources Limited and other private limited companies of the Group.

Chairman/Member of the Committee (s) of Other Companies : Suryachakra Global Enviro Power Ltd, M. S. M. Energy Limited and South Asian Agro Industries Limited.

**Mr. T. Venkata Raju**

Mr.T. Venkata Raju, born on May 28, 1976, holds a bachelors degree in Computer Science & Engineering from Nagarjuna University. He gained vast experience in the Software industry as Project Leader in Amdocs. Currently he is Executive Director in Suryachakra Thermal Energy (Andhra) Pvt. Ltd. He is also monitoring the working of the Renewable energy projects of the Group from Corporate Office. He is on the Board of the Company since May 28, 2010.

Directorships held in other Companies: Suryachakra Global Enviro Power Ltd, M. S. M. Energy Limited, South Asian Agro Industries Limited, Sri Panchajanya Power Private Limited, and Arunodaya Green Fuels Limited.

Mr. A. Ramesh Kumar

Mr. A. Ramesh Kumar, born on December 09, 1951 holds a Masters Degree in Physics from University of Delhi, PG Diploma in Management from AIMA, New Delhi and Diploma in French & Japanese. He is the Managing Director & CEO of Asia Pragati Capfin Private Limited, RBI registered special situations financing NBFC which is 100 owned by an offshore fund headquartered in USA. Prior to that, he worked as the Chief General Manager of State Bank of India. He brings in 33 years of deep understanding and knowledge of the Indian & Global Economy. He is also the Chairman & Managing Director of Swarna Pragati Housing Microfinance Private Limited. He is on the Board of the Company since August 10, 2010.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 15th Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2010.

FINANCIAL PERFORMANCE:

(Rs. in Million)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Sales and other Income	2100.90	1385.90
Profit before Interest and Depreciation	173.61	137.83
Interest and Finance Charges	72.42	56.58
Depreciation	73.09	62.96
Profit after interest, but before exceptional items	28.11	18.29
Exceptional Items (net)	24.50	-
Prior period items	-	(1.54)
Profit before Tax	52.61	16.75
Current Tax after Adjustments	(0.56)	(2.05)
Profit after Tax	52.05	14.70
Profit brought forward from previous year	105.75	91.05
Profit and Loss A/c balance carried forward to Balance Sheet	157.80	105.75

REVIEW OF OPERATIONS:

During the year under review, your Company achieved the gross turnover of Rs. 2101 millions as against Rs. 1386 millions in the previous year. The Profit after Tax for the current year was Rs. 52.05 millions as against Rs. 14.70 millions for the previous year. The increase in profit is mainly due to the profit on sale of investments in subsidiary companies pursuant to the Restructure of subsidiaries undertaken during the year.

The Company has achieved the Plant Load Factor (PLF) during the year 2009-10 at 76.49% against the benchmark of 68.49% and received the incentive of Rs.9.85 millions from Andaman & Nicobar Administration (A&N Administration). Comparatively, during the previous year 2008-09, the PLF was 74.25% and an incentive of Rs. 7.09 millions was received by the Company.

The Company is setting up 350 MW Super Critical coal based thermal power plant in the state of Chhattisgarh with boiler from Burmeister & Wain Energy A/S, Denmark (BWE), Steam Turbine Generator from Skoda Power a.s., Czech Republic and the balance of plant from M/s. Punj Lloyd Limited. The Company had signed Memorandum of Understanding (MOU) with Government of Chhattisgarh in February 2008 and after complying with the conditions of MOU, the Implementation Agreement was executed on 11th May, 2010.

Management Discussion and Analysis report for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report. The Board of Directors and 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 as also due to inadequacy of profits, your Directors are unable to recommend any Dividend on the Equity Capital of the Company.

**SUBSIDIARY COMPANIES:**

During the year, the Group enlisted the services of M/s. Ernst & Young (E&Y) an internationally known consultancy firm, for restructuring the subsidiary Companies of the Company. According to the scheme prepared by E&Y, a Clean Energy Vertical was created with Suryachakra Global Enviro Power Limited ('SGEPL', formerly Lahari Power & Steels Ltd), as the second level holding Company and all the existing renewable energy (Biomass) Power Projects were brought under one roof. The other three subsidiaries of the Company viz., M.S.M. Energy Limited, South Asian Agro Industries Limited, Sri Panchajanya Power Private Limited have become wholly owned subsidiaries of SGEPL. In consideration of the divestment of its shares in three subsidiaries, your Company was allotted 24,820,150 equity shares of Rs. 10 each of SGEPL at a premium of Rs.12.94 per share. The Company also acquired 6,251,205 equity shares of SGEPL for cash at Rs.22.94 per share.

The development of energy plantation and Biomass as a renewable source of energy is gaining importance. Hence, it is proposed to undertake the energy plantation through the subsidiaries in order to ensure continuous supply of feedstock for the biomass plants. A nursery for beema bamboo plantation has already been set up in more than 5 acres in each of Champa and Baloda bazaar sites. With continuous research, observation and monitoring, the units will enhance the acreage, success rate of plantation and output.

Income from sale of CERs (Certified Emission Reductions), generated by the biomass plants, was not considered in the Accounts for the year ended 31st March 2010.

Suryachakra Global Enviro Power Limited:

Suryachakra Global Enviro Power Limited had set up a 9.8 MW Biomass based power plant at Madwa Village, Champajanjgir District, Chhattisgarh State. During the year under review, the plant generated 6,32,76,100 kwh and exported 5,71,90,334 kwh of power respectively. The Company has achieved a total turnover of Rs. 240.60 Millions and profit after tax was Rs.4.03 Millions.

During the year (upto 31.12.2009), the Company is likely to earn Rs. 14.88 Millions from 23,620 CERs (Certified Emission Reductions) and estimates to earn Rs. 66.15 Millions through generation of another 1,05,000 CERs by the year ending 31.03.2012.

Climate Change Investment II, Luxembourg (CCI) entered into an agreement with the Group on 8th December 2009 for acquiring 26.1% stake in SGEPL, post group restructure at Rs. 28.98 per share. Out of the total investment of Rs. 500.50 Million, the first tranche of Rs. 400 Million was received by SGEPL during the year and 13,802,622 equity shares (22.01% of present equity) were allotted to CCI. CCI has also committed to take part in the future Renewable Energy Projects of the group.

South Asian Agro Industries Limited:

South Asian Agro Industries Limited had set up a 9.8 MW Biomass power project at Khajuri Village, Baloda Bazar Taluk, Raipur District, Chhattisgarh State, where the rice husk and other biomass fuels are abundantly available. The Company has generated 6,06,86,359 kwh and exported 5,47,04,010 kwh of power during the year. For the year 2009-10, the Company has achieved a total turnover of Rs. 209.51 Millions and the profit after tax was Rs. 3.04 Millions.

During the year (upto 31.12.2009), the Company is likely to earn Rs.18.20 Millions from 29882 CERs (Certified Emission Reductions) and estimates to earn Rs.63.28 Millions through generation of another 1,03,918 CERs by the year ending 31.03.2012.

In addition to the existing 9.8 MW plant, the Company is setting up 20 MW Biomass based Power plant at Baloda Bazaar, Raipur Dist., for which the required approvals are in place.

M.S.M. Energy Limited:

M.S.M. Energy Limited is setting up of two biomass power projects of 10 MW each at Borawand Village, Parbhani Taluk, Parbhani District and Kholapur Village, Bhatkuli Taluk, Amaravathi Districts in the state of Maharashtra. Both the plants are expected to commence operations by August / September, 2010.

The expected CERs (Certified Emission Reductions) to be generated by year ending 2012 are 1,80,950 and estimated revenue is Rs.110.20 Millions. Post 2012 year 4,65,503 CERs are expected to be generated till 2018.

**Sri Panchajanya Power Private Limited:**

Sri Panchajanya Power Private Limited is presently setting up a 10 MW Bio-mass based power plant at Limbala MIDC, Hingoli, Maharashtra. The plant is expected to commence operations in the month of August, 2010.

The application filed by the Company for registration with UNFCCC in respect of the expected CERs (Certified Emission Reductions) is in advanced stage.

Consolidated Financial Statements:

In terms of section 212 of the Companies Act, 1956, the Company is required to attach the Balance Sheet, Profit and Loss account of the subsidiary companies to its Annual Report. The Company has sought the approval of the Ministry of Corporate Affairs (MCA), Government of India for the exemption u/s 212(8) of the Companies Act, from attaching the above documents of subsidiaries to the Annual Report for the Financial Year 2009-10.

Accordingly, this annual report will not contain the reports and other statements of the subsidiary companies, subject to the approval from the Government. The company will make available the annual audited accounts and related information of the subsidiary companies upon request by any member of the Company. These documents will also be available for inspection during business hours at the registered office of the company and the subsidiary companies. 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 the Annual Report of the Company together with a certificate from the Practising Company Secretary confirming the compliance of Corporate Governance. As per SEBI requirement, Secretarial audit is being carried out at specific intervals by a Practising Company Secretary. The findings of the audit have been satisfactory.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956, 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. P.V. Rao and Mr. Mahesh Chand, Directors will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment as Directors of the Company. The Board appointed Mr. Venkata Raju Thontepu on 28th May, 2010 as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956.

**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 programme 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 comprising of independent Directors review the internal control systems on regular basis.

STATUTORY AUDITORS:

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

M/s. B S R and Associates vide their letter dated May 28, 2010 advised not to consider the firm for reappointment as Auditor for the year ending March 31, 2011. It is proposed to appoint M/s. B S R and Co., Chartered Accountants as Joint Statutory Auditors in place of M/s. B S R and Associates.

M/s. Visweswara Rao & Associates and M/s. B S R and Co., conveyed their willingness and confirmed their appointment will be within the limits specified in Section 224(1-B) of the Companies Act, 1956.

EXPLANATION FOR THE QUALIFICATION MADE BY AUDITORS IN THEIR REPORT:

The Auditors in para 4 (vi) of their Report stated that pending the final agreement with the A & N Administration, they were unable to comment on the extent of ultimate recoverability of the amounts due from the A&N Administration.

Adequate disclosure was made in Note 2 of Schedule 21 (Notes to the Accounts) in this regard. The Company believes that the amounts billed including interest thereon are recoverable from the A & N Administration based on the interpretation that can be inferred from the formulae contained in the Power Purchase Agreement. The Company filed a petition with the Joint Electricity Regulatory Commission (JERC) in October 2009 claiming the long pending dues for the unresolved issues.

On March 3, 2010 the A&N Administration after making a detailed analysis of the case and the unresolved issues, has determined that the matter being highly technical, these disputes cannot be resolved on long term basis until and unless the completed project cost is finalized and requested the Central Electricity Authority (CEA) to re-examine the complete cost document of the Company to proceed further in the matter.

With regard to the remarks made by the Auditors on the delay in repayment of dues to SREI Equipment Finance Pvt. Ltd., and payment of Income Tax and Sales Tax etc., it may be stated that the delay was due to the tight liquidity conditions faced by the Company and that steps would be taken by the management to ensure non-recurrence of such events in future.

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: None of the employees of the Company has drawn salary exceeding Rs.24.00 Lakhs p.a., or Rs.2.00 Lakhs per month during the year in terms of Section 217 (2A) of the Companies Act, 1956, other than Dr. S.M. Manepalli, Managing Director.

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, Syndicate Bank, Allahabad Bank and SREI Equipment Finance Pvt. Limited.

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 cooperation. 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: May 28, 2010

**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 2009-10 was Rs.30,81,279 and for the previous year was Rs.67,54,744.



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 2010, the Board has 8 (Eight) Directors of which Mr. P. V. Rao is the non-executive Chairman.

A) The constitution of the Board as on 31.03.2010 is as follows:

Name of the Director	Category of Director	*Directorships in other companies	#Committee positions held in other companies
Mr. P. V. Rao	Chairman – Non Executive and Independent	1	Nil
Dr. S. M. Manepalli	Promoter and Managing Director	5	Nil
Mr. M. Seshavatharam	Promoter Non-Executive Director	5	Chairman-2 Member - 1
Mr. P. K.Bhattacharjee	Independent Director	8	Chairman-1 Member - 4
Mr. Mahesh Chand	Independent Director	2	Nil
Mr. K. Satyanarayana	Non-Executive Director	4	Nil
Mr. V.S. Murthy	Independent Director	3	Chairman-1 Member - 2
Commodore K.V. Subramaniam	Independent Director	Nil	Nil

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

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 8 (Eight) times on 24th April 2009, 30th July 2009, 29th August 2009, 30th September 2009, 29th October 2009, 8th December 2009, 4th January 2010 and 30th January 2010. The Company placed before the Board the audited and un-audited results, annual operating plans and performance of the Company and its subsidiaries from time to time. Information, which is materially important, project expansion plans are also 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 Annual General Meeting.
Mr. P. V. Rao	8	7	Yes
Mr. P. K.Bhattacharjee	8	5	No
Dr. S. M. Manepalli	8	8	Yes
Mr. M. Seshavatharam	8	6	Yes
Mr. V.S. Murthy	8	5	Yes
Mr. Mahesh Chand	8	2	No
Mr. K. Satyanarayana	8	6	Yes
Commodore K.V. Subramaniam	8	4	No
Mr. V. Madhava Naidu*	8	2	No

* Resigned w.e.f 29.08.2009



3. AUDIT COMMITTEE:

A) Brief description of Terms of reference of the Audit Committee includes 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 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 and attendance of Audit Committee during the year 2009-10

The Composition and attendance of the members at the meetings 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	5	5	Yes
Mr. M. Seshavatharam	Member	5	4	No
Mr. V.S. Murthy*	Member	5	2	Yes
Mr. V. Madhava Naidu**	Member	5	2	No

* Appointed w.e.f. 29.08.2009

** Resigned w.e.f. 29.08.2009

During the Financial year 2009-10, the Audit committee met 5 (five) times on 24th April 2009, 30th July 2009, 29th August 2009, 29th October 2009 and 30th January 2010.

4. REMUNERATION COMMITTEE

The terms of reference of the Remuneration Committee, interalia 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
2. Mr. V. Madhava Naidu - Member (up to 28.08.2009)
3. Mr. M Seshavatharam - Member
4. Mr. V.S. Murthy - Member (w.e.f. 29.08.2009)

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

(Amount in Rs.)

Name of the Director	Relationship with other Directors	Business relationship with the company, if any	Remuneration Paid During the year 2009-10			
			Sitting fees	Salary	Commission	Total
Mr. P. V. Rao	None	Chairman Non-Executive & Independent	35000	-	-	35000
Dr. S. M. Manepalli	Yes	Promoter & Managing Director		3859200	-	3859200
Mr. M. Seshavatharam	Yes	Promoter Non-Executive Director	31000	-	-	31000
Mr. P. K. Bhattacharjee	None	Independent Director	35000	-	-	35000
Mr. Mahesh Chand	None	Independent Director	10000	-	-	10000
Mr. K. Satyanarayana	None	Non-Executive Director	25000	-	-	25000
Mr. V.S. Murthy	None	Independent Director	29000	-	-	29000
Commodore K.V. Subramaniam	None	Independent Director	20000	-	-	20000
Mr. V. Madhava Naidu *	None	Independent Director	14000	-	-	14000

* Resigned w.e.f 29.08.2009



5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders / Investors Grievance Committee focuses on shareholder grievances and strengthening of investor relations. The functions of the Committee includes the redressal of shareholders / investor complaints / grievances pertaining to transfers / transmission of shares, dividend, dematerialization of shares, replacement of lost / stolen / mutilated share certificates and related issues. There are no complaints pending as on the date of this report.

The following are the members of committee:

1. Mr. P. V. Rao - Chairman
2. Mr. M. Seshavatharam - Member
3. Mr. V Madhava Naidu - Member(up to 28.08.2009)
4. Mr. V.S. Murthy - Member (w.e.f. 29.08.2009)

The detail of investors complaints received and resolved during the Financial year 2009-2010 is 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
2	2	Nil

Name & Designation of the Compliance officer : Mr. G. V. Suresh Kumar
Company Secretary (w.e.f. 07.01.2010)

6. GENERAL BODY MEETINGS

Particulars of the last three Annual General Meetings and Extraordinary General Meetings held during the year 2009-10:

S.No	Year	Venue	Date	Time
1	2010	ADDA Function Halls, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad – 72	30/01/ 2010 (EGM)	10.30 A.M
2	2009	ADDA Function Halls, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad – 72	29/10/2009 (EGM)	11.00 A.M
3	2009	ADDA Function Halls, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad – 72	30/09/2009	10.30 A.M
4	2008	Sri Sagi Rama Krishnam Raju Community Hall, Plot No. 1/A, 'E' Block, Madhuranagar, Hyderabad - 500038	24/09/2008	3.00 P.M
5	2007	Plot N. 1115, Road No. 54, Jubilee Hills, Hyderabad.	16/06/2007	4.00 P M

Postal Ballot: Special Resolutions were passed through Postal Ballot process, as per the provisions of section 192A of the Companies Act, 1956. Postal Ballot was conducted and the consent of the members was obtained for **i)** Increase in the Authorized Share Capital & Alteration of the Memorandum of Association of the Company u/s 16, 94 of the Companies Act and **ii)** Inter Corporate Loans and Investments, Providing Security, giving Guarantee to subsidiaries and other Body Corporates etc., beyond the limit u/s 372A of the Act.

The Postal Ballot was conducted by the scrutinizer Mr. S. Sarveswara Reddy, Practising Company Secretary and his report was submitted on 27/04/2010.

Details of voting pattern are as follows:

Particulars of Resolution	Number of shares voted in favour of resolution	Number of shares voted against resolution
Item No. 1	35002750	68547
Item No. 2	34987338	75227

The Chairman of the Company declared on 28/04/2010 that the above resolutions were passed with requisite majority.

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) 15th Annual General Meeting
 Date 30th September, 2010
 Time 10.30 A.M
 Venue ADDA Function Hall, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad – 500 072
- b) Financial Year : 1st April to 31st March
- c) Financial Reporting (Tentative) for the year 2010-11:

Quarter ending	Board Meeting
Quarter ending June 30, 2010	Second week of August, 2010
Quarter ending September 30, 2010	Second week of November, 2010
Quarter ending December 31, 2010	Second week of February, 2011
Quarter ending March 31, 2011	Second week of May, 2011

- Annual General Meeting for Year ended 31/3/2011 September, 2011
- d) Dates of Book Closure : 28.09.2010 to 30.09.2010 (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 Code : 532874 (“SURYACHAKRA”)
- h) Listing fee for year 2010-11 : Listing fee to the above Stock Exchange has been paid
- i) Dematerialization : As on 31st March 2010 - 6,28,85,808 Equity Shares comprising 82.06% 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-500081
- l) Share Transfer System : All shares have been transferred and returned to the Shareholder 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 the shareholders have been resolved. The complaints are generally replied within 10 days from their lodgment with the company.
- n) Address for correspondence
- 1) Registrars & Share Transfer Agents : Karvy Computershare Private Limited
 Unit: Suryachakra Power Corporation Ltd
 Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.
- 2) Company’s address : Company Secretary - Suryachakra Power Corporation Limited
 Suryachakra House, PlotNo.304-L-III, Road No.78, Jubilee Hills, Hyderabad -500033
- 3) Email address exclusively for investors : cosecretary@suryachakra.com
- 4) Company Website : www.suryachakra.in
- o) Plant Location : Bambooflat, 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-2009	13.15	8.83	1294456
May-2009	16.35	10.20	891715
June-2009	21.75	15.60	2109104
July-2009	17.80	13.55	988913
August-2009	19.00	14.85	1819832
September-2009	24.35	16.00	4705854
October-2009	23.15	17.35	2825895
November-2009	19.35	16.15	1807495
December-2009	23.40	17.40	9063530
January-2010	23.65	18.20	3769574
February-2010	20.35	17.30	1318238
March-2010	20.20	16.30	1914848

Source: The Bombay Stock Exchange Limited, Mumbai

13. DISTRIBUTION OF SHAREHOLDING: Distribution Schedule as on March 31, 2010

Category (Amount)	No. of Share holders	% of holders	Total Shares	Amount (Rs.)	% of Amount
1 - 5000	37245	77.71	8331715	83317150	10.87
5001 - 10000	6094	12.71	5251331	52513310	6.85
10001 - 20000	2467	5.15	3844891	38448910	5.02
20001 - 30000	846	1.77	2170112	21701120	2.83
30001 - 40000	295	0.61	1087998	10879980	1.42
40001 - 50000	358	0.75	1736489	17364890	2.26
50001 - 100000	348	0.73	2670889	26708890	3.49
100001 & Above	274	0.57	51539535	515395350	67.26
Total	47927	100	76632960	766329600	100.00

14. SHAREHOLDING PATTERN BY CATEGORY: As on March 31, 2010

Category of shareholder	No. of shares held	Percentage of holding
Promoter and Promoter Group	39603730	51.69
Banks / Mutual Funds / FI/FIIs	Nil	Nil
Private Corporate Bodies	6737659	8.79
NRIs / OCBs	363929	0.47
Indian Public	29927642	39.05
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, 2010, 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 followings:
 - 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
Date: 28.05.2010

V.S.S. Srinivas
Chief Financial Officer

Dr. S M Manepalli
Managing Director

CERTIFICATE ON 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, 2010 as stipulated in Clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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 representation 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: 28-05- 2010

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

For the Financial Year 2009-10, overall GDP growth rate of India was 7.2% whereas the fiscal deficit was 6.2%.

Inflation based on the wholesale price index (WPI) soared during the first half 2009-10, but it has swiftly been tackled to bring it to acceptable limits due to the timely intervention of RBI, which also helped by the global economic slowdown and the resultant drop in commodity prices. In the current year, the challenges on the inflation front are not expected to be daunting despite the plateau of the slide in global slowdown and the recent “green shoots” and optimistic forecast of a second-half recovery in global growth. Global Equity markets are in a rebound mode with the net inflow of funds from Foreign Institutional Investors (FIIs) becoming positive once again leading to rising Indian capital markets.

The fiscal stimuli provided by the government and the rising fiscal deficit could potentially lead to inflationary pressures, if not handled adroitly, and in the near term there could be a crowding of private placement by the public sector. The focus during the current year will be on investments, both public and private, which will continue to increase as a share of GDP, and the Government is expected to provide the requisite policy clarity and bottlenecking needed for accelerating further growth. Investments in agriculture, rural development, health, human resources and infrastructure will need to gain momentum to make growth more inclusive and balanced. Overall, the Indian economy is slated to be one of the few in the world with positive growth acceleration in the current year.

POWER INDUSTRY OVERVIEW

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, 2010, India's power system had an installed generation capacity of approximately 1,59,398.49 MW. Thermal Power Plants powered by coal, gas, diesel accounted for 64.3%, hydro electric stations for 23.1% and others (including renewable sources of energy and nuclear stations) accounted for 9.7%. The Central Public Sector Undertakings (CPSU) accounted for approximately 32% of total power generation capacity, the various state entities accounted for 50% and private sector companies accounted for approximately 18% (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 power industry is at the threshold of major growth with the Government of India's ambitious mission of 'Power for all by 2012'. India's installed generation capacity should grow to be at least 2,00,000 MW by 2012 from the present level of 1,59,398.49 MW. Consequently, power supply must grow 13% annually to keep pace with the average GDP growth rate of about 8% per annum.

The present per capita consumption of the Indian consumer at 672 kwh/year of electricity is projected to grow to 1000 kwh / year by 2012. (The world per capita consumption was 2596 kwh/year during 2007).

The actual power supply position as on All India basis was deficit by 10.1% and the peak demand shortage was 12.7%. Currently, the transmission capacity in the country is inadequate to meet power flow / transmission needs. Thus, an expansion of the regional transmission network and inter-regional capacity to transmit power is also essential. Private sector participation in transmission projects is likely to lead to significantly higher spending and a faster creation of transmission infrastructure as well. This also further warrants that Indian power supply needs to grow at approximately 12% annually to keep Pace with the average GDP growth rate of 8% per annum.

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. We should be able to benefit from the economies of scale in this respect. Under JNNSM 20,000 MW capacity of solar projects is targeted by 2022.

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, where your Company played a significant catalyst role
- 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:

Turnover: During the year under review, your Company achieved gross turnover of Rs. 2100.90 Millions as against the gross turnover of Rs. 1385.90 Millions during the previous year. The net profit of the Company for the current year stood at Rs.52.05 Millions as against Rs. 14.70 Millions 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 programme 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, comprising of independent Directors, reviews the internal control systems on a quarterly basis.

**FUTURE PROJECTS / OUTLOOK:**

Your company is planning to set up a 350 MW super critical coal based power project under technology tie-up with BWE Energy and Punj Lloyd Ltd. The project is under active implementation and implementation agreement has been signed with the Government of Chhattisgarh.

SUBSIDIARIES AND RELATED DEVELOPMENTS:

Suryachakra Global Enviro Power Limited (SGEPL) has been restructured as the Renewable Energy Vertical of the group for focused growth in renewable energy. As a part of its expansion activities SGEPL is planning to set up a 20 MW biomass based power project at Janjgir Champa district, Chhattisgarh with sourcing of feed stock from energy plantation. Energy Plantation has been initiated at site.

South Asian Agro Industries Limited (SAAIL): As a part of its expansion activities, SAAIL is setting up a 5 MW Concentrated Solar Thermal Power project at Baloda Bazaar, Raipur District, Chhattisgarh. The company has received a support letter from Chhattisgarh State Renewable Energy Development Agency [CREDA] for setting up of the project. The project received in principle approval from CREDA. Power Purchase Agreement was signed with Chhattisgarh State Power Distribution Company Limited. During the year, 5MW CSP was registered by MNRE, New Delhi, under generation based incentive scheme.

SAAIL is expanding its capacity by adding another 20 MW to its existing 9.8 MW Biomass based power Plant at Baloda Bazaar, Raipur District, Chhattisgarh along with backward integration Energy Plantation. The Company has already received approval from Chhattisgarh State Nodal Agency for 20 MW biomass power project as expansion to the existing 9.8 MW. The Company is in process of getting other approvals from the authorities concerned. The project is moving towards financial closure.

M.S.M. Energy Limited (Amaravati & Parbhani): is implementing 10 MW biomass based power projects each at Amaravati and Parbhani district in Maharashtra State. These projects are in advanced stage of implementation and would be commencing commercial operations during Q2 / Q3 of 2010-11.

M.S.M. Energy Limited (Amaravati) proposes capacity expansion with another 20 MW to the existing project at Amaravati. Also capacity expansion by 20 MW to the existing project at Parbhani is planned.

Sri Panchajanya Power Private Limited (SPPPL) : 10 MW biomass project is in the advanced stage of commissioning. The project operations would be commencing during the first half of 2010-11. As a part of its expansion activities, SPPPL is adding 20 MW capacity to the existing 10 MW biomass based power project.

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 2010, 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 2010, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2010 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 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. 47,835,455 billed during the year ended 31 March 2010 (previous year: Rs. 5,688,795) and the total receivables as on 31 March 2010 of Rs. 118,640,315 (previous year: Rs. 70,804,860) which are subject to confirmation by the A&N administration. Furthermore, the Company has accrued interest on the above cumulative billings of Rs. 28,503,384 for the year ended 31 March 2010 (previous year: Rs. 21,032,797) which is subject to confirmation by the A & N Administration. The total amount of interest accrued on such disagreements which are subject to confirmations by the A&N Administration is Rs. 83,852,364 (previous year: Rs. 55,348,980). The consequential impact of the above matter on the profit for the year ended 31 March 2010 and the retained earnings at 31 March 2010 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 2010;
 - 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 **B S R and Associates**
Chartered Accountants
Firm registration No. : 128901W

Zubin Shekary
Partner
Membership No: 48814

Place: Hyderabad
Date: 28 May 2010

for **Visweswara Rao & Associates**
Chartered Accountants
Firm registration No. : 005774S

A.S.Naidu
Partner
Membership No: 208582

Place: Hyderabad
Date: 28 May 2010

**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 2010. 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. 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 interest free loans to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 151,380,810 and the year-end balance of such loans was Rs. Nil.
(b) In our opinion, terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
(c) In case of loans granted to companies, firms and other parties listed in the register maintained under Section 301, the terms of arrangement do not stipulate any repayment schedule for principal, which are repayable on demand.
(d) Such loans have been repaid by the year end and accordingly 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 unsecured loan from a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.101,428,247 and the year-end balance of such loan was Rs. Nil.
(f) In our opinion, the rate of interest and other 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 Company has been regular in repaying the principal amounts and interest, as stipulated.
- 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 specialized 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.



- 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. In our opinion, the Company has an internal audit system 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 Provident Fund, Service tax, Customs duty and other material statutory dues *except that there were significant delays in payment of Income tax and Sales 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 2010 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 dues stated below, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions.

Bank/Financial Institutions	Period	Amount(In INR)	Delay(in days)
SREI Infrastructure Finance Limited	Quarter ended 31 March 2009	5,607,384	182
SREI Infrastructure Finance Limited	Quarter ended 30 June 2009	6,306,191	184
SREI Infrastructure Finance Limited	Quarter ended 30 September 2009	6,023,657	180
SREI Infrastructure Finance Limited	Quarter ended 31 December 2009	5,831,462	90

- 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.
- 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 unutilized 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 Associates
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 : 28 May 2010

Place : Hyderabad
Date : 28 May 2010



SURYACHAKRA POWER CORPORATION LIMITED
BALANCE SHEET AS AT 31 MARCH 2010

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

PARTICULARS	Schedule No.	AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	766,329,600	766,329,600
Reserves and surplus	3	620,077,334	607,504,382
		1,386,406,934	1,373,833,982
Loan funds			
Secured loans	4	396,861,500	532,221,695
Unsecured loans	5	260,492,786	256,584,940
		657,354,286	788,806,635
Total		2,043,761,220	2,162,640,617
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		868,513,291	886,445,421
Less: Accumulated depreciation		(459,730,865)	(388,540,598)
Net block		408,782,426	497,904,823
Capital work-in-progress		316,814,840	318,461,340
		725,597,266	816,366,163
Investments	7	891,276,284	679,023,000
Current assets, loans and advances			
Inventories	8	57,358,036	61,520,652
Sundry debtors	9	509,882,382	327,489,542
Cash and bank balances	10	20,837,423	30,257,192
Loans and advances	11	85,994,671	420,789,916
		674,072,512	840,057,302
Current liabilities and provisions			
Current liabilities	12	243,764,104	215,826,417
Provisions	13	3,420,738	42,920
		247,184,842	215,869,337
Net current assets		426,887,670	624,187,965
Miscellaneous expenditure to the extent not written off	14	-	43,063,489
Total		2,043,761,220	2,162,640,617
Significant accounting policies	1		
Notes to accounts	21		

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

As per our report attached

for B S R and Associates
Chartered Accountants

for Visweswara Rao & Associates
Chartered Accountants

for Suryachakra Power Corporation Limited

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

K. Satyanarayana
Director

G. V. Suresh Kumar
Company Secretary

V.S.S.Srinivas
Chief Financial Officer

Hyderabad
28 May 2010

Hyderabad
28 May 2010



SURYACHAKRA POWER CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010
 (All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Schedule No.	Year Ended 31.03.2010	Year Ended 31.03.2009
INCOME			
Income from sale of electricity		1,179,878,780	1,156,085,551
Income from sale of traded goods		889,134,632	187,146,348
Other income	15	31,884,235	42,672,315
		2,100,897,647	1,385,904,214
EXPENDITURE			
Cost of traded goods sold	16	865,337,452	177,656,694
Personnel costs	17	10,769,876	9,461,806
Electricity generation expenses	18	1,019,320,619	1,030,125,443
Administrative and other expenses	19	28,263,916	16,476,307
Finance charges	20	72,419,090	56,578,799
Depreciation	6	73,092,042	62,964,008
Miscellaneous expenses written off (Refer note 16 of Schedule 21)	14	3,588,624	14,354,496
		2,072,791,619	1,367,617,553
Profit after interest but before exceptional items		28,106,028	18,286,661
Exceptional items, net (Refer Note 15 of Schedule 21)		24,506,649	-
Profit from ordinary activities before tax		52,612,677	18,286,661
Prior period items, gross (Provision for tax Rs. Nil; Previous year Rs. 174,052) (Refer note 13 of Schedule 21)		-	1,539,698
Profit before tax and after prior period items		52,612,677	16,746,963
Profit before tax from continuing operations		48,931,043	16,746,963
Provision for tax			
- Current tax		8,295,856	1,893,136
- MAT credit entitlement		(7,770,523)	-
- Fringe benefit tax		-	153,432
Profit after tax from continuing operations		48,405,710	14,700,395
Profit before tax from discontinued operation	21(11)	3,681,634	-
Provision for tax			
- Current tax		624,191	-
- MAT credit entitlement		(584,664)	-
Profit after tax from discontinued operation		3,642,107	-
Profit for the year		52,047,817	14,700,395
Balance in profit and loss account brought forward		105,754,382	91,053,987
Balance in profit and loss account carried forward		157,802,199	105,754,382
Earning per share (equity shares, par value of Rs. 10 each) - Basic and Diluted			
- Before prior period items	21(4)	0.68	0.21
- After prior period items	21(4)	0.68	0.19
Significant accounting policies	1		
Notes to accounts	21		

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

As per our report attached

for **B S R and Associates**
Chartered Accountants

for **Visweswara Rao & Associates**
Chartered Accountants

for **Suryachakra Power Corporation Limited**

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

K. Satyanarayana
Director

G. V. Suresh Kumar
Company Secretary

V.S.S.Srinivas
Chief Financial Officer

Hyderabad
28 May 2010

Hyderabad
28 May 2010



SURYACHAKRA POWER CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010
 (All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
Cash flows from operating activities		
Net profit before tax	52,612,677	16,746,963
Adjustments:		
Interest income	(30,223,927)	(38,399,398)
Finance charges	72,419,090	53,262,265
Profit on sale of fixed assets	(62,500)	-
Depreciation	73,092,042	62,964,008
Miscellaneous expenses written off	3,588,624	14,354,496
Profit on sale of investments	(68,691,243)	-
Insurance claims written off	44,184,594	-
Advances written off	2,083,586	-
Fixed assets written off	3,402,005	-
Operating profit before working capital changes	152,404,948	108,928,334
(Increase)/Decrease in inventory	4,162,616	(11,890,093)
(Increase)/Decrease in sundry debtors	(153,889,456)	(28,179,741)
(Increase)/Decrease in loans and advances	101,101,368	34,369,113
Increase/(Decrease) in current liabilities and provisions	27,509,025	83,310,638
Cash generated from operations	131,288,501	186,538,251
Income taxes paid/ (refund)	(1,409,711)	(3,108,464)
<i>Net cash generated from operating activities</i>	129,878,790	183,429,787
Cash flows from investing activities:		
Investment made in subsidiary	(143,402,643)	-
Investment in significant interest entity	(159,400)	-
Share application money paid	(96,637,546)	(258,296,032)
Refund of share application money	288,531,039	-
Interest received	1,410,992	37,918,622
Proceeds from sale of fixed assets	62,500	-
Purchase of fixed assets	(8,768,461)	(98,622,168)
<i>Net cash generated from / (used in) investing activities</i>	41,036,481	(318,999,578)
Cash flows from financing activities:		
Proceeds from borrowings, net	-	183,383,226
Repayment of borrowings, net	(61,711,281)	-
Interest paid	(118,623,759)	(42,338,934)
<i>Net cash generated from / (used in) financing activities</i>	(180,335,040)	141,044,292
Net increase in cash and cash equivalents	(9,419,769)	5,474,500
Cash and cash equivalents at beginning of the year	30,257,192	24,782,692
Cash and cash equivalents at end of the year	20,837,423	30,257,192
Notes:		
1. Components of cash and cash equivalents as at	31 March 2010	31 March 2009
Cash in hand	79,657	698,620
Balances with scheduled banks		
- in current accounts	832,708	2,058,572
- in deposit accounts	19,925,058	27,500,000
	20,837,423	30,257,192

As per our report attached
for **B S R and Associates**
Chartered Accountants

for **Visweswara Rao & Associates**
Chartered Accountants

for **Suryachakra Power Corporation Limited**

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

K. Satyanarayana
Director

G. V. Suresh Kumar
Company Secretary
Hyderabad
28 May 2010

V.S.S.Srinivas
Chief Financial Officer

Hyderabad
28 May 2010

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

Suryachakra Power Corporation Limited (“the Company”) was incorporated on February 28, 1995 as a Public Limited Company. The Company was converted into a Private Limited Company with effect from August 9, 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 was started with effect from 1 April 2003. The Company is listed in Bombay Stock Exchange since 23 July 2007.

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 on 20 November 1997. 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 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 other fixed assets 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



Schedule to the accounts (Continued)

Schedule 1: Significant accounting policies (continued)

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.

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)
Finished goods (traded)	Specific identification method
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 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.

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

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, deferred tax and fringe benefit 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.

Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax ("FBT") effective 1 April 2005, the Company provides for and discloses the FBT in accordance with the provisions of Section 115 WC of the Income Tax Act, 1961 and guidance note on FBT issued by the ICAI.



SCHEDULES TO THE BALANCE SHEET

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

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
Schedule 2: Share capital		
<i>Authorised</i>		
90,000,000 (previous year : 90,000,000) equity shares of Rs. 10 each	900,000,000	900,000,000
	900,000,000	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	501,750,000	501,750,000
Less: Utilised during the year towards adjustment of unamortised public issue expenses (refer note 16 of schedule 21)	(39,474,865)	-
	462,275,135	501,750,000
<i>Profit and loss account</i>		
Balance in profit and loss account	157,802,199	105,754,382
	620,077,334	607,504,382
Schedule 4: Secured loans		
<i>From banks</i>		
Term loans		
State Bank of India (Kolkata) Rupee Loan (Note 1)	45,049,875	45,069,231
State Bank of India (Kolkata) Corporate Loan (Note 1)	12,689,944	14,074,434
State Bank of India (Frankfurt, Germany) (Note 1)	43,447,250	68,247,280
Syndicate Bank loan (Note 2)	-	49,916,992
Hypothecation loans		
Kotak Mahindra Bank Loan (Note 3)	1,122,855	2,418,499
Working capital demand loan		
State Bank of India (Kolkata) (Cash credit) (Note 4)	182,157,952	191,459,207
State Bank of India (Cash credit) (Note 4)	60,697,347	30,170,407
Allahabad Bank Corporate Loan (Note 5)	-	50,538,171
<i>From other than banks</i>		
SREI Equipment Finance Private Limited (Note 1)	51,696,277	80,327,474
	396,861,500	532,221,695

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, Germany) Foreign Currency loan.
- Secured by personal guarantees of Dr. S.M. Manepalli, Managing Director and Mr. M.Seshavatharam, Director, Corporate guarantee given by M/s.Cocanada Energy & Infrastructure Limited (formerly M/s.Cocanada Fisheries Limited) and security deposit in the form of term deposits made by the Company with the bank of Rs. 10,000,000.
- 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.
- Secured by subservient charge on the current and fixed assets of the Company, personal guarantee of Dr. S.M. Manepalli, Managing Director and Mr. M.Seshavatharam, Director and security deposit in the form of term deposits made by the Company with the bank of Rs. 5,000,000.

Schedule 5: Unsecured loans	AS AT 31.03.2010	AS AT 31.03.2009
<i>From banks</i>		
Kotak Mahindra Bank	1,386,584	5,590,698
<i>From other than banks</i>		
Andaman & Nicobar Administration	7,429,019	7,429,019
Global Trade Finance Limited	251,517,783	239,856,695
Managing director	159,400	3,708,528
	260,492,786	256,584,940

The amount repayable within a period of one year is Rs. 252,904,367 (previous year Rs. 245,447,394).



SCHEDULES TO THE BALANCE SHEET (CONTINUED)

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

Schedule 6 : FIXED ASSETS :

Description	Gross Block			Accumulated depreciation			Net Block			
	AS AT 1 April 2009	Additions	Deletions / Adjustments	AS AT 31 March 2010	AS AT 1 April 2009	For the year	Deletions / Adjustments	AS AT 31 March 2010	AS AT 31 March 2009	
Leasehold land	67,291,429	-	-	67,291,429	26,262,681	4,486,095	-	30,748,776	36,542,653	41,028,748
Buildings and roads	171,575,688	818,812	-	172,394,500	54,674,366	13,539,927	-	68,214,293	104,180,207	116,901,322
Plant and machinery (Note:1)	630,188,708	431,611	14,073,371	616,546,948	297,906,024	53,547,080	-	351,453,104	265,093,844	332,282,684
Furniture and fittings	2,813,839	14,200	-	2,828,039	2,616,877	50,566	-	2,667,443	160,596	196,962
Office equipments	1,875,532	85,918	-	1,961,450	1,292,915	188,900	-	1,481,815	479,635	582,617
Computers equipments	9,212,509	40,480	5,000,000	4,252,989	4,709,178	767,701	1,597,995	3,878,884	374,105	4,503,331
Vehicles	3,487,716	54,000	303,780	3,237,936	1,078,557	511,773	303,780	1,286,550	1,951,386	2,409,159
Total	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	497,904,823
Previous year	847,862,561	3,886,106	(34,696,754)	886,445,421	325,576,590	62,964,008	-	388,540,598	497,904,823	

Notes:

- Adjustment represents the foreign exchange gains on foreign currency loans taken before 1 April 2004 for the purpose of acquisition / construction of fixed assets, adjusted to cost of fixed assets amounting to Rs. 14,073,371 (Previous year: foreign exchange loss of Rs. 34,696,754).
- Total Capital work-in-progress (including capital advances) as on 31 March 2010 of Rs. 316,814,840 (Previous year: Rs. 318,461,340) includes borrowing cost capitalised of Rs. 93,388,592. Such borrowing costs capitalised during the current year is Rs. 44,706,063 (Previous year: Rs. 48,682,529).



SCHEDULES TO THE BALANCE SHEET (CONTINUED)

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

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
Schedule 7: Investments		
<i>(Trade, unquoted - Long term, at cost)</i>		
<i>In Subsidiary Companies</i>		
Suryachakra Global Enviro Power Limited (formerly Lahari Power and Steels Limited) 48,905,355 (Previous year: 17,834,000) equity shares of Rs.10 each fully paid up	891,116,884	178,340,000
MSM Energy Limited Nil (Previous year: 30,000,000) equity shares of Rs. 10 each fully paid up (Note 1)	-	300,000,000
South Asian Agro Industries Limited Nil (Previous year: 12,020,500) equity shares of Rs. 10 each fully paid up (Note 1)	-	120,205,000
Sri Panchajanya Power Private Limited Nil (Previous year: 8,047,800) equity shares of Rs. 10 each fully paid up (Note 1)	-	80,478,000
<i>In other companies (Refer note 5 (b) (iv) of Schedule 21)</i>		
Suryachakra Power Venture Private Limited 15,940 (Previous year: Nil) equity shares of Rs. 10 each fully paid up	159,400	-
	891,276,284	679,023,000

Notes:

- Step down subsidiaries from 20 January 2010 (refer note 15 of schedule 21)
- Aggregate cost of unquoted investments 891,276,284 679,023,000
- Details of investment in equity shares by the Company in subsidiary and step down subsidiaries, pledged in favour of banks and financial institutions as guarantees for the loans taken by them are given in note 1(b) of Schedule 21.

Schedule 8: Inventories	AS AT 31.03.2010	AS AT 31.03.2009
Raw materials	19,642,348	13,516,230
Finished goods (traded)	-	9,736,744
Stores, spares and consumables	37,715,688	38,267,678
	57,358,036	61,520,652
Schedule 9: Sundry debtors		
<i>(Unsecured, considered good)</i>		
Debts outstanding for a period exceeding six months	-	-
Other debts	509,882,382	327,489,542
	509,882,382	327,489,542
Schedule 10: Cash and bank balances		
Cash in hand	79,657	698,620
Balances with scheduled banks		
- In current accounts (Note 1)	832,708	2,058,572
- In deposit accounts	19,925,058	27,500,000
	20,837,423	30,257,192

Notes:

- Balances with scheduled banks in current accounts includes the portion of the oversubscribed share application money not refunded to the applicants. (Refer note 17 of Schedule 21). 159,500 159,500
- Deposits with scheduled banks include Rs.19,925,058 (previous year: Rs. 12,500,000) representing margin money for letter of credits. Deposits with scheduled banks include Rs. Nil (previous year: Rs. 15,000,000) representing security for loans availed from banks.



SCHEDULES TO THE BALANCE SHEET (CONTINUED)

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

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
Schedule 11: Loans and advances		
<i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	10,133,980	72,691,137
Advance tax (net of provision of Rs. Nil, previous year Rs. 1,900,000)	-	4,196,942
MAT credit entitlement	8,355,187	-
Deposits	312,639	577,479
Loans and advance to subsidiaries and stepdown subsidiaries	-	84,547,551
Interest accrued but not due	790,326	480,775
<i>Share application money pending allotment</i>		
M.S.M. Energy Limited	-	8,329,033
Sri Panchajanya Power Private Limited	-	29,266,999
Suryachakra Energy (Chattisgarh) Private Limited	1,080,050	40,000,000
Suryachakra Thermal Energy (Andhra) Private Limited	24,451,175	92,900,000
Suryachakra Thermal (Madhya Pradesh) Private Limited	40,871,314	87,800,000
	85,994,671	420,789,916
Loans and advances to subsidiaries and step down subsidiaries comprise:		
Suryachakra Global Enviro Power Limited (formerly Lahari Power and Steels Limited)	-	10,854,156
South Asian Agro Industries Limited*	-	73,318,552
M.S.M. Energy Limited*	-	374,843
	-	84,547,551
Maximum amount outstanding at any time during the year:		
Suryachakra Global Enviro Power Limited (formerly Lahari Power and Steels Limited)	37,039,709	46,940,515
South Asian Agro Industries Limited*	73,318,552	73,962,701
M.S.M. Energy Limited*	41,022,549	8,329,033
Sri Panchajanya Power Private Limited*	-	28,783,047
	151,380,810	158,015,296
* Step down subsidiary from 20 January 2010 (Refer note 15 of schedule 21)		
Schedule 12: Current liabilities		
Sundry creditors		
- dues to micro and small enterprises (refer note 14 of schedule 21)	-	-
- others	239,948,179	214,317,603
Interest accrued but not due on loans	554,486	61,397
Other current liabilities	3,261,439	1,447,417
	243,764,104	215,826,417
Schedule 13: Provisions		
Provision for compensated absences	106,912	42,488
Provision for fringe benefit tax (net of advance tax of Rs. Nil; previous year Rs. 153,000)	-	432
Provision for tax (net of advance tax of Rs.5,626,174; previous year Rs. Nil)	3,313,826	-
	3,420,738	42,920
Schedule 14: Miscellaneous expenditure to the extent not written off		
<i>Expenditure related to the Initial Public Offer</i>		
Balance at the beginning of the year	43,063,489	57,417,985
Less: Amortised during the year	(3,588,624)	(14,354,496)
Less: Adjusted to the securities premium account (Refer note 16 of Schedule 21)	(39,474,865)	-
	-	43,063,489



SCHEDULES TO THE PROFIT & LOSS ACCOUNT

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

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
Schedule 15: Other income		
Interest income		
- on deposits, gross (tax deducted at source: Rs. 226,013; previous year Rs. 3,589,524)	1,720,543	17,366,601
- on overdue debts from A&N Administration	28,503,384	21,032,797
Profit on sale of assets, net	62,500	-
Miscellaneous income	1,597,808	4,272,917
	31,884,235	42,672,315
Schedule 16: Cost of traded goods sold		
Finished goods - traded		
Opening stock	9,736,744	-
Add: Purchase of traded goods	855,600,708	187,393,438
	865,337,452	187,393,438
Less: Closing stock	-	(9,736,744)
Cost of traded goods sold	865,337,452	177,656,694
Schedule 17: Personnel costs		
Salaries, wages and bonus	10,013,248	8,636,480
Contributions to provident and other funds	617,473	664,436
Staff welfare expenses	139,155	160,890
	10,769,876	9,461,806
Schedule 18: Electricity generation expenses		
Raw materials consumed	1,008,670,065	1,014,963,334
Power and fuel	270,596	241,709
Repairs and maintenance - buildings	87,058	-
Operation and maintenance expenses	7,062,285	8,481,074
Stores and spares consumed	3,230,615	6,439,326
	1,019,320,619	1,030,125,443



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

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
Schedule 19: Administrative and selling expenses		
Rent	444,447	745,945
Rates and taxes	1,187,220	1,920,590
Repairs and maintenance		
- buildings	463,397	244,500
- others	95,600	609,168
Travelling and conveyance	1,475,830	1,358,475
Insurance expenses	5,828,019	5,939,438
Printing and stationery	901,118	1,251,661
Legal and professional charges	4,448,889	1,792,233
Communication expenses	1,623,096	1,355,038
Director's sitting fees	199,000	130,000
Advances written off	2,083,586	-
Customer claims	5,047,160	-
Fixed assets written off	3,402,005	-
Miscellaneous expenses	1,064,549	1,129,259
	28,263,916	16,476,307
Schedule 20: Finance charges		
Interest expenses		
- Term loans	18,735,185	27,142,205
- Working capital loans	36,549,253	26,046,675
- Others	8,805,303	244,390
Bank charges	8,329,349	3,145,529
	72,419,090	56,578,799



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

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

Schedule 21. Notes to the accounts

1. (a) Capital commitments and contingent liabilities:

Particulars	As at	As at
	31 March 2010	31 March 2009
i. Letter of credit outstanding	100,000,000	50,000,000
ii. Estimated amount of contracts necessary to be executed on capital amount not provided for (net of advances)	4,812,916,003	4,760,000,000
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 held by the Company are pledged in favour of respective banks and financial institutions as guarantees for the loans taken by subsidiary and step down subsidiaries:

Name of the subsidiary / step down subsidiaries - Shares pledged in favour of	No of shares	
	As at 31 March 2010	As at 31 March 2009
Subsidiary		
Suryachakra Global Enviro Power Limited		
-State Bank of India	4,300,200	4,300,200
-State Bank of Hyderabad	-	-
-Andhra Bank	-	-
Suryachakra Global Enviro Power Limited		
-IDBI Bank Limited	4,458,500	4,458,500
Step down subsidiaries*		
South Asian Agro Industries Limited		
-United Bank of India	-	3,000,000
South Asian Agro Industries Limited		
-IDBI Bank Limited	-	3,005,125
M.S.M. Energy Limited		
-IDBI Bank Limited	-	10,278,000
-State Bank of India	-	-
-State Bank of Hyderabad	-	-
M.S.M. Energy Limited		
-IDBI Bank Limited	-	6,852,000
Sri Panchajanya Power Private Limited		
-Syndicate Bank	-	4,734,000

*Subsidiaries till 20 January 2010 (Refer note 15 of Schedule 21)

2. (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 & LOSS ACCOUNT (CONTINUED)

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

Schedule 21. Notes to the accounts (Continued)

- (c) Revenues for the year ended 31 March 2010 include an amount of Rs. 47,835,455 (Previous year: Rs. 5,688,795) 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. 118,640,315 as at 31 March 2010 (Previous year: Rs. 70,804,860) on account of such rejections/ withheld. Further, the Company has accrued interest on such unpaid invoices amounting to Rs. 28,503,384 for the year ended 31 March 2010 (Previous year: Rs. 21,032,797). Total Interest accrued on such disagreements and included in the total receivables as at 31 March 2010 amounts to Rs. 83,852,364 (Previous year: Rs. 55,348,980).
- (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 and has filed a petition with the Joint Electricity Regulatory Commission (JERC) in October 2009 claiming their long pending dues for the unresolved issues. On March 3, 2010, the A&N Administration has on a detailed analysis of the case and the unresolved issues determined that the matter is highly technical and requested the Central Electricity Authority (CEA) to re-examine the complete cost document of the Company to proceed further in the matter.

3. Deferred taxes

From the current financial year, the Company has started claiming deduction under Section 80-IA of the Income Tax Act, 1961. Based on the assessment of the deferred tax as on 31 March 2010, 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 2010.

4. Earnings per share (EPS)

The computation of earnings per share is set out below.

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
<i>Earnings</i>		
Net profit/(loss) after tax for the year		
- Before prior period items	52,047,817	16,066,041
- After prior period items	52,047,817	14,700,395
<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>		
- Before prior period items	0.68	0.21
- After prior period items	0.68	0.19

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

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 (Formerly Lahari Power and Steels Limited)
 - (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



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

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

Schedule 21. Notes to the accounts (Continued)

(iv) **Enterprises over which Key Managerial Personnel has significant influence (Significant interest entities)**

- Suryachakra Thermal Energy (Andhra) Private Limited
- Suryachakra Energy (Chattisgarh) Private Limited
- Suryachakra Thermal (Madhya Pradesh) Private Limited
- Suryachakra Power Venture Private Limited

(v) **Non-executive on the Board of Directors.**

- Mr. P. V. Rao, IAS (Retd.)
- Mr. P. K.. Bhattacharjee
- Mr. Mahesh Chand
- Mr. K. Satyanarayana
- Mr. V. S. Murthy
- Commodore K. V. Subramaniam, YSM (Retd.)
- Mr. M. Seshavatharam

(c) Particulars of related party transactions and balances

A) Following is a summary of related party transactions:

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
i. Loans granted to subsidiary and step down subsidiaries		
a) Suryachakra Global Enviro Power Limited	126,291,907	156,929,341
b) M.S.M. Energy Limited	48,581,678	9,379,033
c) South Asian Agro Industries Limited	2,577,645	44,481,360
d) Sri Panchajanya Power Private Limited	-	28,030,724
Total	177,451,230	238,820,458
ii. Repayment/ transfer of loans by subsidiary and step down subsidiaries		
a) Suryachakra Global Enviro Power Limited	137,146,063	174,677,705
b) M.S.M. Energy Limited	48,956,521	9,379,033
c) South Asian Agro Industries Limited	75,896,197	850,149
d) Sri Panchajanya Power Private Limited	-	29,066,999
Total	261,998,781	213,973,886
iii. Remuneration to Key Management Personnel/ Non-executive directors		
a) Managerial Remuneration (Refer note 6 of Schedule 21)	3,859,200	3,859,200
b) Sitting fees to Non-executive directors	199,000	130,000
Total	4,058,200	3,989,200
iv. Investments in subsidiary, step down subsidiaries and significant interest entities		
a) Suryachakra Global Enviro Power Limited (Refer note 15(a) of Schedule 21)	712,776,884	-
b) Sri Panchajanya Power Private Limited (Note 1 below)	-	79,882,600
c) Suryachakra Power Venture Private Limited	159,400	-
Total	712,936,284	79,882,600



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

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

Schedule 21. Notes to the accounts (Continued)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
v. Sale of investments in the following step down subsidiaries to Suryachakra Global Enviro Power Limited (Refer note 15(a) of Schedule 21)		
a) M.S.M. 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	-
vi. Loans taken from subsidiary		
a) Suryachakra Global Enviro Power Limited	100,000,000	-
vii. Loans repaid to subsidiary		
a) Suryachakra Global Enviro Power Limited	100,000,000	-
viii. Interest income from subsidiary and step down subsidiaries		
a) Suryachakra Global Enviro Power Limited	-	448,285
b) M.S.M. Energy Limited	-	-
c) South Asian Agro Industries Limited	-	3,021,780
d) Sri Panchajanya Power Private Limited	-	674,364
Total	-	4,144,429
ix. Unsecured loans received from KMP	1,450,872	2,773,390
x. Repayment of unsecured loan to KMP	5,000,000	17,375,082
xi. Interest expenses –KMP	-	895,052
xii. Interest expenses on loan balances paid to		
a) Suryachakra Global Enviro Power Limited	1,428,247	-
xiii. Share application money paid to step down subsidiaries and significant interest entities		
a) M.S.M. Energy Limited	48,556,278	8,329,033
b) Sri Panchajanya Power Private Limited	36,481,268	29,266,999
c) Suryachakra Energy (Chhattisgarh) Private Limited	-	40,000,000
d) Suryachakra Thermal Energy (Andhra) Private Limited	-	92,900,000
e) Suryachakra Thermal (Madhya Pradesh) Private Limited	11,600,000	87,800,000
Total	96,637,546	258,296,032
xiv. Refund of share application money by step down subsidiaries and significant interest entities		
a) M.S.M. Energy Limited	56,885,311	-
b) Sri Panchajanya Power Private Limited	65,748,267	-
c) Suryachakra Energy (Chhattisgarh) Private Limited	38,919,950	-
d) Suryachakra Thermal Energy (Andhra) Private Limited	68,448,825	-
e) Suryachakra Thermal (Madhya Pradesh) Private Limited	58,528,686	-
Total	288,531,039	-



SCHEDULES TO THE BALANCE SHEET AND PROFIT & 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 outstanding balances from related parties

Particulars	As at 31 March 2010	As at 31 March 2009
i. Unsecured loan from KMP (Included in "Unsecured Loans" Schedule 5)	159,400	3,708,528
ii. Remuneration payable to KMP (Included in "Current liabilities" Schedule 12)	188,670	191,530

Notes

- Includes shares allotted out of share application money paid in earlier years Rs. Nil (Previous year: Rs. 79,113,324).
- Equity investments in subsidiary and step down subsidiaries 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	For the year ended 31 March 2010	For the year ended 31 March 2009
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 March 2010	For the year ended 31 March 2009
(a) Audit fees	1,250,000	400,000
(b) Other matters	900,000	280,000
(c) Reimbursement of out-of-pocket expenses	19,541	-
Total	2,169,541	680,000

8. Expenditure in foreign currency

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Interest on foreign currency loan	3,081,279	4,967,829
Other matters	-	1,786,915
Total	3,081,279	6,754,744

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 31 March 2010	For the year ended 31 March 2009
Opening defined benefit obligation	450,939	432,909
Current service cost	43,819	74,886
Interest cost	36,075	34,633
Actuarial losses / (gains)	39,668	45,200
Benefits paid	(39,281)	(136,689)
Closing defined benefit obligation	531,220	450,939



SCHEDULES TO THE BALANCE SHEET AND PROFIT & 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 March 2010	For the year ended 31 March 2009
Opening fair value of plan assets	474,295	474,446
Expected return on plan assets	45,138	36,201
Contributions by employer	116,859	100,337
Benefits paid	(39,281)	(136,689)
Closing fair value of plan assets	597,011	474,295

Amount recognized in Balance Sheet

Particulars	As at 31 March 2010	As at 31 March 2009
Present value of funded obligations	531,220	450,939
Fair value of plan assets	597,011	474,295
Net asset/(liability)	65,791	23,356
Amounts in the balance sheet		
Net asset/(liability)	65,791	23,356

Expense recognised in statement of profit and loss account

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Current service cost	43,819	74,886
Interest on defined benefit obligation	36,075	34,633
Expected return on plan assets	(45,138)	(36,201)
Net actuarial losses / (gains) recognized in the year	39,668	45,200
Amount, included in employee benefit expense	74,424	118,518
Actual return on plan assets	45,138	36,201

Asset information

Category of assets	As at 31 March 2010	As at 31 March 2009
Insurer managed funds	597,011	474,295

Summary of Actuarial Assumptions

Financial assumptions at the valuation date:

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.52%	7.63%
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 has 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 21. Notes to the accounts (Continued)

Segment reporting (continued)

Business segment

Particulars	For the year ended 31 march 2010			For the year ended 31 march 2009		
	Electricity sales	Coal trading	Total	Electricity sales	Coal trading	Total
Revenue:						
Segment revenue	1,179,878,780	889,134,632	2,069,013,412	1,156,085,551	187,146,348	1,343,231,899
Result :						
Segment result	109,161,428	17,738,420	126,899,848	62,618,880	9,234,475	71,853,355
Add: (i) Un-allocable income			1,720,543			17,366,601
Less:						
(i) Finance charges			72,419,090			56,578,799
(ii) Other Un-allocable expenditure			3,588,624			14,354,496
(iii) Prior period items			-			1,539,698
Profit before tax			52,612,677			16,746,960
Less: Provision for tax			564,860			2,046,568
Profit after tax			52,047,817			14,700,392
Other information :						
Assets:						
Segment assets	2,050,739,481	231,851,394	2,282,590,875	2,253,329,836	120,983,176	2,374,313,012
Un-allocable corporate assets	-	-	8,355,187	-	-	4,196,942
Total Assets			2,290,946,062			2,378,509,954
Liabilities:						
Segment liabilities	132,618,319	111,252,697	243,871,016	126,798,954	89,070,385	215,869,339
Un-allocable corporate liabilities	-	-	660,668,112	-	-	788,806,636
Total liabilities			904,539,128			1,004,675,975
Non cash expenditure						
Depreciation	72,767,781	324,261	73,092,042	62,941,674	22,334	62,964,008
Capital expenditure	1,445,021	-	1,445,021	1,958,560	1,927,546	3,886,106



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

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

Schedule 21. Notes to the accounts (Continued)

11. 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 June 2010. In accordance with AS 24 (Discontinuing operations), as the initial event has occurred during the year, 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 March 2010	For the year ended 31 March 2009
Income		
Sale of traded goods	889,134,632	187,146,348
Expenditure		
Cost of goods sold	865,337,452	177,656,694
Personnel cost	248,881	178,000
Administrative and other expenses	5,485,618	54,845
Depreciation	324,261	22,334
Interest expense (Note 1)	14,056,786	1,365,474
Profit before tax	3,681,634	7,869,001
Provision for taxes (Note 2)		
- Current tax expense	624,191	891,558
- MAT credit entitlement	(584,664)	-
Profit after tax	3,642,107	6,977,443

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

Particulars	As at 31 March 2010	As at 31 March 2009
Fixed assets (Gross block, less accumulated depreciation)	2,762,914	3,083,192
Inventories	-	9,736,744
Sundry debtors	208,373,096	91,651,074
Cash and bank balances	19,925,058	12,528,164
Loans and advances	790,326	3,984,002
Total assets	231,851,394	120,983,176
Less:		
Secured loans (Note 1)	60,697,347	30,170,407
Unsecured loans (Note 1)	-	3,708,529
Current liabilities	109,427,372	89,068,416
Other current liabilities	1,825,325	1,969
Total liabilities	171,950,044	122,949,321
Net assets	59,901,350	(1,966,145)

Discontinued operations (continued)

Note 1

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



SCHEDULES TO THE BALANCE SHEET AND PROFIT & 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 March 2010	For the year ended 31 March 2009
Net cash from /(used in) operating activities	(19,421,518)	(19,423,225)
Net cash from /(used in) investing activities	-	(1,927,546)
Net cash from /(used in) financing activities	26,818,412	33,878,935
Net increase/ (decrease) in cash and cash equivalents	7,396,894	12,528,164

12. Quantitative details

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

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
(i) Licensed capacity	20MW	20MW
(ii) Installed capacity	20MW	20MW
(iii) Actual production/ units sold (Kwh)	134,013,700	130,085,300

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 31 March 2010		For the year ended 31 March 2009	
	Quantity (Kilo litre)	Value	Quantity (Kilo litre)	Value
<i>Opening Stock</i>				
-HSDOil	330.00	9,424,993	113.00	3,350,544
-LubeOil	33.42	4,091,237	42.70	4,091,718
<i>Purchases</i>				
-HSDOil	32,432.00	988,399,268	31,228.00	998,046,984
-LubeOil	214.24	26,396,914	205.50	22,990,318
<i>Consumption</i>				
-HSDOil	32,250.00	981,022,239	31,011.00	991,972,535
-LubeOil	228.66	27,647,826	214.79	22,990,799
<i>Closing Stock</i>				
-HSDOil	512.00	16,802,022	330.00	9,424,993
-LubeOil	19.00	2,840,326	33.42	4,091,237

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

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Indigenous	1,011,900,680	1,020,199,679
Imported	-	1,202,980

d) Particulars of Purchases, Sales and Stock of coal

Particulars	For the year ended 31 March 2010		For the year ended 31 March 2009	
	Quantity in Ton	Value	Quantity in Ton	Value
Opening Stock	5,134.56	9,736,744	-	-
Purchases	401,344.84	855,600,708	116,997.58	187,393,438
Sales	406,479.40	889,134,632	111,863.02	187,146,348
Closing Stock	-	-	5,134.56	9,736,744



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

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

Schedule 21. Notes to the accounts (Continued)

e) Particulars of sale of electricity

Particulars	For the year ended 31 March 2010		For the year ended 31 March 2009	
	Units	Amount	Units	Amount
Sale of electricity (Kwh)	134,013,700	1,179,878,780	130,085,300	1,156,085,551

13. Prior period items of Rs.1,539,698 in the year ended 31 March 2009 represents operational and maintenance expenses omitted to be recorded in previous years, recorded in the year ended 31 March 2009.
14. The Company has sent out letters seeking confirmations from its suppliers whether they fall under the category of micro, small and medium enterprises as mentioned under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, the Company believes that it does not have any outstanding dues to micro, small and medium enterprises. Further, the Company has not paid any interest to the micro, small and medium enterprises.

	For the year ended 31 March 2010	For the year ended 31 March 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	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

15. 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. 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.

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

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

Schedule 21. Notes to the accounts (Continued)

- 16.** During the current 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 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 and the accumulated profits as at 31 March 2010 would have been lower by Rs. 10,765,872.
- 17.** 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 2010 is Rs. 159,500 (Previous year: Rs. 159,500).
- 18. Previous year figures**
- Previous years' figures have been regrouped / reclassified wherever necessary, to conform to current years' classification.

for Suryachakra Power Corporation Limited

Dr. S M .Manepalli

Managing Director

K. Satyanarayana

Director

V.S.S.Srinivas

Chief Financial Officer

G. V. Suresh Kumar

Company Secretary



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-Mar-10

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	:	2043761
Total Assets	:	2043761

Sources of Funds

Paid-up Capital	:	766330
Reserves & Surplus	:	620077
Secured Loans	:	396861
Unsecured Loans	:	260493

Application of Funds

Net Fixed Assets/Capital WIP/Incidental Exp.	:	725597
Investments	:	891276
Net Current Assets	:	426888
Miscellaneous Expenditure	:	0
Accumulated Losses	:	NIL

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

Turnover	:	2100898
Total Expenditure	:	2072792
Profit/Loss Before Tax + (-)	:	52613
Profit/Loss After Tax + (-)	:	52048
Earning Per Share in Rs.		
- Basic	:	0.68
- Diluted	:	0.68
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 and Trading of coal

for Suryachakra Power Corporation Limited

Dr. S M .Manepalli
Managing Director

K. Satyanarayana
Director

V.S.S.Srinivas
Chief Financial Officer

G. V. Suresh Kumar
Company Secretary

Hyderabad
28 May 2010



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 "Suryachakra's Group") as at 31 March 2010 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 financial statements of one subsidiary and three step down subsidiaries for the year ended 31 March 2010 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. 2,946,844,368 as at 31 March 2010 and the total revenues of Rs. 445,491,086 for the year ended 31 March 2010.
4. 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.
5. *In relation to the matter set out in note 2 of the Schedule 21 of the consolidated financial statements of Suryachakra Power Corporation Limited, 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. 47,835,455 billed during the year ended 31 March 2010 (previous year: Rs. 5,688,795) and the total receivables as on 31 March 2010 of Rs. 118,640,315 (previous year : Rs. 70,804,860) which are subject to confirmation by the A&N administration. Furthermore, the Company has accrued interest on the above cumulative billings of Rs.28,503,384 for the year ended 31 March 2010 (previous year : Rs. 21,032,797) which is subject to confirmation by the A&N Administration. The total amount of interest accrued on such disagreements which are included in the total receivables as on 31 March 2010, are subject to confirmations by the A&N Administration is Rs. 83,852,364 (previous year Rs. 55,348,980). The consequential impact of the above matter on the profit for the year ended 31 March 2010 and the retained earnings at 31 March 2010 is indeterminable.*
6. 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 5 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 consolidated state of affairs of Suryachakra's Group as at 31 March 2010;
 - (ii) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of Suryachakra's Group for the year ended on that date; and
 - (iii) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of Suryachakra's Group for the year ended on that date.

for **B S R and Associates**
Chartered Accountants
Firm registration No. : 128901W

Zubin Shekary
Partner
Membership No: 48814

Place: Hyderabad
Date: 28 May 2010

for **Visweswara Rao & Associates**
Chartered Accountants
Firm registration No. : 005774S

A.S.Naidu
Partner
Membership No: 208582

Place: Hyderabad
Date: 28 May 2010



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010
 (All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Schedule No.	AS AT 31 March 2010	AS AT 31 March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	766,329,600	766,329,600
Reserves and surplus	3	658,929,232	610,470,968
		1,425,258,832	1,376,800,568
Loan funds			
Secured loans	4	1,749,494,396	1,488,949,055
Unsecured loans	5	334,147,849	371,003,456
		2,083,642,245	1,859,952,511
Minority interest			
		281,853,118	76,982,625
Total			
		3,790,754,195	3,313,735,704
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	1,958,118,699	1,897,064,564
Less: Accumulated depreciation		(534,134,825)	(411,802,861)
Net block		1,423,983,874	1,485,261,703
Capital work-in-progress		1,982,133,854	1,095,056,726
		3,406,117,728	2,580,318,429
Investments			
	7	159,400	-
Current assets, loans and advances			
Inventories	8	138,922,259	110,067,635
Sundry debtors	9	611,047,736	420,356,437
Cash and bank balances	10	31,747,424	193,663,667
Loans and advances	11	158,678,997	327,643,071
		940,396,416	1,051,730,810
Current liabilities and provisions			
Current liabilities	12	550,940,454	362,453,359
Provisions	13	4,978,895	148,871
		555,919,349	362,602,230
Net current assets			
		384,477,067	689,128,580
Miscellaneous expenditure to the extent not written off			
	14	-	44,288,695
Total			
		3,790,754,195	3,313,735,704
Significant accounting policies	1		
Notes to consolidated accounts	21		

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

As per our report attached
 for **B S R and Associates**
 Chartered Accountants

for **Visweswara Rao & Associates**
 Chartered Accountants

for **Suryachakra Power Corporation Limited**

Zubin Shekary
 Partner
 Membership No.: 48814

A.S.Naidu
 Partner
 Membership No.: 208582

Dr. S.M. Manepalli
 Managing Director

K. Satyanarayana
 Director

G. V. Suresh Kumar
 Company Secretary

V.S.S.Srinivas
 Chief Financial Officer

Hyderabad
 28 May 2010

Hyderabad
 28 May 2010



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010
 (All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Schedule	YEAR ENDED 31 March 2010	YEAR ENDED 31 March 2009
INCOME			
Income from sale of electricity		1,599,869,041	1,261,957,304
Income from sale of traded goods		914,635,457	423,862,069
Other income	15	43,717,904	45,837,380
		2,558,222,402	1,731,656,753
EXPENDITURE			
Cost of traded goods sold	16	890,095,534	408,460,394
Personnel costs	17	24,079,805	13,049,928
Electricity generation expenses	18	1,286,070,003	1,080,530,422
Administrative and other expenses	19	47,659,814	20,453,950
Finance charges	20	146,355,439	92,078,719
Depreciation	6	124,233,739	80,937,147
Miscellaneous expenses written off (Refer note 12 of Schedule 21)	14	5,796,313	14,468,392
		2,524,290,647	1,709,978,952
Profit before exceptional items, tax and minority interest		33,931,755	21,677,801
Exceptional item (Refer note 11 of Schedule 21)		44,184,594	-
Profit/(loss) from ordinary activities before tax and minority interest		(10,252,839)	21,677,801
Prior period items, gross (Provision for tax Rs. Nil; Previous year Rs. 174,052)		-	1,539,698
(Refer note 13 of Schedule 21)			
Profit/(loss) before tax and minority interest		(10,252,839)	20,138,103
Profit before tax from continuing operations		(20,735,975)	20,138,103
Provision for tax			
- Current tax		8,006,867	2,234,636
- MAT credit entitlement		(5,988,914)	-
- Fringe benefit tax		-	254,108
Profit/(loss) after tax from continuing operations before minority interest		(22,753,928)	17,649,359
Profit before tax from discontinued operation		10,483,136	-
Provision for tax			
- Current tax		2,405,800	-
- MAT credit entitlement		(2,366,273)	-
Profit after tax from discontinued operation		10,443,609	-
Profit/(loss) for the year before minority interest		(12,310,319)	17,649,359
Minority interest		(182,909)	-
Profit/(loss) for the year		(12,493,228)	17,649,359
Balance in profit and loss account brought forward		108,720,968	91,071,609
Balance in profit and loss account carried forward to balance sheet		96,227,740	108,720,968
Earning / (loss) per share (equity shares, par value of Rs. 10 each) - Basic and Diluted			
- Before prior period items	21(4)	(0.16)	0.25
- After prior period items		(0.16)	0.23
Significant accounting policies	1		
Notes to consolidated accounts	21		

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

As per our report attached

for B S R and Associates
Chartered Accountants

for Visweswara Rao & Associates
Chartered Accountants

for Suryachakra Power Corporation Limited

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

K. Satyanarayana
Director

G. V. Suresh Kumar
Company Secretary

V.S.S.Srinivas
Chief Financial Officer

Hyderabad
28 May 2010

Hyderabad
28 May 2010



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

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

Particulars	For the Year ended 31 March 2010	For the Year ended 31 March 2009
Cash flows from operating activities		
Net profit before tax	(10,252,839)	20,138,103
Adjustments for:		
Depreciation	124,233,739	80,937,147
Interest income	(30,880,458)	(17,393,201)
Interest expense	146,355,439	79,674,562
Profit on sale of fixed assets	(62,500)	
Miscellaneous expenses written off	5,796,313	14,468,392
Unrealised foreign exchange gain / (loss)	(8,344,613)	-
Insurance claims written off	44,184,594	-
Advances written off	2,083,586	-
Fixed assets written off	3,402,005	-
Operating cash flows before working capital changes	276,515,267	177,825,003
(Increase)/decrease in inventories	(28,854,624)	(40,338,157)
(Increase)/decrease in Sundry Debtors	(162,187,915)	(118,963,050)
(Increase)/ decrease in loans and advances	(25,933,326)	45,483,433
Increase/(decrease) in current liabilities	196,161,416	66,061,235
Cash generated from operations	255,700,818	130,068,464
Income taxes paid/ (refund)	(1,899,894)	(3,261,511)
<i>Net cash generated from operating activities</i>	253,800,924	126,806,953
Cash flows from investing activities		
Investment in significant interest entity	(159,400)	-
Share application money paid	(11,600,000)	-
Refund of share application money	165,897,461	-
Interest received	1,205,202	17,375,034
Proceeds from sale of fixed assets	62,500	-
Purchase of fixed assets	(878,678,358)	(785,976,564)
Purchase of minority interest	(83,971,692)	76,750,000
<i>Net cash used in investing activities</i>	(807,244,287)	(691,851,530)
Cash flows from financing activities		
Proceeds from borrowings, net	289,724,924	788,392,130
Interest paid	(280,004,533)	(72,793,791)
Issue of shares in subsidiary, net of share issue expenses	381,806,728	-
<i>Net cash generated from financing activities</i>	391,527,119	715,598,339
Net increase / (decrease) in cash and cash equivalents	(161,916,244)	150,553,762
Cash and cash equivalents at the beginning of the year	193,663,667	43,109,905
Cash and cash equivalents at the end of the year	31,747,423	193,663,667
Components of cash and cash equivalents as at (Refer Schedule 10)	31st March 2010	31st March 2009
Cash in hand	1,328,070	1,576,697
Balances with scheduled banks		
- in current accounts	2,574,296	163,226,195
- in deposit accounts	27,845,058	28,860,775
	31,747,424	193,663,667

As per our report attached
for B S R and Associates
Chartered Accountants

for Visweswara Rao & Associates
Chartered Accountants

for Suryachakra Power Corporation Limited

Zubin Shekary
Partner
Membership No.: 48814

A.S.Naidu
Partner
Membership No.: 208582

Dr. S.M. Manepalli
Managing Director

K. Satyanarayana
Director

G. V. Suresh Kumar
Company Secretary

V.S.S.Srinivas
Chief Financial Officer

Hyderabad
28 May 2010

Hyderabad
28 May 2010



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

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

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 (%)
Subsidiary	
• Suryachakra Global Enviro Power Limited (SGEPL)*	77.99
Step down subsidiaries	
• South Asian Agro Industries Limited (SAAIL)**	100
• M.S.M Energy Limited (MSM)**	100
• Sri Panchajanya Power Private Limited (SPPPL)**	100

*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.



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

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

Schedule 1 : Significant accounting policies (Continued)

- 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 capitalized. 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

Depreciation on fixed assets including those used in coal trading business and excluding those used in SPCL for generation of electricity 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 on fixed assets used in SPCL for generating 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 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.

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)
Finished goods (traded)	Specific identification method
Stores, spare parts and consumables	First-in-first-out (FIFO)



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

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

Schedule 1 : Significant accounting policies (Continued)**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 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.

8. Foreign currency 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.

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



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

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

Schedule 1 : Significant accounting policies (Continued)

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.

Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax (“FBT”) effective 1 April 2005, the Company provides for and discloses the FBT in accordance with the provisions of Section 115 WC of the Income Tax Act, 1961 and guidance note on FBT issued by the ICAI.

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 March 2010	AS AT 31 March 2009
Schedule 2: Share capital		
<i>Authorised</i>		
90,000,000 (previous year : 90,000,000) equity shares of Rs. 10 each	900,000,000	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
Schedule 3: Reserves and surplus		
<i>Securities premium account</i>		
Balance at the beginning of the year	501,750,000	501,750,000
<i>Less:</i> Utilised during the year towards adjustment of unamortised public issue expenses (refer note 12 of schedule 21)	(39,474,865)	-
	462,275,135	501,750,000
<i>Capital reserve (Refer note 14 of Schedule 21)</i>	100,426,357	-
<i>Profit and loss account</i>		
Balance in consolidated profit and loss account	96,227,740	108,720,968
	658,929,232	610,470,968
Schedule 4: Secured loans		
<i>From banks</i>		
Term loans		
State Bank of India (Kolkata) rupee loan (Note 1)	45,049,875	45,069,231
State Bank of India (Kolkata) Corporate Loan (Note 1)	12,689,944	14,074,434
State Bank of India (Frankfurt, Germany) (Note 1)	43,447,250	68,247,280
Syndicate Bank loan (Note 2)	-	49,916,992
Syndicate Bank loan (Note 3)	274,506,859	231,600,000
Andhra Bank (Note 4)	57,503,457	60,124,000
State Bank of Hyderabad (Note 4)	69,985,975	172,949,502
State Bank of India (Note 4)	70,155,300	73,200,000
State Bank of Hyderabad (Note 5)	177,151,479	-
IDBI Bank (Note 5)	100,000,000	90,000,000
State Bank of India (Note 5)	175,817,795	-
United bank of India (Note 6)	127,405,533	131,740,687
UCO Bank (Note 6)	127,488,263	137,603,045
IDBI Bank (Note 7)	56,004,484	-
IDBI Bank (Note 8)	30,000,000	-
IDBI Bank (Note 9)	30,000,000	-
Hypothecation loans (Note 10)	3,005,946	6,926,697
Working capital demand loan		
State Bank of India (Kolkata), Cash credit (C.C) (Note 11)	182,157,952	191,459,207
State Bank of India (C.C) (Note 12)	60,697,347	30,170,407
Allahabad Bank Corporate Loan (Note 13)	-	50,538,171
United Bank of India C.C(Note 14)	28,781,838	28,815,317
State Bank of India (Kolkata) (C.C) (Note 15)	25,948,822	26,186,611
<i>From other than banks</i>		
SREI Equipment Finance Private Limited (Note 1)	51,696,277	80,327,474
	1,749,494,396	1,488,949,055

**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 Secured by personal guarantees of two directors of SPCL, Corporate guarantee given by M/s.Cocanada Energy & Infrastructure Limited (formerly M/s.Cocanada Fisheries Limited), security deposit in the form of term deposits made by the Company with bank of Rs. 10,000,000 and secured by certain properties owned by promoters and M/s. Cocanada Energy & Infrastructure Limited.
- 3 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 holding company and pledge of 1,560,000 equity shares in SPCL held by promoters.
- 4 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.
- 5 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 holding company of MSM 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.
- 6 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 the holding company.
- 7 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.
- 8 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.
- 9 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.
- 10 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 Secured by subservient charge on the current and fixed assets of the SPCL, personal guarantee of two directors and security deposit in the form of term deposits made by the Company with bank of Rs. 5,000,000.



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

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

- 14 Primarily secured by hypothecation first charge of raw materials, stocks, stores and spares, consumables and receivables of SAAIL.
- 15 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.

PARTICULARS	AS AT	AS AT
	31 March 2010	31 March 2009
Schedule 5: Unsecured loans		
<i>From banks</i>		
Kotak Mahindra Bank	1,386,584	5,590,698
<i>From other than banks</i>		
A&N Administration	7,429,019	7,429,019
Global Trade Finance Limited	325,172,846	314,775,211
Managing director	159,400	3,708,528
Ushodya Energy & Project Consultants Private Limited	-	39,500,000
	334,147,849	371,003,456

The amount repayable within a period of one year is Rs.326,559,430 (Previous year : Rs. 320,365,909).



SCHEDULE TO CONSOLIDATED BALANCE SHEET (CONTINUED)
(All amounts in Indian Rupees, except share data and where otherwise stated)

Schedule 6: Fixed assets

Description	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2009	Additions	Deletions/ Adjustments	As at 31 March 2010	As at 1 April 2009	For the year	Deletions/ Adjustments	As at 31 March 2010	As at 31 March 2009
Land and land development	95,389,442	1,827,765	-	97,217,207	26,262,681	4,486,095	-	30,748,776	66,468,431
Buildings and roads	330,470,701	54,244,433	-	384,715,134	56,209,988	18,875,169	-	75,085,157	309,629,977
Plant and machinery (Note 1)	1,426,098,994	5,297,723	14,073,371	1,417,323,346	314,056,943	95,670,413	-	409,727,356	1,007,595,990
Furniture and fittings	5,103,332	287,812	-	5,391,144	3,596,346	238,821	-	3,835,167	1,555,977
Office equipments	10,217,306	1,029,703	-	11,247,009	2,110,911	1,317,752	-	3,428,663	7,818,346
Computers equipments	11,691,684	231,986	5,000,000	6,923,670	7,042,233	994,661	1,597,995	6,438,899	484,771
Vehicles	18,093,105	10,862,172	303,780	28,651,497	2,523,759	2,650,828	303,780	4,870,807	23,780,690
Intangibles									
Goodwill on consolidation (Refer note no. 14 of Schedule 21)	-	6,649,692	-	6,649,692	-	-	-	-	6,649,692
Total	1,897,064,564	80,431,286	19,377,151	1,958,118,699	411,802,861	124,233,739	1,901,775	534,134,825	1,423,983,874
Previous Year	880,929,492	981,438,318	(34,696,754)	1,897,064,564	329,600,160	80,937,147	(1,265,554)	411,802,861	1,485,261,703

Notes:

- Adjustments represents the foreign exchange gains on foreign currency loans taken before 1 April 2004 for the purpose of acquisition / construction of fixed assets, adjusted to cost of fixed assets amounting to Rs. 14,073,371 (Previous year: foreign exchange loss of Rs.34,696,754).
- Total capital work-in-progress (including capital advances) as on 31 March 2010 of Rs. 1,982,133,854 (Previous year: Rs. 1,095,056,726) includes borrowing cost capitalised of Rs. 131,112,723 (Previous year: Rs. 59,512,704).



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

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

PARTICULARS	AS AT 31 March 2010	AS AT 31 March 2009
Schedule 7: Investments		
<i>(Trade, unquoted - Long term, at cost)</i>		
<i>In other companies</i>		
Suryachakra Power Venture Private Limited 15,940 (Previous year: Nil)	159,400	-
equity shares of Rs. 10 each fully paid up	159,400	-
Aggregate cost of unquoted investments	159,400	-
Schedule 8: Inventories		
Raw materials	95,830,790	61,973,938
Finished goods (traded)	-	9,736,744
Stores, spares and consumables	43,091,469	38,356,953
	138,922,259	110,067,635
Schedule 9: Sundry debtors		
<i>(Unsecured, considered good)</i>		
Debts outstanding for a period exceeding six months	16,811,228	2,083,586
Other debts	594,236,508	418,272,851
	611,047,736	420,356,437
Schedule 10: Cash and bank balances		
Cash in hand	1,328,070	1,576,697
Balances with scheduled banks		
- In current accounts (Note:1)	2,574,296	163,226,195
- In deposit accounts	27,845,058	28,860,775
	31,747,424	193,663,667

Notes:

- Balances with scheduled banks in current accounts includes the share application money pending refund. (Refer note 15 of Schedule 21). 159,500 159,500
- Deposits with scheduled banks include Rs. 27,845,058 (previous year Rs. 13,860,775) representing margin money for letter of credits. Deposits with scheduled banks include Rs. Nil (previous year Rs. 15,000,000) representing security deposit for secured loans availed from banks.

Schedule 11: Loans and advances	AS AT 31 March 2010	AS AT 31 March 2009
<i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	75,595,901	95,839,617
Advance tax (net of provision)	-	3,858,818
MAT credit entitlement	8,355,187	-
Deposits	7,085,801	7,176,938
Interest accrued but not due	1,239,569	67,698
<i>Share application money pending allotment</i>		
Suryachakra Energy (Chattisgarh) Private Limited	1,080,050	40,000,000
Suryachakra Thermal Energy Andhra Private Limited	24,451,175	92,900,000
Suryachakra Thermal (Madhya Pradesh) Private Limited	40,871,314	87,800,000
	158,678,997	327,643,071



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

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

PARTICULARS	AS AT 31 March 2010	AS AT 31 March 2009
Schedule 12: Current liabilities		
Sundry creditors		
- dues to micro and small enterprises	-	-
- others	543,495,181	358,634,334
Interest accrued but not due on loans	554,486	61,397
Other current liabilities	6,890,787	3,757,628
	550,940,454	362,453,359
Schedule 13: Provisions		
Provision for compensated absences	176,069	-
Provision for fringe benefit tax (net of advance tax)	-	148,871
Provision for income tax (net of advance tax)	4,802,826	-
	4,978,895	148,871
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	57,417,985
Less: Amortised during the year	(3,588,624)	(14,354,496)
Less: Adjusted to the securities premium balance (Refer note 12 of Schedule 21)	(39,474,865)	-
	-	43,063,489
<i>Share issue expenses</i>		
Balance at the beginning of the year	1,225,206	1,339,102
Add: Expenses incurred during the year	982,483	-
	2,207,689	1,339,102
Less: Amortised during the year	(2,207,689)	(113,896)
	-	1,225,206
	-	44,288,695


SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

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

PARTICULARS	YEAR ENDED 31 March 2010	YEAR ENDED 31 March 2009
Schedule 15: Other income		
Interest income		
- on deposits and others (tax deducted at source : Rs. 479,557; previous year Rs. 3,596,532)	2,377,074	17,393,201
- on overdue debts from A&N Administration	28,503,384	21,032,797
Profit on sale of assets	62,500	-
Foreign exchange difference (net)	8,344,613	-
Miscellaneous income	4,430,333	7,411,382
	43,717,904	45,837,380
Schedule 16: Cost of traded goods sold		
Finished goods - traded		
Opening stock	9,736,744	-
<i>Add:</i> Purchases of traded goods	880,358,790	418,197,138
	890,095,534	418,197,138
<i>Less:</i> Closing stock	-	(9,736,744)
Cost of traded goods sold	890,095,534	408,460,394
Schedule 17: Personnel costs		
Salaries, wages and bonus	22,278,627	12,011,131
Contributions to provident and other funds	1,234,135	877,907
Staff welfare expenses	567,043	160,890
	24,079,805	13,049,928
Schedule 18: Electricity generation expenses		
Raw materials consumed	1,232,250,961	1,050,910,725
Power and fuel	4,522,979	241,709
Repairs and maintenance - buildings	87,058	-
Operation and maintenance expenses	45,147,583	22,472,023
Stores and spares consumed	4,061,422	6,905,965
	1,286,070,003	1,080,530,422



SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

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

PARTICULARS	YEAR ENDED 31 March 2010	YEAR ENDED 31 March 2009
Schedule 19: Administrative and selling expenses		
Rent	3,013,287	1,129,810
Rates and taxes	1,268,589	1,805,128
Repairs and maintenance		
- buildings	3,145,982	751,441
- others	1,847,861	911,734
Travelling and conveyance	6,749,337	2,562,382
Insurance expenses	8,040,361	6,693,049
Printing and stationery	1,438,789	1,337,997
Legal and professional charges	7,025,129	2,375,522
Communication expenses	2,220,912	1,607,518
Director's sitting fees	257,000	144,000
Advances written off	2,083,586	-
Customer claims	5,047,160	-
Fixed assets written off	3,402,005	-
Miscellaneous expenses	2,119,816	1,135,369
	47,659,814	20,453,950
Schedule 20: Finance charges		
Interest expenses		
- Term loans	78,776,241	47,772,266
- Working capital loans	42,105,492	28,482,223
- Others	8,923,614	3,420,073
Bank charges	16,550,092	12,404,157
	146,355,439	92,078,719



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)

1. (a) Capital commitments and contingent liabilities:

Particulars	As at	As at
	31 March 2010	31 March 2009
i. Letter of credit outstanding	172,329,266	50,000,000
ii. Estimated amount of contracts necessary to be executed on capital amount not provided for (net of advances)	5,892,133,150	5, 260,400,000
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 2010 include an amount of Rs. 47,835,455 (Previous year: Rs. 5,688,795) 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. 118,640,315 as at 31 March 2010 (Previous year: Rs. 70,804,860) on account of such rejections/ withheld. Further, the Group has accrued interest on such unpaid invoices amounting to Rs. 28,503,384 for the year ended 31 March 2010 (Previous year: Rs. 21,032,797). Total Interest accrued on such disagreements and included in the total receivables as at 31 March 2010 is Rs. 83,852,364 (Previous year: Rs. 55,348,980).
- (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 PPA and has filed a petition with the Joint Electricity Regulatory Commission (JERC) in October 2009 claiming their long pending dues for the unresolved issues. On March 3, 2010, the A&N Administration has on a detailed analysis of the case and the unresolved issues determined that the matter is highly technical and requested the Central Electricity Authority (CEA) to re-examine the complete cost document of the Company to proceed further in the matter.

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 2010, 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 2010.


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)
4. Earnings per share (EPS)

The computation of earnings per share is set out below:

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
<i>Earnings</i>		
Net profit/(loss) after tax for the year		
- Before prior period items	(12,493,227)	19,015,005
- After prior period items	(12,493,227)	17,649,359
<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>Earnings/(loss) per share of par value Rs.10 - Basic and Diluted (Rs.)</i>		
- Before prior period items	(0.16)	0.25
- After prior period items	(0.16)	0.23

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	<ul style="list-style-type: none"> • Managing Director, SPCL • Executive Director, SPPPL
M. Seshavatharam (Son of Dr. S.M Manepalli)	<ul style="list-style-type: none"> • Director, SPCL • Managing Director, SGEPL (Since 1 November 2009) • Managing Director, SAAIL • Executive Director, M.S.M.
K. Satyanarayana	<ul style="list-style-type: none"> • Director, SPCL • Executive Director, SGEPL (Resigned on 1 November 2009) • Executive Director, M.S.M. (Since 1 November 2009) • Executive Director, SPPPL

(ii) Enterprises over which Key Managerial Personnel has significant influence

- Suryachakra Thermal Energy (Andhra) Private Limited
- Suryachakra Energy (Chattisgarh) Private Limited
- 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

- Mr. P. V. Rao, IAS (Retd.)
- Mr. P. K. Bhattarcharjee
- Mr. Mahesh Chand
- Mr. K. Satyanarayana
- Mr. V. S. Murthy
- Commodore K. V. Subramaniam, YSM (Retd.)
- Mr. M. Seshavatharam



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)

(c) Particulars of related party transactions and balances

A) Following is a summary of related party transactions:

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
(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	750,000	-
K. Satyanarayana	595,000	425,000
- South Asian Agro Industries Limited		
M. Seshavatharam	1,800,000	1,800,000
- MSM Energy Limited		
M. Seshavatharam	1,050,000	150,000
K. Satyanarayana	425,000	-
b) Sitting fees to Non-executive directors	199,000	130,000
(ii) Unsecured loan received from KMP	1,450,872	2,773,390
Repayment of Unsecured loan to KMP	5,000,000	17,375,082
(iii) Interest Expenses –KMP -Dr. S.M. Manepalli	-	895,052
(iv) Share application money paid		
-Suryachakra Energy (Chattisgarh) Private Limited	-	40,000,000
-Suryachakra Thermal Energy (Andhra) Private Limited	-	92,900,000
-Suryachakra Thermal (Madhya Pradesh) Private Limited	11,600,000	87,800,000
(v) Refund of share application money		
-Suryachakra Energy (Chattisgarh) Private Limited	38,919,950	-
-Suryachakra Thermal Energy (Andhra) Private Limited	68,448,825	-
-Suryachakra Thermal (Madhya Pradesh) Private Limited	58,528,686	-
(vi) Investment in Significant interest entities		
-Suryachakra Power Venture Private Limited	159,400	-
(vii) Purchase of minority interest in a subsidiary from significant interest entities (See note 14 of Schedule 21)	83,971,692	-

B) Details of related parties outstanding balances

Particulars	As at 31 March 2010	As at 31 March 2009
Remuneration payable to KMP (Included in "Current Liabilities", Schedule 12)		
-Dr. S.M, Manepalli	188,670	191,530
-M. Seshavatharam	225,432	252,800
-K. Satyanarayana	71,000	153,800
Unsecured loan from KMP		
-Dr. S.M. Manepalli	159,400	3,708,528


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)

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 March 2010	For the year ended 31 March 2009
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 March 2010	For the year ended 31 March 2009
(a) Audit fees	1,950,000	1,100,000
(b) Other matters	1,300,000	280,000
(c) Reimbursement of out-of-pocket expenses	19,541	-
Total	3,269,541	1,380,000

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 March 2010	For the year ended 31 March 2009
Opening defined benefit obligation	613,951	436,850
Current service cost	126,826	233,957
Interest cost	48,160	34,633
Actuarial losses / (gains)	62,095	45,200
Benefits paid	(39,281)	(136,689)
Closing defined benefit obligation	811,751	613,951

Change in the fair value of assets

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Opening fair value of plan assets	604,723	474,446
Expected return on plan assets	68,581	42,331
Contributions by employer	361,799	224,635
Benefits paid	(39,281)	(136,689)
Closing fair value of plan assets	995,822	604,723

Amount recognised in Balance Sheet

Particulars	As at 31 March 2010	As at 31 March 2009
Present value of funded obligations	811,751	613,951
Fair value of plan assets	995,822	604,723
Net asset/(liability)	184,071	(9,228)
Amounts in the balance sheet		
Net asset/(liability)	184,071	(9,228)


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)
Expense recognised in statement of Profit and Loss Account

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Current service cost	97,610	74,866
Interest on defined benefit obligation	46,438	34,633
Expected return on plan assets	(64,945)	(42,331)
Net actuarial losses / (gains) recognised in the year	87,006	45,200
Expense recognised in statement on Profit and Loss account	166,109	118,518

Asset information

Category of assets	As at 31 March 2010	As at 31 March 2009
Insurer managed funds	995,822	604,723

Summary of actuarial assumptions

Financial assumptions at the valuation date:

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.52%	7.63%
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.

9. Segment Reporting

The Group 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.
- **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.


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)
Segment Reporting (continued)
Business segment

Particulars	For the year ended 31 March 2010			For the year ended 31 March 2009		
	Electricity sales	Trading of goods	Total	Electricity sales	Trading of goods	Total
Revenue:						
Segment revenue	1,599,869,041	914,635,457	2,514,504,498	1,261,957,304	423,862,069	1,685,819,373
Result :						
Segment result	115,638,448	24,539,922	140,178,370	95,865,885	14,965,826	110,831,711
Add: (i) Un-allocable income			1,720,543			17,393,201
Less:						
(i) Finance charges			146,355,439			92,078,719
(ii) Other un-allocable expenditure			5,796,313			14,468,392
(iii) Prior period items			-			1,539,698
Profit / (loss) before tax and minority interest			(10,252,838)			20,138,103
Less: Provision for tax			2,057,480			2,488,744
Profit / (loss) before minority interest			(12,310,318)			17,649,359
Other information :						
Assets:						
Segment assets	4,089,655,735	248,662,622	4,338,318,357	3,486,356,940	186,122,176	3,672,479,116
Un-allocable corporate assets	-	-	8,355,187	-	-	3,858,818
Total Assets			4,346,673,544			3,676,337,934
Liabilities:						
Segment liabilities	722,325,486	111,252,697	833,578,183	240,694,808	198,741,176	439,435,984
Un-allocable corporate liabilities	-	-	2,087,836,529	-	-	1,860,101,382
Total liabilities			2,921,414,712			2,299,537,366
Non cash expenditure						
Depreciation	123,909,478	324,261	124,233,739	80,914,813	22,334	80,937,147
Capital expenditure	967,508,414	-	967,508,414	1,027,197,082	1,927,546	1,029,124,628


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)
10. 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 June 2010 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 March 2010	For the year ended 31 March 2009
Income		
Sale of traded goods	914,635,457	423,862,069
Expenditure		
Cost of goods sold	884,036,775	408,460,394
Personnel cost	248,881	178,000
Administrative and other expenses	5,485,618	235,515
Depreciation	324,261	22,334
Interest expense (note 1)	14,056,786	1,365,474
Profit before tax	10,483,136	13,600,352
Provision for taxes (note 2)		
- Current tax expense	2,405,800	1,540,920
- MAT credit entitlement	(2,366,273)	-
Profit after tax	10,443,609	12,059,432

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

Particulars	As at 31 March 2010	As at 31 March 2009
Fixed assets (Gross block, less accumulated depreciation)	2,762,914	3,083,192
Inventories	-	9,736,744
Sundry debtors	225,184,324	156,790,074
Cash and bank balances	19,925,058	12,528,164
Loans and advances	790,326	3,984,002
Total assets	248,662,622	186,122,176
Less:		
Secured loans (Note 1)	60,697,347	30,170,407
Unsecured loans (Note 1)	-	3,708,528
Current liabilities	109,427,372	198,739,207
Other current liabilities	1,825,325	1,969
Total liabilities	171,950,044	232,620,111
Net assets	76,712,578	(46,497,935)

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.


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 March 2010	For the year ended 31 March 2009
Net cash used in operating activities	(19,421,518)	(19,423,225)
Net cash used in investing activities	-	(1,927,546)
Net cash generated from financing activities	26,818,412	33,878,935
Net increase in cash and cash equivalents	7,396,894	12,528,164

11. Exceptional item

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.

12. During the current 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 earlier years as Miscellaneous Expenditure and amortised over a period of 5 years. Had the Group followed amortising these over a period of 5 years, the loss for the year would have been higher and the accumulated profits as at 31 March 2010 would have been lower by Rs. 10,765,872.

13. Prior period expenses of Rs.1,539,698 in the year ended 31 March 2009 represent operational and maintenance expenses omitted to be recorded in previous years, recorded now.

14. 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 current 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.

(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 current 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.

15. 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 2010 is Rs. 159,500 (Previous year: Rs. 159,500).

16. Previous year figures

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

for Suryachakra Power Corporation Limited

Dr. S M .Manepalli
Managing Director

K. Satyanarayana
Director

V.S.S.Srinivas
Chief Financial Officer

G. V. Suresh Kumar
Company Secretary

Hyderabad
28 May 2010



Statement pursuant to approval of the Central Government under section 212(8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies as at March 31, 2010

(in Rs.)

Name of the Subsidiary	Suryachakra Global Enviro Power Limited (Formerly Lahari Power & Steels limited)	South Asian Agro Industries limited	M.S.M. Energy Limited	Sri Panchajanya Power Pvt Ltd
Issued and subscribed share capital	627,079,770	120,205,000	300,000,000	157,800,000
Reserves	651,825,151	4,038,434	-	-
Total Assets	1,607,234,860	604,020,772	892243979	485,068,637
Total liabilities	1,607,234,860	604,020,772	892243979	485,068,637
Investments (except investments in subsidiaries)	-	-	-	-
Turnover	238,692,505	206,798,581	-	-
Profit/(Loss) before taxation	4,764,562	3,603,852	(18,665)	(2,524,022)
Provision for taxation	736,000	561,620	195000	-
Profit/(Loss) after taxation	4,028,562	3,042,232	(213,665)	(2,524,022)
Proposed dividend	-	-	-	-

Notes :

- 1) The Ministry of corporate affairs vide their order No.47/531/2010-CL-III dated 04.06.2010 has granted exemption to the company from the applicability of the provisions of sub-section(1) of section 212 of the Companies Act,1956.
- 2) The Annual Accounts of the subsidiary companies and the detailed information will be made available to the holding and subsidiary companies investors 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.



SURYACHAKRA POWER CORPORATION LIMITED

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

ATTENDANCE SLIP

15TH ANNUAL GENERAL MEETING

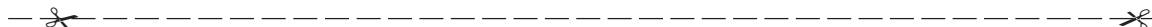
30th day of September, 2010 at 10.30 A.M.

- 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 15th 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

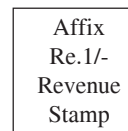
Suryachakra Power Corporation Limited hereby appoint Mr./Ms. _____

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 15th Annual General Meeting of the members of the Company to be held on 30th day of September, 2010 at 10.30 A.M. and at any adjournment thereof.

Signed this _____ day of September, 2010.



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