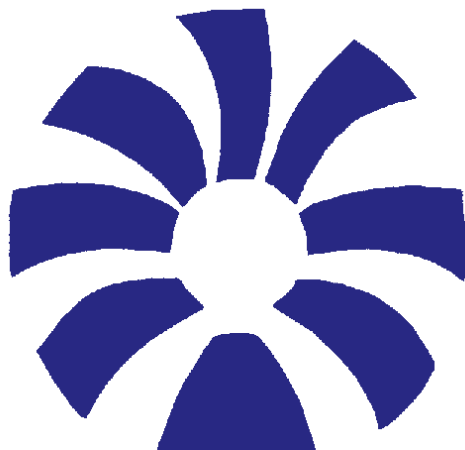


**SURYACHAKRA POWER
CORPORATION LIMITED**



**17TH
ANNUAL REPORT
2011-12**



Board of Directors	: Mr. P.V. Rao, Chairman (upto 30.03.2012) Mr. P. K. Bhattacharjee Mr. Mahesh Chand Mr. K. Satyanarayana Mr. V.S. Murthy Mr. K. Vijay Kumar (Executive Director wef.15.5.2012) Commodore K.V.Subramaniam(upto 30.10.11) Mr. A. Ramesh Kumar Mr. K. B. Trehan (upto 23.07.2011) Mrs.B.N.Raja Kumari (Wef.16.07.2012) Mr. M. Seshavatharam(upto15.05.2012) Dr. S. M. Manepalli, Managing Director
Company Secretary	: Mr. P.Satish Chandramouli
Audit Committee	: Mr. P. K. Bhattacharjee Mr. K. Vijay Kumar Mr. V.S. Murthy
Statutory Auditors	: M/s. M BhaskaraRao & Co Chartered Accountants 6-3-652, 5th Floor, Kautilya, Somajiguda Hyderabad 500 082.
Bankers	: State Bank of India
Regd. Office	: Suryachakra House, Plot No.304-L-III, Road No.78, Jubilee Hills, Hyderabad -500 033.
Plant	: Bamboo flat, Near Fire Brigade, South Andaman, Port Blair – 744 107.

**NOTICE**

Notice is hereby given that the 17th Annual General Meeting of the Members of Suryachakra Power Corporation Limited will be held on **Saturday, the 29th day of September, 2012 at 10.00 A.M** at ADDA Function Hall, IV Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad – 500 072 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2012, and the Profit and Loss account for the period ended as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.K. Bhattacharjee, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. Ramesh Kumar, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad (Firm Regn No.000459S) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting 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. Kopalkar Vijay Kumar, who was appointed as an Additional Director of the company under Section 260 of the Companies Act, 1956 read with Article No. 169 of the Articles of Association of the company and who holds office till commencement of this Annual General Meeting and in respect of whom the company has received a notice from a member proposing his candidature for the office of Director, be and is hereby appointed as 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 Mrs. B.N. Raja Kumari, who was appointed as an Additional Director of the company under Section 260 of the Companies Act, 1956 read with Article No. 169 of the Articles of Association of the company and who holds office till commencement of this Annual General Meeting and in respect of whom the company has received a notice from a member proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

By Order of the Board Directors

For SURYACHAKRA POWER CORPORATION LIMITED

Sd/-

**P. SATISH CHANDRAMOULI
COMPANY SECRETARY**

Place: Hyderabad

Date: 16.07.2012

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form(s) in order to be effective must be received by the company at the registered office of the Company not less than 48 hours before the commencement of the meeting.

2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.
3. Brief Particulars of the Directors seeking re-appointment at this Annual General Meeting are annexed to the notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **27.09.2012 to 29.09.2012** (both days inclusive).
5. Members holding shares in physical form are requested to intimate any change in their address quoting their registered folio number to the Registrars and Share Transfer Agents namely M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.
6. Members holding shares in electronic form are requested to intimate any change in their address to the depository participant (DP) with whom the demat account is maintained.
7. Members are requested to bring admission slip duly filled in along with the copy of Annual Report to the Meeting.
8. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. **Important Communication to Members:** The Ministry of Corporate Affairs has introduced a “Green Initiative in the Corporate Governance” vide its various circulars issued till date allowing the companies to service the notice / documents including Annual Report by way of e-mail to its members. This initiative is a step towards protection of environment and enabling faster communication with the members.

Accordingly, the Company has proposed to serve all the documents to the e-mail addresses of the members. The members are requested to support this green initiative of the Government by registering / updating their e-mail addresses with their concerned Depository Participants (DP) to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to intimate their e-mail address to the Company either by e-mail at suryachakra.power@gmail.com or by sending a communication to the Registered Office of the Company. If any member is interested to receive such document in physical form, a communication in this regard may be made to the Company.

10. Annual Report of the company has been uploaded on website of the company www.suryachakra.power.in

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO.2****Mr. P.K Bhattacharjee**

Mr. P.K Bhattacharjee, born on January 18, 1939 is an independent director of the company and retires by rotation. Being eligible, he offers himself for reappointment. His re-appointment is proposed under Section 256 of the Companies Act, 1956. He is a Post Graduate in Economics with an experience of 40 years. He worked in different capacities with State bank of India and retired as Deputy Managing Director and Chief Financial Officer in the year 1999. He has very rich experience in the Banking sector coupled with General management and Finance. He is also acting as an independent director in other reputed Companies.

ITEM NO. 3**Mr. A. Ramesh Kumar**

Mr.A. Ramesh Kumar, born on December 09, 1951 is an independent director of the company and retires by rotation and being eligible, he offers himself for reappointment. His re-appointment is proposed under Section 256 of the Companies Act, 1956. He holds a Master's degree in Physics from University of Delhi and a PG diploma in Management from AIMA, New Delhi and also diploma holder in French and Japanese languages. He is the Managing director & CEO 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 has over all 35 years of experience in financial sector and deep understanding and knowledge of the Indian and Global Economy. He is also the Chairman & Managing Director of Swarna Pragati Housing Micro finance Private Limited. He is on the Board of the Company since August 10,2010.

ITEM NO. 5

Mr. K. Vijay Kumar was appointed as an Additional Director of the Company by the Board of Directors on 15th May 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds the office of Director up to the date of this Annual General Meeting.

The company received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. K. Vijay Kumar for the office of the Director of the company under section 257 of the Companies Act, 1956. K. Vijay 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. K Vijay Kumar is interested or concerned in the resolution.

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

ITEM NO. 6

Mrs. B.N. Raja Kumari was appointed as an Additional Director of the Company by the Board of Directors on 16th July 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds the office of Director up to the date of this Annual General Meeting.

The company received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mrs.B.N. Raja Kumari for the office of the Director of the company under section 257 of the Companies Act, 1956. Mrs. B.N. Raja Kumari 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 Mrs. B.N. Raja Kumari is interested or concerned in the resolution.

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

By Order of the Board Directors
For SURYACHAKRA POWER CORPORATION LIMITED

Sd/-
P. SATISH CHANDRAMOULI
COMPANY SECRETARY

Place: Hyderabad

Date: 16.07.2012



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report of the company together with the audited Accounts for the 15 months period ended June 30, 2012.

FINANCIAL PERFORMANCE:

(Rs. in million)

Particulars	15 months Period ended 30.06.2012	Year Ended 31.03.2011
Income from sale of power	1838.41	1449.97
Other Income	0.09	1.69
	1838.50	1451.66
Profit before interest and depreciation	43.52	181.18
Interest and Finance Charges	150.12	76.70
Depreciation	84.13	68.34
Profit after interest, but before exceptional items	(190.73)	36.14
Exceptional Items (net)	--	--
Profit before Tax	(190.73)	36.14
Current Tax	--	7.32
Mat Credit entitlement	--	(0.85)
Profit after Tax	(190.73)	29.67
Profit/(Loss)from continuing operations	(190.73)	29.67
Profit/(Loss)from discontinuing operations	(36.58)	10.71
Profit/(Loss) for the year	(227.32)	40.38

REVIEW OF OPERATIONS:

During the period under review, your Company achieved the gross turnover of Rs. 1838.50 millions for fifteen months period as against Rs.1451.66 millions for twelve months period of the previous year. The operating loss for the current period was Rs. (-) 227.32 millions for fifteen months period as against the net profit of Rs. 40.38 millions for twelve months period of the previous year.

The company's 20 MW plant at Bamboo flat, Port Blair has achieved the Plant Load Factor (PLF) during the year 2011-12 at 80.23% against the benchmark of 68.49%.

During the period under review three DG Sets were running continuously to its full load at A&N plant, but the fourth one was shut down for taking up overhaul, for which the spares required were expected shortly.

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

DIVIDEND:

During the year under review, your Directors are unable to recommend any dividend on the Equity Capital of the Company due to Losses.

SUBSIDIARY COMPANIES:

During the year under review, the performance of the subsidiaries viz., Suryachakra Global Enviro Power Limited, South Asian Agro Industries Limited, M.S.M. Energy Limited and Sri Panchajanya Power Private Limited, which operate biomass based power plants at Chhattisgarh and Maharashtra has not been satisfactory due to non-availability of quality raw materials at reasonable rates. The prices of biomass like rice husk, cotton stalk etc., have been steeply increased which resulted into high cost of production raising questions about their commercial viability. The company therefore had to willy-nilly took to alternatives like Napier grass for their raw material requirement and have already finalized tie-up arrangements with some napier grass supplying companies on lease/contract farming for energy plantation in Chattisgarh and Maharashtra which was more or less completed. Thus with this continuous feed supply at competitive price in place, the subsidiaries are expected to improve their performance in near future.

**Suryachakra Global Enviro Power Limited (SGEPL):**

The unit has been shut down from August 2011. The plant has generated 14,19,000 units and exported 11,84,800 units during 2011-12.

Raw material was not available on continuous basis and in sufficient quantities. The prices of raw materials have also shot up to unreasonably high level. In view of this, it is not considered economical to run the plant. Even if it is done it is likely to incur heavy operational losses and lead to a perennial shortage of sufficient working capital. As a result the company entered into an agreement with M/s. Indiabulls who are the term loan providers for the project to ease the financial burden by restructuring the loans. As per the terms, the existing term loan would be rescheduled by them who would also fully meet the project's working capital requirement. Accordingly M/s Indiabulls has sanctioned a fresh term loan of Rs. 50.00 Crores after closing the existing term loan of Rs.35.00 Crores along with accumulated interest thereon. About Rs.9.50 Cr. has been made available as working capital to the unit in question.

The tariff during 2010-11 was a measly amount of Rs.4.03/Kwh and Rs.4.23/Kwh in 2011-12. Against that as per CSERC tariff orders dated 28.12.2011 and 27.03.2012 the tariff was increased to Rs.5.10 / Kwh (Rs.1.77 + Rs.3.33) for the year 2012-13 (effective from 01.04.2012). In view of the availability of sufficient working capital coupled with the hike in rate of tariff, the unit is expected to be a profitable outfit soon.

With these initiatives to restart the plant, order was placed with M/s Sumax Power and Energy Systems Private Limited (SPESPL) for re-commissioning of the plant. Pre-commissioning checks commenced in July 2012 and work is in progress. The company has plans to complete all the connected activities early and take the unit into service by last week of September, 2012.

South Asian Agro Industries Limited

The unit was shut down from 29.03.2011 due to blasting of "Y" & "B" Phase CTs and consequential damage to Feeder Differential Protection Relay. The lead time for supply of these items is about 5 to 6 months.

As the problems plaguing the company are analogues to those afflicting SGEPL, identified steps have been initiated here too with M/s. Indiabulls, the loan provider for this project as the operating agency.

Accordingly M/s. Indiabulls has sanctioned a fresh term loan of Rs.50.00 Cr. and closed the existing term loan of Rs.35.00 Crores along with accumulated interest thereon. An amount of Rs.9.50 Cr. has been made available as working capital along with the availability of funds and the similar increase in the rate of tariff, the company is likely to be rehabilitated soon. The re-commissioning activities have been completed in March 2012. The unit has generated 42,99,779 units till June 2012. The unit is now running satisfactorily.

MSM Energy limited

During the year the 10MW Biomass based power plant at Parbhani has generated 41,66,800 units. However since July 2011 the steep increase in raw material costs and non-availability of the same on a continuous basis had adversely affected the unit and incurred operational losses. The Tariff applicable was Rs.4.98/kwh was not found adequate for the unit's viability. Since MERC has increased the tariff to Rs.5.41/ kwh for the year 2012-13 from 30.03.2012, it is expected that the plant can be operated profitably. Accordingly, it is proposed to revive the plant, generate and export power to the grid at the earliest. An order was placed on M/s. Jasmine Power Engineering Private Limited (JPEPL) for re-commissioning of the plant. M/s. JPEPL has already started pre-commissioning checks during August 2012 and work is in progress. It has plans to complete all the pre-commissioning activities and take the unit into service by last week of September 2012.

Another 10MW biomass based power plant is under construction at Kholapur Village, Amravati District, Maharashtra. The plant is expected to commence operations during the year 2012-13.

The company has approached for corporate debt restructuring (CDR Package) and it was admitted by central CDR Cell in its meeting held in December 2011. The lenders were asked to prepare a suitable package. Accordingly IDBI the consortium leader after getting a TEV Report from a APITCO has prepared a package which consists of restructuring the existing limits additional funding, interest concessions and the said package is being submitted to EGCDR Cell, Mumbai for taking a decision. It is expected that a suitable decision in this regard will be taken in the meeting to be held in the month of September 2012.

Sri Panchajanya Power Private Limited

During the year the 10MW Biomass based power plant at Hingoli has generated 28,27,400 units. For the identical reasons as described under the MSM Energy Limited, the Company's operations stopped from July 2011. Hence the unit incurred operational losses. With the recent hike in Tariff rate from Rs.4.98/KWH to Rs. 5.41/Per KWH with effect from 30.03.2012 the operational viability has been found to have affordable and has been decided to revive the plant, generate and export power to the grid.

M/s. Jasmine Power Engineering Private Limited (JPEPL) has been pressed into service for re-commissioning of the plant and the company is expected to take the unit into service by last week of September 2012.

The company approached Syndicate Bank for restructuring and additional funding for cultivation of napier grass. The bank was approached for issue of holding on operations to enable the company to re-start operations. After series of



meetings the bank has agreed to issue holding on operations with a condition to recover 5% of the monthly bill for three months and 10% of the bill for next three months and review the position thereafter. The permission in writing is expected shortly. Bank will take up restructuring of the account after observing the operations for six months.

Consolidated Financial Statements:

The Consolidated Accounts presented by the Company for the period 2011-12 include the financials of its subsidiary companies. In accordance with the General Circular issued by the Ministry of Corporate Affairs, Govt. of India dated 8th February 2011, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not attached to the Balance sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies to any member of the Company or its subsidiaries, upon receiving a request for the same. Further, the annual accounts of the subsidiary companies including the consolidated annual accounts of the Company will be kept open for inspection at the Registered Office of the Company and that of the subsidiaries, during the office hours. A summary of financial information of the subsidiary companies is provided in the Annual Report of the Company.

FIXED DEPOSITS:

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

INSURANCE:

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

CORPORATE GOVERNANCE:

A report on Management Discussion and Analysis, Corporate Governance, along with additional information for shareholders as prescribed under listing agreement with the stock exchange, Mumbai are annexed as a part of this report along with requisite practicing company secretary's certificate confirming the compliance of Corporate Governance. As per SEBI requirement, Secretarial audit is carried out at regular intervals. The findings of the audit have been found to be satisfactory.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i] in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations 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 K Bhattacharjee and Mr.A.Ramesh Kumar, Directors will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment as Directors of the Company.

During the year, Mr. P.V. Rao and Mr. M. Seshavatharam have resigned from the Board as Directors.

Mr.Vijay Kumar and Mrs.B.N.Raja Kumari were appointed as Additional Directors 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 program of internal audits, review by management and documented policies, guidelines and procedures.

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

STATUTORY AUDITORS:

The Statutory Auditors of the Company viz., M/s M. BhaskaraRao & Co., Chartered Accountants, Hyderabad will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment, if appointed in the Annual General Meeting by members.



EXPLANATIONS FOR THE QUALIFICATIONS MADE BY THE AUDITORS IN THEIR REPORT

Auditors Qualification	Board's Explanation
<p>Pending final agreement with A&N Administration, we are unable to comment on the extent of ultimate recoverability of Rs.10,13,89,890/-withheld by A&N Administration for the year ended June 30,2012 (31.03.2011: Rs.5,94,94,972) and the total receivables as at June,30 2012 of Rs.17,76,78,168/- (31.03.2011:Rs.8,59,04,780) which are subject to confirmation by the A&N Administration. The total interest accrued on such disagreements which are subject to confirmation by the A&N Administration is Rs.12,75,74,329/- (31.03.2011: Rs.12,75,74,329)</p>	<p>The company's revenue from sale of electricity is based on Power Purchase Agreement (PPA) entered into A & N Administration. The PPA is for a period of 15 years and contain certain Pre-defined formulae for calculation of revenue to be billed on a monthly basis. Such billings are as per PPA which include fixed charge payment, variable charge payment, incentive payment, foreign exchange adjustment and change in law adjustment. Revenues for the period ended June 30, 2012 includes an amount of Rs 10,13,89,890/- (Previous Year Rs. 5,94,94,972) billed by the company as variable charge under PPA which has been rejected/withheld by A & N Administration on the grounds of technical interpretation of the formulae for computation of such charges. The company also has receivables amounting to Rs.17,76,78,168/- as at June 30, 2012 (Previous Year Rs. 8,59,04,780/-) on account of such rejections. Further the company has accrued interest on unpaid invoices amounting to Rs. Nil for the year ended June 30, 2012 (Previous Year Rs. 4,37,21,965/-) total interest accrued on such disagreements and included in the total receivables as at June 30, 2012 amount to Rs. 12,75,74,329/- (Previous Year Rs. 12,75,74,329/-). The company has(during the year ended June 30, 2012) received an amount of Rs.96,16,501/- and Rs. 9,55,43,200/- on July 9, 2012 towards such receivables. The company believes that the amount billed including interest thereon are recoverable based on the interpretation that can be inferred from the formulae contained in the PPA. Further the company up to the year ended March 31, 2011 has accrued interest on such unpaid invoices aggregating to Rs.12,75,74,329/-. During the current year ended June 30, 2012 the company reviewed the recognition of interest and as a measure of prudence has decided to discontinue further recognition of interest. The same will be recognized in the year of receipt. Management is confident of recovering of interest recognized up to March 31, 2011. If the company had continued to recognize interest, the loss for the year would have been lower and retained earnings would have increased.</p>
<p>Relating to coal trading receivables (discontinuedoperations) regarding which we are unable to comment on the extent of realisability of the dues.</p>	<p>Trade receivables include an amount of Rs.18,32,54,512/- relating to Coal Trading Activity which has been discontinued. Subsequent to the balance sheet date the company has realized an amount of Rs.8,91,00,000/- against the said dues. The management has been regularly pursuing the respective debtors and confident of receiving the balance amount. However as a measure of prudence a provision of Rs.3,78,50,636/- has been made towards doubtful receivables.</p>
<p>No provision against the carrying amount of its long term investment and loans extended to its subsidiaries "Suryachakra Global Enviro Power Limited" Rs.116,93,13,308;</p>	<p>The Company has the following investments as at June 30, 2012 including advances made to its subsidiaries Suryachakra Global Enviro Power Limited investment in Equity Rs. 891,116,884/- and advance given of Rs.278,196,424/-, Suryachakra Energy</p>



“SuryachakraEnergy (Chhattisgarh) Private Limited” Rs.35,66,32,225 and “Suryachakra Global Ventures Limited” Rs.85,01,25,548 is presently necessary, for the reasons stated in the said note. We are unable to comment on the extent of the impairment of the said investment/ advances.	(Chhattisgarh) Private Limited Investment In Equity Rs. 356,600,000/- and Advance given of Rs.32,225/- and Suryachakra Global Ventures Limited Investment in Equity Rs. 6/- and advance given of Rs.850,125,542/-
Winding up petition filed by one of the unsecured creditor which is pending for hearing before the Honorable High Court of Andhra Pradesh.	During the year M/s. SBI Global Factors Limited an unsecured Creditor has filed a petition before the Honorable High Court of Andhra Pradesh for winding up of the Company u/s 433 (1) (e) of the Companies Ac, 1956. The Honorable High Court of Andhra Pradesh had admitted the petition. Company has appealed against the said petition which is pending for hearing. Company is confident of resolving the matter amicably.
The scope and coverage of the internal audit system needs to be strengthened to make it commensurate with the size and the nature of its business.	The company has adequate internal audit mechanism in place. However the internal audit team will be strengthened further to commensurate with the size of the company.
The company is not regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees’ State Insurance, Income Tax, Sales Tax, wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.	The following amounts were in arrears as at June 30, 2012 for a period of more than six months from the date they became payable (1) TDS amount Rs. 32,68,784/- (2) Provident Fund Rs. 1,316/- (3) VAT Rs.5,46,250/- and (4) Professional Tax Rs.100/-. Efforts are being made to deposit the above said amount at the earliest. There were no dues of Income Tax, Sales Tax, wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues.
Default in repayment of dues to banks.	The company has taken up with the banks for restructuring the loans and also additional funding towards working capital and project capital expenses. The Banks are in the process of considering the revival packages and negotiations with the Banks on these lines are in progress. The entire process is expected to be completed shortly.

COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, Mr. B.Venkateswarlu (Fellow Membership No.13760) practicing Cost Accountant, has been appointed to conduct audit of cost records of power (electricity) for the year 2011-12.

Cost Audit Report would be submitted to the Central Government within the prescribed time.

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:

The information as required in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended:

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

HUMAN RELATIONS:

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

**ACKNOWLEDGMENT:**

Your Directors gratefully acknowledge the valuable support, guidance and assistance extended to the Company by various departments of the Central and State Governments, different statutory authorities, State Bank of India, State Bank of Hyderabad, IDBI, Syndicate Bank, First Climate and SREI Equipment Finance Pvt. Limited etc.

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

For and on behalf of the Board of Directors

Place: Hyderabad.

Date: 16.07.2012.

P K Bhattacharjee

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 2011-12 (for the 15 months period ended 30.06.2012) was Rs. 5,042,021 and for the previous year was Rs.4,304,490.



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company envisages the attainment of highest levels of transparency, disclosures, accountability and equity in all facets of its operations and believes as a good system of Corporate Governance. While the Corporate Governance code of the Listing Agreement prescribes a framework for governance of a business in corporate framework, the company's philosophy is to develop the desired framework and institutionalize the spirit it entails. The company tries to achieve higher governance standards by ingraining values, ethics, integrity and transparency in every aspect of its business on a continuous basis. This will lay the foundation for further development of superior governance practices.

2. BOARD OF DIRECTORS:

The Board of Directors as of the date of this report comprises of eight Directors out of which One is a Promoter Whole Time Director, One is an Employee Director, Two are Executive Directors, and four are Independent Directors which will result in an appropriate mix of executive / non-executive and independent directors to ensure proper corporate governance and management. As on 30th June 2012, the Board has the following Directors.

A) The constitution of the Board as on 30.06.2012 is as follows:

Name of the Director	Category of Director	Directorships in other companies in other companies #	* Committee positions held
Mr. P. V. Rao (upto 30.03.2012)	NonExecutive Chairman – Independent Director	2	NA
Mr. P. K. Bhattacharjee	Independent Director	12	Chairman-1 Member-4
Dr. S. M. Manepalli	Promoter - Managing Director	3	Nil
Mr. M. Seshavatharam (upto 15.05.2012)	Promoter - Non-Executive Director	Nil	Nil
Mr. Mahesh Chand	Independent Director	2	Nil
Mr. K. Satyanarayana	Non-Executive Director	5	Member-2
Mr. V.S. Murthy	Independent Director	3	Chairman-3
Commodore K.V. Subramaniam (upto 30.10.2011)	Independent Director	Nil	Nil
Mr. A. Ramesh Kumar	Independent Director	Nil	Nil
Mr. K. B. Trehan (upto 23.07.2011)	Independent Director	Nil	Nil
Mr.K.Vijay Kumar (W.e.f.15.5.2012)	Executive Director	3	Member-3
Mrs.B.N.RajaKumari (W.e.f. 16.7.2012)	Executive Director	1	Member-3

The Board meetings are normally held in Hyderabad. The Board meets at least once in a quarter. The gap between two meetings shall not exceed four months. The Board agenda and other explanatory notes are circulated to the Directors in advance. Senior executives are also invited to attend the Board Meetings as and when required.

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

During the year under review, the Board of Directors of the Company met 6 (Six) times on 14.05.2011, 11.07.2011, 12.08.2011, 12.11.2011, 14.02.2012 and 15.05.2012. The Company placed before the Board the audited and un-audited results, annual operating plans, project expansion plans and performance of the Company and its subsidiaries from time to time. Information, which is materially important, was also recorded at each and every Board Meeting.

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



Name of the Director	No. of Board meetings held during the year	No. of Meetings attended	Attendance at the last A G M
Mr. P. V. Rao (upto 30.03.2012)	6	4	Yes
Dr. S. M. Manepalli	6	6	Yes
Mr. M. Seshavatharam (upto 15.05.2012)	6	5	No
Mr. P. K. Bhattacharjee	6	5	No
Mr. Mahesh Chand	6	2	No
Mr. K. Satyanarayana	6	3	Yes
Mr. V.S. Murthy	6	6	Yes
Commodore K. V. Subramaniam (upto 30.10.2011)	6	3	Yes
Mr. A. Ramesh Kumar (w.e.f 10.08.2010)	6	4	No
Mr K B Trehan(upto 23.07.2011)	6	0	No
Mr. K. Vijay Kumar	6	2	NA
Mrs.B.N.RajaKumari	6	1	NA

NOTE: Excludes Directorships held in foreign companies, Private Companies and Alternative Directorships.

3. AUDIT COMMITTEE:

Major terms of reference of the committee include overseeing the financial reporting process, review of the financial statements, ensuring compliance with the regulatory guidelines, review of internal audit reports, recommending appointment and remuneration of the statutory auditors to the Board of Directors and review of adequacy of internal control systems and internal audit function. Composition and terms of reference of the Audit Committee are in compliance with the provisions of Clause-49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

B) Composition & attendance of Audit Committee for the period ended 30.06.2012:

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

Name of the Member	Category	No. of meetings held	No. of meetings attended	Attendance at last AGM	Sitting fee
Mr. P. K. Bhattacharjee	Chairman	7	6	No	12000
*Mr. M Seshavatharam (w.e.f. 15.05.2012)	Member	7	6	No	12000
Mr. V.S. Murthy	Member	7	7	Yes	14000
#Mr. K. Vijay Kumar (w.e.f. 15.05.2012)	Member	7	1	No	Nil

* Resigned, # Appointed

During the Financial year 2011-12, the Audit committee met 7 (Seven) times on 14.05.2011, 28.06.2011, 11.07.2012, 12.08.2011, 12.11.2011, 14.02.2012 and 15.06.2012.

4. REMUNERATION COMMITTEE:

Major terms of reference of committee include evaluating and recommending the composition of the Board of Directors and Committees thereof, considering and recommending the appointment of Non-Executive Directors, determining the process of evaluating the effectiveness of individual Directors and the Board as a whole, evolving principles, criteria and the basis of remuneration policy and considering and recommending the appointment and remuneration of Executive Directors and Managing Directors of the company.

Composition of Remuneration Committee:

1. Mr. V.S. Murthy - Member & Chairman
2. Mr. K. Vijay Kumar - Member
3. Mr. K. Satyanarayana - Member



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

(Amount in Rs.)

Name of the Director	Relationship with other Directors	Business relationship with the company	Remuneration Paid for the 15 months period (i.e. 1.04.2011 to 30.06.2012)			
			Sitting fees	Salary	Commission	Total
Mr. P. V. Rao	None	Non-Executive Chairman Independent	20000	-	-	20000
Mr.M. Seshavatharam	Yes	Promoter & Non-Executive Director	Nil	-	-	Nil
Mr.K. Satyanarayana	None	Non-Executive Director	Nil	-	-	-
Mr.P. K.Bhattacharjee	None	Independent Director	30000	-	-	30000
Mr. Mahesh Chand	None	Independent Director	1000	-	-	10000
Mr. V.S. Murthy	None	Independent Director	25000	-	-	25000
Commodore K.V. Subramaniam	None	Independent Director	Nil	-	-	Nil
Dr. S.M. Manepalli	Yes	Promoter & Managing Director	Nil	4500000	-	4500000
Mr. A. Ramesh Kumar	None	Independent Director	20000	-	-	20000
Mr. K. B. Trehan	None	Independent Director	Nil	-	-	Nil
Mr. K Vijay Kumar (w.e.f 15.05.2012)	None	Executive Director	Nil	1189500	-	1189500
Mrs.B.N.Raja Kumari (w.e.f 16.07.2012)	None	Executive Director	Nil	471990	-	471990

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The 'Shareholders' / Investors grievance committee focuses on shareholders' grievances and related requests received from the shareholders. Members of the committee are Mr. V.S. Murthy, Chairman, Mr. K. Vijay Kumar, member and Mr. K. Satyanarayana, member, and Mr. P. Satish Chandra Mouli, Company Secretary is the Compliance Officer and acts as Secretary to the Committee. This Committee also emphasizes in improving investors 'relations and there are no complaints pending as on the date of this report.

The details of investor's complaints received and resolved for the period from 1.04.2011 to 30.06.2012 are as under:

No. of investors Complaints received during the period	No. of investors complaints resolved during the period	Investor Complaints pending at the end of the period
6	6	Nil

Name & Designation of the Compliance Officer. : Mr. P.Satish ChandraMouli,
Company Secretary

6. DETAILS OF ANNUAL GENERAL MEETINGS : VENUE AND TIME OF THE LAST THREE AGMS.

Sl.No.	YEAR	VENUE	DATE	TIME	No of Special Resolutions passed
1	2011	ADDA Function Halls, IV Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad-72	30.9.2011	10.00 A.M.	1
2	2010	ADDA Function Halls, IV Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad-72	30.9.2010	10.30 A.M.	Nil
3.	2009	ADDA Function Halls, IV Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad-72	30.9.2009	10.30 A.M.	Nil



7. DISCLOSURES:

- A. The Company has formalized a system for legal compliances applicable to the Company. Status of Legal Compliances and steps taken to rectify non-compliances, if any, are placed to the Board of Directors at its meetings.
- B. The transactions with Related Parties are disclosed in Notes to the Accounts appearing in this Annual Report. Transactions entered into by the Company with Related Parties during the year were placed to the Audit Committee for review. Adequate care was taken to ensure that potential conflict of interest did not harm the interests of the Company at large.
- C. The Company has complied with all the requirements of the Listing Agreement of the Stock Exchange as well as regulations and guidelines of SEBI. There were no instances of material non-compliances during the year under review. No strictures or penalties were imposed on the company by SEBI, Stock Exchanges or any Statutory on any matter related to Capital Markets during the last three years
- D. During the year SBI Global Factors Ltd, have filed a winding up petition against the Company u/s. 433(1)(e) of the Companies Act 1956 in the Hon'ble High Court of AP, Hyderabad. The Company has initiated necessary action in this regard.

8. COMMUNICATION TO SHAREHOLDERS:

Quarterly unaudited financial results with limited review report and annual audited financial results of the company with auditors reports thereon were submitted to the stock exchanges on approval by the Board of Directors. The results were published in Business Standard (English) and Andhra Prabha (Telugu) newspapers. The company's website www.suryachakra.in also displays the official news releases in addition to the financial results.

9. CODE OF BUSINESS CONDUCT :

The Company has adopted a Code of Business Conduct based on the business principles of the Company. The Code of Business Conduct has also been posted on the website of the Company. In compliance with the Code, Directors and senior management of the Company have affirmed their compliance with the Code for the year under review. A declaration to this effect signed by the Executive Chairman forms part of this annual report.

10. WHISTLE BLOWER POLICY :

The Company believes in conducting its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behavior. The Company is committed to developing a culture where it is safe for all the employees to raise concerns about any misconduct or unacceptable practice. The Company has adopted a Whistle Blower Policy through which the Company seeks to provide a mechanism for the employees to disclose any unethical behavior, improper practices and wrongful conduct taking place in the Company for appropriate action. The Policy inter alia provides access to the Chairman of the Audit Committee. Confidentiality of those reporting violations is maintained without any discrimination.

11. POLICY ON PROTECTION OF EMPLOYEES AGAINST SEXUAL HARASSMENT AT WORK PLACE :

The Company is committed to creating a healthy and conducive working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment in implicit or explicit form. The Company firmly believes that all employees of the Company have the right to be treated with dignity independent of caste / creed / community / gender. The Company has, therefore, adopted a policy for protection of employees against sexual harassment at work place and for redressal of complaints relating thereto.

12. GENERAL SHAREHOLDERS' INFORMATION:

- a) 17th Annual General Meeting

Date	29 th September, 2012
Time	10.00 A.M.
Venue	ADDA Function Halls, H.No.2-22-298/1/186-187, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad-72.

- b) Financial Year : 1st April 2011 to 30th June 2012

- c) Financial Reporting (Tentative) for the year 2012-13:

Quarter ending	Board Meeting
Quarter ending June 30, 2012	On or before Second week of August, 2012
Quarter ending September 30, 2012	On or before Second week of November, 2012
Quarter ending December 31, 2012	On or before Second week of February, 2013
Quarter ending March 31, 2013	On or before Second week of May, 2013
Annual General Meeting for the Year ended March 31, 2013	September, 2013



- d) Dates of Book Closure : 27.09.2012 to 29.09.2012 (both days inclusive)
- e) Registered Office : Suryachakra House, Plot No.304-L-III,
Road No.78, Jubilee Hills,
Hyderabad – 500 033.
- f) Equity shares are listed at : The Bombay Stock Exchange Limited
- g) Stock Codes : 532874 (“SURYACHAKRA”)
- h) Listing fee for the year 2011-12 : Listing fee to the above Stock Exchange has been paid
- i) Dematerialization : As on 30th June 2012–14,74,56,039 Equity Shares comprising of 98.55% of the Paid-up Equity Capital of the Company has been dematerialized.
- j) ISIN : INE274I01016
- k) Registrars and Share Transfer Agents : Karvy Computershare Private Limited
Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.
- l) Share Transfer System : All shares are transferred and returned to the Shareholders concerned within 7 days from the date of receipt, subject to the documents being valid and complete in all respects.
- m) Investor’s relations : All complaints received from shareholders have been resolved. The complaints are generally replied within 10 days from their lodgment with the Company.
- n) Address for correspondence :
- 1) Registrars and Share Transfer Agents : Karvy Computershare Private Limited
Unit: Suryachakra Power Corp. Ltd,
Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500 081.
- 2) Company’s address : The Company Secretary
Suryachakra Power Corporation Ltd
Suryachakra House, Plot No.304-L-III, Road No.78, Jubilee Hills,
Hyderabad – 500 033.
- 3) Email address exclusively designated for investors : suryachakra.power@gmail.com
- 4) Company Website : www.suryachakra.in
- o) Plant Location : Bamboo flat, Near fire Brigade, South Andaman, Port Blair – 744 107.

13. SHARE TRANSFER SYSTEM AND NOMINATION FACILITY:

Powers to approve share transfers and related requests have been delegated by the Shareholders’ Grievances Committee to senior officials of the Company for expeditious disposal of shareholders’ requests and complaints.

Share transfers are taken up for approval at least once in a fortnight and the transferred securities are dispatched to the transferees within the stipulated time. Details of transfers / transmission approved by the concerned authority are noted by the Shareholders’ Grievances Committee at its next meeting

Shareholders holding shares in Physical form and desirous of making changes in the nomination in respect of their shareholding in the Company are requested to submit form 2B for this purpose to the Compliance officer, which can be furnished by the company on request.



14. STOCK MARKET DATA:

Particulars of share quotations at Bombay Stock Exchange Limited:

Month	High	Low	Volume
April-2011	16.50	11.85	21,59,010
May-2011	14.50	11.10	15,44,049
June-2011	19.50	10.62	1,84,44,222
July- 2011	12.45	10.70	8,24,487
Aug-2011	11.20	8.00	7,83,950
Sep-2011	13.88	9.07	61,34,005
Oct-2011	10.67	5.90	2,08,73,942
Nov-2011	6.37	3.66	1,15,50,905
Dec-2011	4.10	3.31	25,71,742
Jan-2012	5.01	3.52	1,16,81,990
Feb-2012	4.00	2.72	7,70,54,574
Mar-2012	3.65	2.43	4,21,01,048
Apr -2012	2.55	1.99	2,10,62,001
May-2012	2.75	1.79	2,76,18,822
June-2012	1.94	1.39	1,96,02,042

Source: The Bombay Stock Exchange Limited, Mumbai

15. DISTRIBUTION OF SHAREHOLDING:

Distribution Schedule as on June 30, 2012

Category (Amount)	No. of Shareholders	% of holders	Total Shares	Amount (Rs.)	% of Amount
1- 5000	33959	66.70	7768208	77682080	5.19
5001-10000	7343	14.42	6435677	64356770	4.30
10001 -20000	3844	7.55	6180394	61803940	4.13
20001 - 30000	1618	3.18	4244783	42447830	2.84
30001 - 40000	688	1.35	2532087	25320870	1.69
40001 - 50000	925	1.81	4488608	44886080	3.00
50001 -100000	1269	2.49	9892761	98927610	6.61
100001 & Above	1263	2.48	108090442	1080904420	72.24
Total	50909	100	149632960	1496329600	100

16. SHAREHOLDING PATTERN:

Shareholding pattern by category as on 30th June, 2012:

Category of shareholder	No. of shares held	Percentage of holding
Promoters	39742670	26.56
Banks / Mutual Funds / FI/FILs	17981234	12.02
Private Corporate Bodies	17879701	11.95
NRIs / OCBs	1481323	0.99
Indian Public	72548032	48.48
Total	149632960	100.00

17. RECONCILIATION OF SHARE CAPITAL REPORT:

The Reconciliation of Share Capital Report, 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 as stipulated by SEBI by a qualified Practicing Company Secretary.

**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 June 30, 2012, we Dr. S.M. Manepalli, Managing Director and Mr. V.L.N. Rao, CFO of Suryachakra Power Corporation Limited hereby certify to the best of our knowledge and belief that:

- a) We have reviewed the Balance Sheet and Profit & Loss Account and all its schedules and notes to accounts as well as cash flow statements and directors report;
- b) Based on our knowledge and information, these statements do not contain any untrue statement of material fact or omit to state a material fact or contain statements that might be misleading;
- c) Based on our knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of company's affairs, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
- d) To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct;
- e) We are responsible for establishing and maintaining internal controls over financial reporting for the company, and have
 - i) Designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial and the preparation of financial statements in accordance with generally accepted accounting principles.
 - ii) Evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and
 - iii) Disclosing in this report and change in the company's internal control over financial reporting that has materially affected the company's internal control over financial reporting.
- f) We have disclosed to the Auditors and the Audit Committee of the company's Board of Directors in regard to:
 - i) Deficiencies in the design or operation of internal controls and steps taken/proposed to be taken to rectify these deficiencies.
 - ii) Significant changes in internal controls over financial reporting, if any, during the year covered by this report.
 - iii) Significant changes in accounting policies during the year, if any, and that the same, have been disclosed in the notes to the financial statements.
 - iv) Instances of significant fraud of which we have aware, that involves management or other employees who have a significant role in the Company's internal controls system over financial reporting.

Place: Hyderabad**Date :16.07.2012**

Sd/-
V. L. N. Rao
Chief Financial Officer

sd/-
Dr. S M Manepalli
Managing Director

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members

Suryachakra Power Corporation Limited

I have examined the compliance condition of Corporate Governance by SURYACHAKRA POWER CORPORATION LIMITED ("the Company") for the 15 months period ended 30th June, 2012 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and explanations given to us, the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing agreement.

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

Date :16.07.2012**Place: Hyderabad****For L.D.Reddy & Co.,**
Company Secretaries

sd/-
L.Dhananjaya Reddy
(Proprietor)
C.P. No. 3752



MANAGEMENT DISCUSSION AND ANALYSIS

The company presents an overview of energy sector and discusses important initiatives taken by SPCL during the year to achieve its growth and performance objectives.

You are kindly aware that the company is into various types of power generation viz diesel, biomass, coal etc.,

ECONOMIC OVER VIEW

The world energy scenario witnessed significant changes during the year 2011-12 some of which can have long term and structural implications, first after the incident of japan nuclear fuel as a source of energy faced considerable uncertainty secondly the political tensions in middle east and north Africa have increased the risk of disruption of oil supplies and prices in the short to medium term, and raised questions about the regions investment plan, third, economic concerns have diverted attention from energy policy and added difficulties to energy efficiency for the second consecutive year.

The Energy policy of India is largely defined by the country's burgeoning energy deficit and increased focus on developing alternative sources of energy particularly nuclear, solar and wind energy.

About 70% of India's energy generation capacity is from fossil fuels, with coal accounting for 40% of India's total energy consumption followed by crude oil and natural gas at 24% and 6% respectively. The growth of electricity generation in India has been hindered by domestic shortages and as a consequence, India's coal imports for electricity generation increased day by day. The power sector ranked 6th among the leading sectors of the Indian Economy which attracted good amount of FDI investment to India.

Managing growth and price stability are the major challenges of macroeconomic policymaking. In FY 2011-12, India found itself in the heart of these conflicting demands. GDP growth in FY 2011-12 is expected to be 6.9% only mainly due to global economic slowdown, financial crisis in Europe and certain exogenous shocks like the Japanese nuclear disaster. Domestically, decline in GDP growth rate is primarily due to the dip in the growth in Industry to 3.9% in FY 2011-12 from 7.6% in FY 2010-11. GDP growth has been projected at 7.6% and 8.6% for FY 2012-13 and FY 2013-14 respectively. Inflation too was close to double digits with Wholesale price index (WPI) inflation at 9.74% and food inflation at 8.95% in April, 2011. Though, inflation eased to 6.89% in March 2012, it is expected to average 6.5%-7.0% in FY 2012-13. A rise in commodity prices and weakening of the Indian rupee remain significant risk factors for the inflation trajectory. India's Balance of Payments slipped into negative territory in third quarter of FY 2011-12 for the first time in three years as exports slumped and imports rose. India's current account deficit is expected to widen to 3.5% in FY 2011-12 as compared to 2.6% a year ago. India's fiscal deficit jumped to 5.9% of GDP for FY 2011-12 against the target of 4.6% and Government has set fiscal deficit target for FY 2012-13 at 5.1% of GDP, which is very high. These deficits, *inter alia*, had an impact on India's long term BBB rating which has shifted to negative from stable.

OPPORTUNITIES AND THREATS:

Opportunities

The opportunities are in terms of

1. CIL Board released draft fuel supply agreements (FSA) for power plants that have entered into long-term power purchase agreements with Discoms and would get commissioned on or before March, 2015. However, it offers only limited self-penalty of 0.01% for not supplying at least 80% of committed supply.
2. The Ministry of Coal has migrated to Gross Calorific Value (GCV) based grading system for non-coking coal from the earlier Useful Heat Value (UHV) based system with effect from 1st January 2012.
3. Auction by Competitive Bidding of Coal Mines Rules, 2012 have been notified on 2nd February, 2012.
4. Ministry of Environment and Forests (MOEF) has announced Fast Track Environmental Clearance for Thermal Power Projects.
5. Several Joint Ventures have been set up in the country for manufacturing of supercritical boilers & turbine generators with technology tie-ups from International manufacturers. With a view to encourage domestic manufacturing of supercritical units, bulk orders for around 20 supercritical units have been approved by the Government with a mandatory stipulation to incorporate the condition of setting up of pre-agreed Phased Domestic Manufacturing Programme (PMP) in the bids to be invited. These measures are yet to make an impact.
6. In the Finance Bill 2012, the following benefits have been proposed which would ameliorate the worsening state of the power generation sector:



- a. Extension of 80IA benefit (claiming 100% deduction of profits) for plants commissioned on or before 31st March 2013.
- b. Additional depreciation of 20% in the initial year has been proposed to be extended to new assets acquired by power generation companies.
- c. Full exemption from basic duty of 5% to Natural Gas and LNG.
- d. Full exemption from basic custom duties and concessional countervailing duty (CVD) of 1% to steam coal for a period of 2 years till 31st March 2014.
- e. To constitute an inter-ministerial group to periodically review the allocation of coal mines and make necessary recommendations for de-allocation, if required.
- f. Provision to allow external commercial borrowing to part-finance rupee debt of existing power projects and floating tax-free bonds of Rs 10,000 crores.
 - Jawaharlal Nehru National Solar Mission's target of 20,000 MW by year 2022.
 - Open access power sale.
 - Large demand supply mismatch for power which is expected to continue for quite some time and may be into the year 2020s and 2030s.
 - Favourable Government regulations and liberalized schemes; Government is showing positive signs by announcing new policy guidelines like on that of Solar Energy.
 - Some of the projects of the subsidiaries of your company are based on bio-mass which provides rural employment, value addition to agro-waste etc.
 - Your company and its subsidiaries also envisage growth in other areas of renewable / clean energy like solar power, hydro electricity, wind power and Clean Tech Thermal Plants – Coal, Gas etc.
 - Contribute to minimizing global warming through Clean Development Mechanism (Certified Carbon Reductions / Carbon Credits have substantial commercial value and can improve the profitability of the projects substantially)

Threats

- Natural calamities and drought may reduce the bio-mass availability which is the source of raw material for some of your subsidiaries
- Higher input costs of bio-mass, coal etc. may reduce the profitability of the Company and its subsidiaries
- Competition is likely to increase in this sector due to enhanced investments arising out of power sector reforms
- Changes in Government policies – Price tariff fixed by Government may not be commensurate with the existing encouraging policies

FINANCIAL PERFORMANCE REVIEW:

During the period under review, your Company achieved a gross turnover of Rs. 1838.50 millions as against Rs. 1451.66 millions in the previous year. The company incurred losses mainly due to non-operation of subsidiaries except SAAIL, Khajuri, Baloda Bazar, Raipur, Chhattisgarh. The net loss for the current period /year was Rs. 227.32 millions as against the net profit of Rs. 40.38 millions during the previous year.

RISK AND CONCERNS

Suryachakra Power Corporation Limited Risk Management Committee operates on a comprehensive risk management framework that the company has put in place from time to time. The committee is headed by the Managing Director and comprise of the entire senior management team. Divisions identify operational and tactical risks and suggest measures for mitigation and control. The committee supervises and monitors the risk identification and mitigation activities of each division.

INTERNAL CONTROLS:

The Company maintains established Internal Control Systems in order to ensure effectiveness and efficiency of its operations, optimum utilization of resources and compliances with applicable laws and regulations.



The internal control functions are carried out by the Internal Audit Department, based on an Annual Audit Plan, which gives due weightage to the various risk parameters associated with the business. The findings of the Internal Audit Department and the actions taken thereon are reviewed and monitored by the Audit Committee and placed before the Board of Directors, wherever necessary. The Department also assesses the effectiveness of risk management and governance process.

HUMAN RESOURCES:

SPCL's HR policy continues to focus on achieving business goals by enhancing capability of its human resources. The Company's HR strategy is aligned to business processes and corporate objectives and at the same time focused on individual career development and growth aspirations.

SPCL's emphasis on building a quality team is reflected in its practice of recruiting talented young personnel. It has a comprehensive recruitment and selection process to ensure right skills and competencies of the new recruits.

The Company invests significant resources in employee training and development. At the same time, the knowledge and developmental needs of current employees are identified and addressed through structured analysis and training programmes from time to time.

FUTURE OUTLOOK:

The global economic scenario has become more uncertain over the year. The energy outlook, too, has changed considerably with the nuclear incident in Japan and worsening of the geo-political environment in Middle East and North Africa. These can have long term impact on the way energy demands are met globally, and at the same time delay policy commitments important to address environmental concerns.

India is also facing considerable headwinds on several fronts: economic growth has moderated to a nine-year low of 6.5% during 2011-12, inflationary pressures continue to persist and is not at its best business sentiment. The situation is equally worrying for the power sector, which is reeling under the additional pressure of severe coal shortages.

The only comfort in this difficult environment is that there is considerable pent-up demand for power, and the medium- to long-term demand is projected to increase significantly. This will not be restricted to additional demand from businesses. Consumer demand will increase as more and more people have the income to afford energy intensive products and services. What is perhaps more important is that private sector investment will be the key constituent of this growth.

SPCL, with its experience and capabilities in the sector, is well positioned to benefit from the opportunities. The Company, through its subsidiaries and Group entities, has been active in planning and implementing various power projects, both in Chhattisgarh, Maharashtra and in other states. Some of the projects are under execution, whereas others are in different stages of planning. Over the next few years, SPCL will endeavor to become a significant player in the power sector.

CAUTIONARY STATEMENT:

The financial statements appearing above are in conformity with accounting principles generally accepted in India. The statements in the report which may be considered 'forward looking statements' within the meaning of applicable laws and regulations, have been based upon current expectations and projection about future events. The management cannot, however, guarantee that these forward looking statements will actually be realized or achieved.



AUDITOR'S REPORT

The Members of
Suryachakra Power Corporation Limited

1. We have audited the attached Balance Sheet of Suryachakra Power Corporation Limited as at June 30, 2012, the Statement of Profit and Loss and the Cash Flow Statement 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 the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government 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. *Attention is invited to:*
 - (a) *Note 34 to the financial statements regarding revenue from Andaman & Nicobar Administration (A&N Administration) - pending final agreement with A&N Administration, we are unable to comment on the extent of ultimate recoverability of Rs.10,13,89,890/- withheld by A&N Administration for the year ended June 30, 2012 (31.03.2011: Rs. 5,94,94,972) and the total receivables as at June 30, 2012 of Rs.17,76,78,168 (31.03.2011: Rs. 8,59,04,780) which are subject to confirmation by the A&N Administration. The total interest accrued on such disagreements which are subject to confirmation by the A&N Administration is Rs.12,75,74,329 (31.03.2011: Rs.12,75,74,329).*
 - (b) *Note 35 to the financial statements, relating to coal trading receivables (discontinued operation) regarding which we are unable to comment on the extent of realisability of the dues.*
 - (c) *Note 36 relating to the Company's assessment that no provision against the carrying amounts of its long term investment and loans extended to its subsidiaries "Suryachakra Global Enviro Power Limited" Rs.116,93,13,308; "Suryachakra Energy (Chhattisgarh) Private Limited" Rs.35,66,32,225 and "Suryachakra Global Ventures Limited" Rs.85,01,25,548 is presently necessary, for the reasons stated in the said note. We are unable to comment on the extent of the impairment of the said investment / advances.
The consequential impact of the above matters on the loss for the year ended June 30, 2012 and the retained earnings as at June 30, 2012 is indeterminable.*
5. Without qualifying our opinion, we draw attention to:
Note 37 to the financial statements regarding winding up petition filed by one of the unsecured creditors which is pending for hearing before the Honourable High Court of Andhra Pradesh.
6. 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 June 30, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) *Subject to our comments at para 4 above*, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with "Significant Accounting Policies" and notes thereon 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For M BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS
Firm Registration No. 000459 S

V.K. MURALIDHAR
PARTNER
Membership No.201570

Hyderabad, July 16, 2012



SURYACHAKRA POWER CORPORATION LIMITED

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) According to the information and explanations given to us, the management has conducted physical verification of major fixed assets during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us, the Company, during the year, has not disposed off substantial part of fixed assets.
- (ii) a) The inventories consisting of raw materials, stores, spares and consumables have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanation given to us, and on the basis of our examinations of the inventory records, the Company is maintaining proper records. The discrepancies noticed on physical verification of inventory as compared to book records were not material to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) a) According to the information and explanations given to us, the Company has granted unsecured loan to seven parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.121,17,92,935 and the year-end balance of the loan granted to such parties was Rs.105,26,72,443.
- b) In our opinion and according to the information and explanations given to us, the terms and conditions on which the loans have been granted are not prima facie prejudicial to the interests of the Company.
- c) According to the information and explanations given to us, the terms of the arrangement do not stipulate any repayment schedule for principal and interest.
- d) There is no overdue amount in respect of the above loans.
- e) According to the information and explanations given to us, the Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 3 (e), (f) and (g) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (iv) In our opinion and, according to the information and explanations given to us, 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 for sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- (v) In our opinion and according to the information and explanations given to us, we are of the opinion that there are no particulars of contracts or arrangements (except unsecured loans taken from the parties stated in para (iii) above), referred to under section 301 of the Companies Act, 1956, that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from public. Accordingly, the provisions of clause 4(vi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (vii) *In our opinion and according to the information and explanations given to us, the scope and coverage of the internal audit system needs to be strengthened to make it commensurate with the size and the nature of its business.*
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records prescribed under Section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out a detailed audit of the same.
- (ix) a) *The company is not regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom*



Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, the following undisputed amounts were in arrears as at June 30, 2012 for a period of more than six months from the date they became payable:

	Rupees
Tax Deduction at Source	32,68,784
Provident Fund	1,316
VAT	5,46,250
Professional Tax	100

- b) According to the information and explanations given to us, there were no dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess which have not been deposited on account of any dispute.
- (x) *Subject to the matters specified in paragraph 4 of our report of even date, the accumulated losses at the end of the year does not exceed 50% of its net worth at the end of the year.* The company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- (xi) *In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks. Details of the same are stated in the Appendix.*
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company for loans taken by one of its subsidiaries from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
- (xvi) To the best of our knowledge and belief and according to information and explanations given to us, in our opinion, the term loans availed during the earlier years by the Company were, prima facie, applied by the Company for the purposes for which the loans were obtained.
- (xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds were raised on short term basis which have been used for long term purposes.
- (xviii) During the year under report, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company. Accordingly, the provisions of clause 4
- (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xx) In our opinion and according to the information and explanations given to us, the Company has not raised any money by public issue during the year except by issue of Global Depository Receipts. The proceeds of the same were applied for the purposes for which the issue was made.
- (xxi) During the course of our examinations of the books and records of the Company carried out in accordance with the generally accepted practices in India and according to the information and explanations given to us, no instance of fraud on or by the Company was reported during the year, nor have we been informed of such case by the management.

For **M.BHASKARA RAO & CO;**
 CHARTERED ACCOUNTANTS
 Firm Registration No. 000459 S

V.K. MURALIDHAR
 PARTNER
 Membership No. 201570

Hyderabad, July 16, 2012



(A) SBI Working Capital Term Loan-I

Month	Amount to be paid	Amount paid	Difference	Due Date	Actual Payment date	Delay days
December' 11	21,73,000	21,73,000	-	31-Dec-11	07-Jan-12	7
January' 12	24,18,800	24,18,800	-	31-Jan-12	10-Mar-12	39
February' 12	24,18,800	24,18,800	-	29-Feb-12	10-Apr-12	41
March' 12	26,53,600	26,53,600	-	31-Mar-12	09-May-12	39
April' 12	19,33,333	-	19,33,333	30-Apr-12	-	61
May' 12	19,33,333	-	19,33,333	31-May-12	-	30
June' 12	19,33,333	-	19,33,333	30-Jun-12	-	0

Interest on SBI Working Capital Term Loan - I

Month	Amount to be paid	Amount paid	Difference	Due Date	Actual Payment date	Delay days
September' 11	1,01,301	1,01,301	-	30-Sep-11	02-Oct-11	2
October' 11	15,70,207	15,70,207	-	31-Oct-11	02-Nov-11	2
November' 11	15,20,069	15,20,069	-	30-Nov-11	02-Dec-11	2
December' 11	15,70,702	15,70,702	-	31-Dec-11	02-Jan-12	2
January' 12	15,51,743	15,51,743	-	31-Jan-12	01-Feb-12	1
February' 12	14,22,354	14,46,857	(24,503)	29-Feb-12	02-Mar-12	2
March' 12	15,02,356	15,28,557	(26,201)	31-Mar-12	07-Apr-12	7
April' 12	14,56,861	14,56,861	-	30-Apr-12	09-May-12	9
May' 12	14,77,007	14,77,007	-	31-May-12	11-Jun-12	11
June' 12	14,23,404	-	14,23,404	30-Jun-12	-	-

(B) SBI Working Capital Term Loan-II

Month	Amount to be paid	Amount paid	Difference	Due Date	Actual Payment date	Delay days
December' 11	18,07,000	18,07,000	-	31-Dec-11	07-Jan-12	7
January' 12	20,11,200	20,11,200	-	31-Jan-12	10-Mar-12	39
February' 12	20,11,200	20,11,200	-	29-Feb-12	10-Apr-12	41
March' 12	22,06,400	22,06,400	-	31-Mar-12	31-May-12	61
April' 12	16,06,667	-	16,06,667	30-Apr-12	-	61
May' 12	16,06,667	-	16,06,667	31-May-12	-	30
June' 12	16,06,667	-	16,06,667	30-Jun-12	-	-



Interest on SBI Working Capital Term Loan - II

Month	Amount to be paid	Amount paid	Difference	Due Date	Actual Payment date	Delay days
September' 11	84,185	84,185	-	30-Sep-11	02-Oct-11	2
October' 11	13,04,896	13,04,896	-	31-Oct-11	02-Nov-11	2
November' 11	12,63,230	12,63,230	-	30-Nov-11	02-Dec-11	2
December' 11	13,05,308	13,05,308	-	31-Dec-11	02-Jan-12	2
January' 12	12,89,542	12,89,542	-	31-Jan-12	01-Feb-12	1
February' 12	11,82,003	12,02,376	(20,374)	29-Feb-12	02-Mar-12	2
March' 12	12,48,477	12,70,263	(21,786)	31-Mar-12	07-Apr-12	7
April' 12	12,10,670	12,10,670	-	30-Apr-12	09-May-12	9
May' 12	12,27,398	12,27,398	-	31-May-12	11-Jun-12	11
June' 12	11,82,851	-	11,82,851	30-Jun-12	-	-

(C) SBI Rupee Term Loan

Month	Amount to be paid	Amount paid	Difference	Due Date	Actual Payment date	Delay days
May' 11	34,22,500	2620000	-	31-May-11	07-Dec-11	190
		8,02,500	-	31-May-11	07-Jan-12	221
August' 11	34,22,500	34,22,500	-	31-Aug-11	07-Jan-12	129
November' 11	34,22,500	775000	-	30-Nov-11	07-Jan-12	38
		24,00,000	-	30-Nov-11	12-Apr-12	134
		2,47,500	-	30-Nov-11	29-Jun-12	212
February' 12	34,22,500	2352500	10,70,000	29-Feb-12	29-Jun-12	121
May' 12	34,22,500	-	34,22,500	31-May-12		30

Interest on SBI Rupee Term Loan :

Month	Amount to be paid	Amount paid	Difference	Due Date	Actual Payment date	Delay days
April' 11	3,89,586	3,89,586	-	30-Apr-11	01-Jun-11	32
May' 11	4,24,694	4,24,694	-	31-May-11	01-Jun-11	1
June' 11	4,07,429	4,07,429	-	30-Jun-11	01-Jul-11	1
July' 11	3,57,154	3,57,154	-	31-Jul-11	01-Aug-11	1
August' 11	3,16,645	3,16,645	-	31-Aug-11	01-Sep-11	1
September' 11	2,84,377	2,84,377	-	30-Sep-11	02-Oct-11	2
October' 11	2,93,994	2,93,994	-	31-Oct-11	02-Nov-11	2
November' 11	2,86,656	2,86,656	-	30-Nov-11	02-Dec-11	2
December' 11	2,36,493	2,36,493	-	31-Dec-11	02-Jan-12	2
January' 12	1,60,029	1,60,029	-	31-Jan-12	01-Feb-12	1
February' 12	1,35,756	1,35,756	-	29-Feb-12	02-Mar-12	2
March' 12	1,45,185	1,45,185	-	31-Mar-12	07-Apr-12	7
April' 12	1,18,379	1,18,379	-	30-Apr-12	09-May-12	9
May' 12	1,08,895	1,08,895	-	31-May-12	11-Jun-12	11
June' 12	1,02,903	-	1,02,903	30-Jun-12	-	-



(D) SBI Foreign Currency Loan:

Month	Amount to be paid	Amount paid	Due Date	Actual Payment date	Delay days
May'11	39,80,646	39,80,646	23-May-11	24-May-11	1
Feb'12	43,70,844	43,70,844	23-Feb-12	13-Mar-12	19

Interest on SBI Foreign Currency Loan:

Month	Amount to be paid	Amount paid	Due Date	Actual Payment date	Delay days
May'11	4,94,716	4,94,716	23-May-11	24-May-11	1

(E) SREI Infrastructure finance Limited Loan :

Date	Amount	Delay Days
30-Apr-11	44,58,257	427
31-May-11	1,13,108	396
30-Jun-11	1,09,460	366
31-Jul-11	51,69,467	335
31-Aug-11	1,03,343	304
30-Sep-11	1,00,009	274
31-Oct-11	57,43,578	243
30-Nov-11	1,00,009	213
31-Dec-11	1,79,297	182
01-Jan-12	1,17,90,461	181
01-Apr-12	12,19,315	90



Balance Sheet as at June 30, 2012

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

Particulars	Note No.	As At June 30, 2012	As At March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	1,496,329,600	766,329,600
(b) Reserves and surplus	4	698,061,113	660,454,264
2 Non-current liabilities			
(a) Long-term borrowings	5	194,792,863	-
(b) Long-term provisions	6	1,723,785	822,270
3 Current liabilities			
(a) Short-term borrowings	7	442,529,753	737,322,623
(b) Trade payables	8	110,974,597	771,508,106
(c) Other current liabilities	9	239,013,828	202,520,367
(d) Short-term provisions	10	7,598,566	7,598,566
TOTAL		3,191,024,105	3,146,555,796
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	11	266,026,757	343,719,913
(b) Non current investment	12	1,247,876,290	1,247,876,290
(c) Long-term loans and advances	13	1,066,766,650	266,011,142
(d) Other non-current assets	14	127,574,329	127,574,329
2 Current assets			
(a) Inventories	15	57,528,829	60,964,083
(b) Trade receivables	16	412,719,473	1,073,698,420
(c) Cash and cash equivalents	17	402,515	8,111,388
(d) Short-term loans and advances	18	12,129,262	18,127,237
(e) Other Current Assets	19	-	472,994
TOTAL		3,191,024,105	3,146,555,796
Significant accounting policies	2		

See accompanying notes forming part of the financial statements

As per our report of even date attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer



SURYACHAKRA POWER CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED JUNE 30, 2012

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

Particulars	Note No.	Year ended June 30, 2012	Year ended March 31, 2011
A CONTINUING OPERATIONS			
1 Revenue from operations	20	1,838,416,973	1,449,970,040
2 Other income	21	92,567	1,698,615
3 Total Revenue (1+ 2)		1,838,509,540	1,451,668,655
4 Expenses:			
Cost of materials consumed	22	1,590,848,294	1,225,996,246
Operation and maintenance expense	23	36,010,270	11,671,402
Employee benefits expense	24	15,818,451	10,988,939
Finance costs	25	150,128,162	76,704,703
Depreciation and amortization expense	11	84,136,261	68,336,875
Other expenses	26	152,303,953	21,833,892
Total expenses		2,029,245,391	1,415,532,057
5 Profit before tax (3 - 4)		(190,735,851)	36,136,598
6 Tax expense:			
(1) Current tax		-	7,324,222
(2) Mat credit entitlement		-	(850,472)
(2) Deferred tax		-	-
7 Profit / (Loss) from continuing operations (5-6)		(190,735,851)	29,662,848
B DISCONTINUING OPERATIONS			
8 Profit / (Loss) from discontinuing operations (before tax)	44	(36,581,452)	13,380,978
9 Add / (Less): Tax expense of discontinuing operations		-	(2,666,896)
10 Profit / (Loss) from discontinuing operations		(36,581,452)	10,714,082
C TOTAL OPERATIONS			
11 Profit / (Loss) for the year (7 + 10)		(227,317,303)	40,376,930
12 Earnings per equity share of Rs.10/- each	42		
Basic and Diluted			
(i) Continuing operations		(1.32)	0.39
(ii) Total operations		(1.57)	0.53
Significant accounting policies	2		

See accompanying notes forming part of the financial statements

As per our report of even date attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer



Cash Flow Statement for the Year ended 30th June 2012

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

Particulars	For the year ended 30 June 2012	For the year ended 31 March 2011
Cash flows from operating activities		
Net profit before tax	(227,317,303)	49,517,575
Adjustments:		
Interest income	-	(45,412,580)
Finance charges	150,128,162	91,479,941
Depreciation	84,438,874	68,661,136
Fixed assets written off	-	1,976,115
Provision for Doubtful debts	37,850,636	-
Provision for loans and advances	139,098,212	-
Unrealised foreign exchange gain	(6,657,567)	-
Profit on sale of investments	-	-
Profit on sale of fixed assets	(92,000)	-
Operating profit before working capital changes	177,449,013	166,222,187
(Increase)/Decrease in inventory	3,435,252	(3,606,045)
(Increase)/Decrease in sundry debtors	623,128,311	(647,668,401)
(Increase)/Decrease in loans and advances	(933,382,751)	(16,455,711)
Increase/(Decrease) in current liabilities and provisions	(667,127,322)	583,641,181
Cash generated from operations	(796,497,497)	82,133,211
Income taxes paid/ (refund)	-	(5,706,378)
<i>Net cash generated from operating activities</i>	(796,497,497)	76,426,833
Cash flows from investing activities:		
Investment made in subsidiary (refer note 15 of Schedule 20)	-	(6)
Proceeds from sale of assets	92,000	-
Share application money paid	-	(183,749,725)
Refund of share application money	-	4,054,333
Interest received	-	2,480,941
Refund of countervailing duty	-	81,580,181
Purchase of fixed assets	(88,150)	(126,940,077)
<i>Net cash generated from / (used in) investing activities</i>	3,850	(222,574,354)
Cash flows from financing activities:		
Proceeds/(Repayment) of borrowings, net	(109,686,315)	225,455,913
Repayment for GDR expenses	(30,422,897)	-
Increase of Share capital	1,025,347,050	-
Interest paid	(96,453,065)	(92,034,427)
<i>Net cash generated from / (used in) financing activities</i>	788,784,773	133,421,486
Net increase in cash and cash equivalents	(7,708,873)	(12,726,035)
Effect of foreign exchange fluctuation on cash and cash equivalent		
Cash and cash equivalents at beginning of the year	8,111,388	20,837,423
Cash and cash equivalents at end of the year	402,515	8,111,388
Notes:		
1. Components of cash and cash equivalents as at (Refer Note 17)	As at 30 June 2012	As at 31 March 2011
Cash in hand	187,809	56,421
Balances with scheduled banks		
- in current accounts	64,326	202,206
- in deposit accounts	-	7,702,381
- Share application money received for allotment of securities and due for refund ²	150,380	150,380
	402,515	8,111,388

See accompanying notes forming part of the financial statements

As per our report of even date attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer

**Note 1: Corporate Information**

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

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

Note 2: Significant accounting policies**1. Basis of preparation of financial statements**

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

2. Use of estimates

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

3. Revenue recognition

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

4. Fixed assets and depreciation:*Fixed assets*

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

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



Depreciation

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

5. Investments:

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

6. Inventories

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

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

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

7. Earnings per share

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

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

8. Employee benefits

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

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

9. Foreign exchange transactions

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

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

10. Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will



Notes to the financial statements for the year ended June 30, 2012

not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

11. Impairment of assets

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

12. Leases

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

13. Income tax

Income tax expense comprises current tax and deferred tax.

Current tax

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

Deferred tax

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

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



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Note: 3 Share Capital	As at June 30, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of Rs. 10/- each	150,000,000	1,500,000,000	150,000,000	1,500,000,000
Issued, Subscribed and Fully Paid up				
Equity Shares of Rs. 10/- each	149,632,960	1,496,329,600	76,632,960	766,329,600
Total	149,632,960	1,496,329,600	76,632,960	766,329,600

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares of Rs. 10/- each				
At the beginning of the year	76,632,960	766,329,600	76,632,960	766,329,600
Add: Issued during the year	73,000,000	730,000,000	-	-
Outstanding at the end of the year	149,632,960	1,496,329,600	76,632,960	766,329,600

Note:

During the year, the Company has issued 36,50,000 Global Depository Receipts (GDR) each representing twenty equity share of nominal value Rs.10/- at an offer price of US\$6.30 per GDR. Subsequently, 7,30,00,000 shares have been allotted as underlying shares to the GDRs. Consequently, the share capital stands increased by Rs.73,00,00,000 and securities premium by Rs.29,53,47,050. All the underlying shares have been withdrawn and there are no GDRs outstanding as at June 30, 2012. The proceeds from the issue have been utilised as follows:

S no.	Particulars	Amount
a)	Advances paid to wholly owned subsidiary for investment in capital asset	849,680,000
b)	Working Capital Requirements	147,425,816
c)	GDR Issue Expenses	29,343,702
d)	Gain on Exchange Fluctuation	(1,102,468)
	Total	1,025,347,050

3.2 Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive surplus from sale of assets after setting off of the liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.4 Details of shareholders holding more than 5% shares in the company

Equity Shares of Rs.10/- each	As at June 30, 2012		As at March 31, 2011	
	Number	% Holding	Number	% Holding
Mauktika Energy Private Limited	21,166,397	14.15%	21,166,397	27.62%
S M Infrastructure Investment Limited	-	-	5,221,898	6.81%
Mannepalli Investments Private Limited	-	-	4,588,743	5.99%

Note: 4 Reserves and Surplus	As at June 30, 2012	As at March 31, 2011
Securities Premium Account		
Opening balance	462,275,135	462,275,135
Add: on shares issued during the year	295,347,050	-
	757,622,185	462,275,135
Less: utilized during the year towards GDR issue expenses	30,422,897	-
Closing balance	727,199,288	462,275,135
Surplus/(deficit) in the statement of profit and Loss		
Opening balance	198,179,129	157,802,199
Add: Profit / (Loss) for the year	(227,317,303)	40,376,930
Closing balance	(29,138,175)	198,179,129
Total of Reserves and Surplus	698,061,113	660,454,264



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Note: 5 Long Term Borrowings	As at		As at	
	June 30, 2012		March 31, 2011	
	Non-Current	Current	Non-Current	Current
<i>Secured</i>				
<i>From Bank</i>				
State Bank of India (Kolkata) rupee term loan	-	4,492,500	-	29,492,500
State Bank of India foreign currency term loan	-	11,294,210	-	27,348,125
State Bank of India (Kolkata) working capital term loan	194,792,863	53,007,137	-	-
<i>From others</i>				
SREI Equipment Finance Private Limited - Rupee Term Loan	-	29,086,304	-	29,903,535
<i>Unsecured</i>				
<i>From others</i>				
Andaman and Nicobar Administration	-	-	-	20,822,299
Total	194,792,863	97,880,151	-	107,566,459
Less: Amount disclosed under "Other current liabilities" (Refer Note No. 9)	-	97,880,151	-	107,566,459
Total	194,792,863	-	-	-

5.1 Nature of Security for term loans

- A. Term loans from State Bank of India (SBI) including foreign currency term loan are secured by:
- First charge on the entire fixed assets of company, present and future on pari passu basis with other term lender, SREI Equipment Finance Pvt Ltd
 - Registered mortgage of leasehold rights of land measuring 4.12 Ha. Bearing Survey Nos. 462, 467,636, 635/2, 625/1, 634/1, 635/3 and 635/4 situated at Bambooflat, Ferrargunj Tehsil, Andaman, A& N Islands, including assignment of Power Purchase Agreement, EPC contract and O&M contract, insurance policy and other project documents.
 - Collateral security by:
 - Pledge of 84,37,388 shares of Suryachakra Power Corporation Limited (face value of ₹10).
 - Vacant urban residential plot no. 74 admeasuring 350 sq.yards, Survey Nos.300P, 302, 309P, in the name of Shri M. Seshavatharam and situated in Krishnaja Hills, Village: Bachupally, Mandal: Quthubullapur, District Ranga Reddy, Andhra Pradesh.
 - Open vacant plots of land in the name of Shri M. Naveen Babu admeasuring— 1.47 acres RS No.368; 0.97 acre RS No.09; 0.38 acre RS No.11. All three at village: Thorreddu, Rajahmundry Rural Mandal, District East Godavari, Andhra Pradesh. 3.02 acres RS No.246/1, village: Madhurapudi, Korukondala Mandal, District East Godavari, Andhra Pradesh.
 - 6 Nos. vacant residential plots in the name of Shri M. Naveen Babu in Western Block No.6-95, 6-95/1, 6-97, 6-97/1, 6-97/3 and 6-96 admeasuring 2082.88 sq. yards situated in RS 124/4, at village: Thorreddu, Rajahmundry Rural Mandal, District East Godavari, Andhra Pradesh.
 - Personal Guarantee by Dr. S.M Manepalli, Shri M. Naveen Babu, Shri M. Seshavatharam and Smt T. Sreelatha.
 - Corporate guarantee by Mauktika Energy Private Limited and Manepalli Investments Private Limited.

Details of shares pledged:	No. of Shares Pledged
Smt. M. Manepalli	956,100
Dr. S.M Manepalli	966,100
Mauktika Energy Private Limited	5,789,608
Shri M. Seshavatharam	532,680
Manepalli Investment Private Limited	92,900
Smt. T Sreelatha	100,000
Total	8,437,388



Notes to the financial statements for the year ended June 30, 2012

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

- B.** Term loan from SREI Equipment Finance Private Limited is secured by:
- First charge on all movable and immovable assets, present and future of the company in favour of SREI on a pari-passu basis with SBI.
 - Assignment in favour of SREI, SBI on a pari-passu basis, of all rights titles and interests of the company in, to and under all assets of the project and all projects documents, insurance policies, permits/approval etc, to which the company is a party and all other contracts relating to project.
 - Pari-passu first charges on company's all the accounts including but not limited to Trust and Retention Account and the Debt-Service Letter of Credit / Reserve Account.
 - The Equity Shares held by promoters in the project company (minimum 51%) shall be pledged to SREI and SBI on a pari-passu basis.
 - Non-disposal undertaking by Caterpillar and BSES for not disposing off their respective equity shares of SPCL during the currency of the credit facilities sanctioned to SPCL without the written consent of SREI and SBI.

5.2 Terms of repayment of secured term loans

- Rupee term loan from State Bank of India carries an interest of 18% per annum. The loan outstanding as on the date of the balance sheet has fallen due for repayment.
- Foreign currency term loan from State Bank of India carries an interest of 3.5561% and is repayable in two equal quarterly instalments of USD 87,500 each on August 23, 2012 and November 23, 2012.
- Working capital term loan from State Bank of India (Kolkata) carries an interest of 12.75% per annum and is repayable in sixty nine monthly unequal instalments. First sixty months @ Rs.35,40,000 each and next eight months @ Rs.39,30,000 each and the last instalments @ Rs.39,60,000.
- Term loan from SREI Equipment Finance Private Limited carries an interest of 19.5% per annum. The loan outstanding as on the date of the balance sheet has fallen due for repayment.

5.3 The company has defaulted in repayment of loans and interest in respect of the following:

Particulars	As at June 30, 2012		As at March 31, 2011	
	Period of Default	Amount	Period of Default	Amount
Term Loans from Banks & Others Principal & Interest	Feb to June 12	48,180,627	-	-

Note: 6 Long Term Provisions	As at June 30, 2012	As at March 31, 2011
Provision for employee benefits		
Provision for compensated absences	266,912	170,912
Provision for Gratuity Liability	1,456,873	651,358
Total	1,723,785	822,270

Note: 7 Short Term Borrowings	As at June 30, 2012	As at March 31, 2011
(a) Loans repayable on demand		
From Banks (Secured)		
(Refer Note No. 7.1)		
State Bank of India cash credit - Power	66,724,039	179,213,271
State Bank of India cash credit - Coal trading	-	100,699,708
	66,724,039	279,912,979



Notes to the financial statements for the year ended June 30, 2012
(All amount in Indian rupees, except share data and where otherwise stated)

	As at June 30, 2012	As at March 31, 2011
(b) Deposits (Unsecured)		
Inter-corporate deposits	118,600,000	220,000,000
(c) Other loans and advances (Unsecured)		
(i) Working capital loan		
SBI Global Factors Limited (Formerly Global Trade Finance Limited) (Refer Note No: 37)	256,979,169	226,854,823
(ii) Inter-corporate Loans		
Others	226,545	10,554,821
	257,205,714	237,409,644
Total of Short term borrowings (a+b+c)	442,529,753	737,322,623

7.1 Nature of Security for Cash Credits

Cash Credits from State Bank of India is secured by:

- (i) Exclusive first charge on the entire current assets of the company both present and future.
- (ii) Assignment of LC from Andaman and Nicobar Administration
- (iii) Colateral security on second charge on all fixed assets of the company

7.2 The company has defaulted in repayment of loans and interest in respect of the following:

Particulars	As at June 30, 2012		As at March 31, 2011	
	Period of Default	Amount	Period of Default	Amount
Intercorporate deposits	8 Months	110,000,000		-
Principal & Interest	1 Year	8,600,000		-
Working capital loan from SBI Global Factors Limited				
Principal & Interest	3 Years	305,955,837	1-2 Years	263,243,241

Note: 8	As at June 30, 2012	As at March 31, 2011
Trade Payables		
Other than Acceptances	110,974,597	771,508,106
Total	110,974,597	771,508,106

Note: 9	As at June 30, 2012	As at March 31, 2011
Other Current Liabilities		
Current maturities of long term borrowings (Refer Note No.5)	97,880,151	107,566,459
Interest accrued and due on borrowings	91,596,213	37,563,455
Interest accrued but not due on borrowings	-	357,661
Unclaimed share application money#	150,380	150,380
Other Payables		
Statutory remittances (contributions to PF, Withholding taxes, VAT, Service tax, etc)	5,742,294	3,854,494
Payables for capital goods	23,644,790	23,644,790
Advance from customers	20,000,000	20,000,000
Book Overdraft	-	9,383,128
Total	239,013,828	202,520,367

No amount is due for payment into Investor Education and Protection Fund.

Note: 10	As at June 30, 2012	As at March 31, 2011
Short Term Provisions		
Provision for Income tax (net of advance tax of Rs.22,70,535) (31.03.2011:Rs.22,70,535)	7,598,566	7,598,566
Total	7,598,566	7,598,566



Notes to the financial statements for the year ended June 30, 2012

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

Note: 11

Fixed assets

Description	Gross Block			Depreciation Block			Net Block	
	As at Apr 01, 2011	Additions	Deletions/ Adjustments	As at June 30, 2012	For the year	Deletions/ Adjustments	As at June 30, 2012	As at March 31, 2011
Land development	67,291,429	-	-	67,291,429	5,616,837	-	40,851,708	32,056,558
Buildings and roads	253,569,050	-	-	253,569,050	39,677,714	-	136,125,049	157,121,714
Plant & Machinery	535,118,096	-	6,657,567	541,775,663	37,827,943	63,319	423,755,440	149,253,918
Furniture and fittings	5,509,725	-	-	5,509,725	475,046	-	3,406,204	2,578,567
Office equipments	2,039,960	28,450	-	2,068,410	142,337	-	1,748,202	434,095
Computers equipments	4,863,231	59,700	-	4,922,931	236,698	-	4,260,976	838,952
Vehicles	3,237,936	-	-	3,237,936	159,686	239,294	2,200,810	1,436,106
Total	871,629,427	88,150	6,657,567	878,375,144	84,136,261	302,613	612,348,389	343,719,911
Previous Year	868,513,291	87,154,917	84,038,781	871,629,427	68,336,875	158,225	527,909,515	408,782,426

Notes:

- Adjustment includes the foreign exchange fluctuation on foreign currency loans taken before April 01, 2004, for the purpose of acquisition / construction of fixed assets, adjusted to the cost of fixed assets amounting to Rs.66,57,567 (31.03.2011: Rs. 1,18,943)
- Borrowing costs capitalised during the year is Nil (31.03.2011: Rs.3,75,15,580).



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Note: 12 Non-Current Investments (Trade, unquoted - Long term, at cost)	As at June 30, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
A. In Subsidiary Companies				
(a) Investment in equity instruments of Rs. 10 each fully paid				
Suryachakra Global Enviro Power Limited ¹	48,905,355	891,116,884	48,905,355	891,116,884
Suryachakra Energy (Chattisgarh) Private Limited	2,000,000	356,600,000	2,000,000	356,600,000
(b) Investment in equity instruments of Hong Kong \$1 each fully paid				
Suryachakra Global Ventures Limited	1	6	1	6
B. In Other Companies				
(a) Investment in equity instruments of Rs.10 each fully paid				
Suryachakra Power Venture Private Limited	15,940	159,400	15,940	159,400
Aggregate amount of unquoted investments		1,247,876,290		1,247,876,290

Note:

¹ of the above 2,01,35,500 shares have been pledged with Indiabulls Financial Services Limited (31.03.2011: 44,58,500 to IDBI Bank Limited) for loans taken by Suryachakra Global Enviro Power Limited.

Note: 13 Long Term Loans and Advances	As at June 30, 2012	As at Mach 31, 2011
Capital Advance		
Unsecured, considered good	4,665,000	10,000,000
Security Deposits		
Unsecured, considered good	223,548	642,548
MAT Credit Entitlement		
Unsecured, considered good	9,205,659	9,205,659
Loans and advances to related parties (Refer Note 30)		
Secured, considered good *	139,098,212	-
Unsecured, considered good	913,574,231	65,004
Doubtful	139,098,212	-
	1,191,770,655	65,004
Less: Provision for doubtful loans and advances	139,098,212	-
	1,052,672,443	65,004
Share application money to subsidiaries and associates	-	246,097,931
Total	1,066,766,650	266,011,142

* Secured by a second charge by way of hypothecation of the fixed assets of the lonee situated at Madwa Village, Tehsil: Janjgir, Champa, District: Janjgir, Champa - Chattisgarh.

Note: 14 Other Non-Current Assets	As at June 30, 2012	As at Mach 31, 2011
Interest accrued on amonts withheld by Andaman and Nicobar Administration (Refer Note: 34)	127,574,329	127,574,329
Total	127,574,329	127,574,329

Note: 15 Inventories		
Raw Materials and components	22,713,107	24,669,974
Stores and spares	34,815,722	36,294,109
Total	57,528,829	60,964,083

Note: 16 Trade Receivables (Refer Note 34 & 35)		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	279,816,049	345,514,692
Doubtful	37,850,636	-
	317,666,685	345,514,692
Less : Provision for Doubtful debts	37,850,636	-
	279,816,049	345,514,692
Other trade receivables		
Unsecured, Considered good	132,903,424	728,183,728
Total	412,719,473	1,073,698,420



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	As at June 30, 2012	As at March 31, 2011
Note: 17		
Cash and cash equivalents		
(a) Cash on hand	187,809	56,421
(b) Balances with banks		
(i) in current account	64,326	202,206
(ii) in deposit account ¹	-	7,702,381
(iii) in earmarked accounts - Share application money received for allotment of securities and due for refund ²	150,380	150,380
Total	402,515	8,111,388

Notes:

¹ represents margin money with original maturity of less than 3 months / more than 12 months, for letter of credits issued by the bank.² represents the portion of oversubscribed share application money, received during the public offer in July 2007, refundable to the applicants

Particulars	As at June 30, 2012	As at March 31, 2011
Note: 18		
Short-term loans and advances		
(Unsecured, considered good)		
Prepaid expenses	2,512,236	4,987,134
Loans and advances to employees	37,939	187,323
Other loans and advances		
Advance to suppliers and others	8,663,035	11,115,383
Advances recoverable in cash or in kind or for value to be received	916,052	1,837,397
Total	12,129,262	18,127,237

Note: 19		
Other Current Assets		
Interest accrued but not due on deposits	-	472,994
Total	-	472,994

Note: 20		
Revenue from operations		
Sale of electricity	1,841,557,834	1,408,018,870
Less: Rebate and other deduction	5,005,889	3,601,105
	1,836,551,945	1,404,417,765
Other Operating revenue		
Sale of scrap	1,865,028	1,830,310
Interest on overdue debts from Andaman and Nicobar Administration	-	43,721,965
	1,865,028	45,552,275
Total	1,838,416,973	1,449,970,040

Note: 21		
Other Income		
Interest on deposit	-	1,690,615
Profit on sale of assets	92,000	-
Miscellaneous income	567	8,000
Total	92,567	1,698,615



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	Year ended June 30, 2012	Year ended March 31, 2011
Note: 22		
Cost of materials consumed		
HSD	1,550,275,288	1,193,945,794
Lube oil	40,573,006	32,050,452
Total	1,590,848,294	1,225,996,246
Note: 23		
Operation and maintenance expenses		
Power & Fuel	327,938	303,018
Plant expenses	12,110,929	9,505,242
Consumption of Stores and Spares	7,138,919	1,809,313
Refurbishment Expenses	16,432,484	-
Repairs and maintenance - buildings	-	53,829
Total	36,010,270	11,671,402
Note: 24		
Employee Benefits Expense		
Salaries and wages	15,029,411	10,277,586
Contribution to Provident fund and other fund	731,879	658,302
Staff welfare expenses	57,161	53,051
Total	15,818,451	10,988,939
Note: 25		
Finance costs		
Interest on term loan	11,716,626	10,686,365
Interest on working capital loan	42,968,265	27,661,220
Interest on short term borrowings	92,988,567	32,607,204
Bank Charges	2,454,704	5,749,914
Total	150,128,162	76,704,703
Note: 26		
Other expenses		
Insurance	4,239,843	4,610,682
Rates & taxes	803,761	4,105,614
Legal & Professional Fees	3,175,037	4,484,827
Telephone & Internet Charges	712,450	1,164,380
Travelling Expenses	1,503,683	1,491,406
Rent	275,000	2,078,890
Printing & Stationery	670,833	846,979
Directors Sitting Fees	160,000	152,000
Vehicle Maintenance	119,462	-
Repairs & Maintenance - Building	-	182,000
Net loss on foreign currency transactions	457,371	-
Provision for Doubtful advances	139,098,212	-
Loss on fixed assets written off	-	1,976,115
Miscellaneous Expenses	1,088,301	740,999
Total	152,303,953	21,833,892



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Note: 27 Contingent liabilities and commitments (to the extent not provided for)	As at June 30, 2012	As at March 31, 2011
(i) Contingent liabilities		
(a) Letter of credit outstanding	-	29,700,000
(b) Claims against the company not acknowledged as debt - Liquidated damages for delay in commencement of commercial operations	31,570,000	31,570,000
(c) Corporate guarantee given to Bunge Emissions Fund Limited against the loan provided to Suryachakra Global Enviro Power Limited, a subsidiary of the company.	70,908,000	-
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	-	-
Note: 28 Payments to the auditors comprises (excluding service tax)	Year ended June 30, 2012 Amount	Year ended March 31, 2011 Amount
As auditors - statutory audit	1,050,000	1,250,000
For other services	-	2,100,000
Reimbursement of expenses	49,846	59,529
Total	1,099,846	3,409,529

Note: 29**Disclosures under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006**

The Ministry of Micro, Small and Medium Enterprises has issued an office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. However, during the year, the Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at year end together with interest paid / payable as required under the said Act, have not been given. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Note: 30**Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges****A. Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:**

Name of the Party	Relationship	Amount outstanding		Maximum balance outstanding at any time during the year	
		As at June 30, 2012	As at March 31,20 2011	2011-12	2010-11
Suryachakra Global Enviro Power Limited*	Subsidiary	278,196,424	-	297,885,416	-
Suryachakra Global Ventures Limited	Subsidiary	850,125,542	-	850,125,542	-
Suryachakra Energy (Chhattisgarh) Private Limited	Subsidiary	32,225	32,225	32,225	-
MSM Energy Limited	Step down subsidiary	65,004	65,004	65,004	65,004
Suryachakra Thermal Energy (Andhra) Private Limited	Enterprises over which Key	24,410,146	-	24,693,434	-
Suryachakra Thermal (Madhya Pradesh) Private Limited	Management Personnel has	38,021,314	-	38,021,314	-
Suryachakra Power Venture Private Limited	significant influence	920,000	-	970,000	-



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Note:

- (a) Loans and Advances shown above, fall under the category of 'Long Term Loans & Advances' in nature of Loans. No repayment schedule has been specified in respect of these loans.
- (b) All the above loans and advances are interest free.
- (c) * Secured by a second charge by way of hypothecation of the fixed assets of the loanee situated at Madwa Village, Tehsil: Janjgir, Champa, District: Janjgir, Champa - Chhattisgarh.

B. Investment by the loanee in the shares of the Company and subsidiaries

None of the loanees and loanees of subsidiary companies have made investments in shares of the Company.

- (i) Investment by Suryachakra Global Enviro Power Limited in its subsidiaries, in equity shares:

Name of the Company	No. of Shares	
	2011-12	2010-11
South Asian Agro Industries Limited	12,020,500	12,020,500
MSM Energy Limited	34,260,000	34,260,000
Sri Panchajanya Power Private Limited	15,780,000	15,780,000

Note: 31**Details of unhedged Foreign Currency Exposures**

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at June 30, 2012		As at March 31, 2011	
	INR Equivalent	US Dollar	INR Equivalent	US Dollar
Amounts receivable in foreign currency on account of:				
Loans granted	850,125,542	19,000,000	-	-
Amounts payable in foreign currency on account of:				
Loans taken	11,294,210	175,000	52,240,500	1,170,000

Note: 32**Expenditure in Foreign Currency**

Particulars	Year ended June 30, 2012	Year ended March 31, 2011
Interest on foreign currency loan	4,972,048	4,262,934
Foreign travel expense	69,973	41,556
Global Depository Receipts issue expenses	26,823,290	-
Total	5,042,021	4,304,490

Note: 33**Details of consumption of imported and indigenous items**

	Year ended June 30, 2012		Year ended March 31, 2011	
	Amount	%	Amount	%
<u>Imported</u>				
Raw material	--	--	--	--
Spare parts	--	--	--	--
<u>Indigenous</u>				
Raw material	1,590,848,294	100%	1,225,996,246	100%
Spare parts	7,138,919	100%	1,809,313	100%

Note: 34**Revenue from A & N Administration**

- (i) The Company's revenue from sale of electricity is based on the Power Purchase agreement (PPA) entered into with 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.



Notes to the financial statements for the year ended June 30, 2012

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

- (ii) 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.
- (iii) Revenues for the year ended June 30, 2012 include an amount of Rs.10,13,89,890 (Previous year: Rs.5,94,94,972) 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. 17,76,78,168 as at June 30, 2012 (Previous year: Rs. 85,904,780) on account of such rejections/ withheld. Further, the Company has accrued interest on such unpaid invoices amounting to Rs. Nil for the year ended June 30, 2012 (Previous year: Rs. 4,37,21,965). Total Interest accrued on such disagreements and included in the total receivables as at June 30, 2012 amounts to Rs. 127,574,329 (Previous year: Rs. 127,574,329). The Company has during the year ended June 30, 2012 received an amount of Rs. 96,16,501 and Rs. 9,55,43,200/- on 9th July 2012 towards such receivables.

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.

Further, the company, upto the year ended March 31, 2011 has accrued, interest on such unpaid invoices aggregating to Rs.12,75,74,329/-. During the current year ended June 30, 2012 the company has reviewed the recognition of interest and based on such review and as a measure of prudence, has decided to discontinue further recognition of interest. The same will be recognized in the year of receipt. Management is confident of recovery of interest recognised upto March 31, 2011. Had the company continued to recognise the interest, the loss for the year would be lower and retained earning would have been higher by Rs. 7,95,18,166/-.

Note: 35

Trade Receivables

Trade receivables include an amount of Rs. 18,32,54,512/- relating to coal trading activity which has been discontinued. Subsequent to the Balance Sheet date, the company has realised an amount of Rs.8,91,00,000/- against said dues. Management is continuously and regularly pursuing with the respective debtors and confident of recovering the balance amount. However, as a measure of prudence a provision of Rs. 3,78,50,636/- has been made towards doubtful receivables.

Note: 36

Investment in Subsidiaries and Advances to Subsidiaries

The company as at June 30, 2012 is having the following investments (including advances) in its subsidiaries:

Name of the Subsidiary	Investment in Equity Amount	Advance Amount
(a) Suryachakra Global Enviro Power Ltd	891,116,884	278,196,424
(b) Suryachakra Energy(chhattisgarh) Private Ltd	356,600,000	32,225
(c) Suryachakra Global Ventures Ltd	6	850,125,542

Status of the subsidiaries is as follows:

(a) Suryachakra Global Enviro Power Ltd (SGEPL):

SGEPL along with its subsidiaries is engaged in generation and sale of power. SGEPL and its subsidiaries have incurred substantial losses and the net worth of the respective companies has been fully eroded. In view of high input cost, the power plants of these companies have been closed for substantial period during the financial year 2011-12. During March' 12, the electricity distribution companies of respective power plants have increased the tariff for the power generated and exported. In view of such upward revision in the tariff, the respective companies have commenced the process of recommissioning the plants. The management is confident that all these companies will be revived and generate adequate profits and cash flows to meet the respective financial obligations. Hence, the current diminution in the value of these investments is considered to be of temporary in nature and hence no provision for diminution is considered necessary at present. However as a measure of prudence, the company has made a provision of Rs. 13,90,98,212/- towards advances given to the subsidiaries as doubtful.

(b) Suryachakra Energy(chhattisgarh) Private Ltd (SECPL):

SECPL is a 100% subsidiary of the company and is engaged in setting up to a 350MW coal based power project at Sapos Village, Jangir-Champa District in the State of Chhattisgarh at an estimated project cost of Rs. 1900 Crores. SECPL has obtained requisite licenses for setting up the project; signed a Memorandum of Understanding (MOU) with Chattisgarh



Notes to the financial statements for the year ended June 30, 2012

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

State Electricity Board; and entered into an Implementation Agreement with Chattisgarh State Power Distribution Company Limited, for setting up the said power project SECPL upto March 31, 2012, spent an amount of Rs. 45.65 Crores towards advances to suppliers of capital equipments and incidental expenses. Management is confident of mobilizing the requisite funds to execute the project and recover the investment made in the project. Hence, no provision in the value of investment is considered necessary at this stage.

(c) **Suryachakra Global Ventures Ltd (SGVL):**

SGVL is a wholly owned subsidiary of the company incorporated in Honkong under Companies Ordinance. The Company through SGVL has decided to acquire coal mine for captive use by other subsidiaries. In the process, the company, out of the proceeds of the GDRs issued during the year, has advanced an amount of Rs. 85,01,25,542/- (USD 1,90,00,000) to SGVL. SGVL has entered into an MOU with Symphony Trading and Investments Limited (STIL) for acquiring interests in coal mines in Indonesia. STIL is having offices in Singapore, Hongkong etc., and having experience in identifying and acquiring suitable coal mines for its clients. Pursuant to the said MOU, SGVL on 28th April 2011, has paid USD 1,90,00,000 as advance to STIL for acquiring interests in two coal mines from M/s. Surajaya Indelberg in Indonesia. As per MOU, STIL has agreed to return the advance, if transaction of coal mine acquisition is not successful within a period of 6 months from the date of the advance. In view of the prevailing uncertain conditions relating to coal mining activities in Indonesia, the company has called back the advance given to STIL and making efforts to recover the advance. Management is confident of recovery of the advance. Shortfall if any, in recovery will be adjusted in the year of final settlement. Hence no provision towards doubtful advances, if any, has been made.

Note: 37

Notices from SBI Global Factors Ltd:

During the year M/s. SBI Global Factors Limited an unsecured creditor has filed a petition before the Honourable High Court of Andhra Pradesh for winding up of the company u/s 443 (1) (c) of the Companies Act, 1956. The Honourable High Court of Andhra Pradesh, had admitted the petition. Company has appealed against the said petition which is pending for hearing. Company is confident of resolving the matter amicably.

Note: 38

Advance to Suppliers and Others

Balances recoverable in cash or in kind or for values to be received are subject to confirmation and reconciliation. Necessary adjustments if any, will be made in the year of reconciliation / settlement.

Note: 39

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	Year ended June 30, 2012	Year ended March 31, 2011
Opening defined benefit obligation	651,358	531,220
Current service cost	149,680	161,882
Interest cost	65,136	47,761
Actuarial losses / (gains)	646,850	(89,505)
Benefits paid	(52,633)	-
Closing defined benefit obligation	1,460,391	651,358
Change in the fair value of assets		
Opening fair value of plan assets	727,209	597,011
Expected return on plan assets	63,456	56,668
Contributions by employer	27,845	73,530
Benefits paid	(52,633)	-
Closing fair value of plan assets	765,877	727,209
Amount recognized in Balance Sheet		
Present value of funded obligations	1,460,391	651,358
Fair value of plan assets	(765,877)	727,209
Net asset/(liability)	694,514	75,851



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	Year ended June 30, 2012	Year ended March 31, 2011
Amounts in the balance sheet		
Net asset/(liability)	694,514	75,851
Expense recognised in statement of profit and loss account		
Current service cost	149,680	161,882
Interest on defined benefit obligation	65,136	47,761
Expected return on plan assets	(63,456)	(56,668)
Net actuarial losses / (gains) recognized in the year	646,850	(89,505)
Amount, included in employee benefit expense	798,210	63,470
Actual return on plan assets	(63,456)	56,668
Asset information		
Category of assets		
Insurer managed funds	765,877	727,209
Summary of Actuarial Assumptions		
Financial assumptions at the valuation date:		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
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.

Note: 40

Segment Reporting

The Company's operations predominantly consists of generation and sale of electricity. The coal trading business of the company has been discontinued. Hence there are no reportable segments under the Accounting Standard - 17. The Company's business operations are primarily concentrated in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

Note: 41

Related party transactions

- (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 and with whom transactions have taken place during the year are as follows:**
- (i) **Subsidiary**
- Suryachakra Global Enviro Power Limited
 - Suryachakra Energy (Chhattisgarh) Private Limited (from March 05, 2011)
 - Suryachakra Global Ventures Limited
 - Suryachakra Power Venture Private Limited (till March 21, 2011)
- (ii) **Step down subsidiaries**
- South Asian Agro Industries Limited
 - MSM Energy Limited
 - Sri Panchajanya Power Private Limited



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

- (iii) **Key Management Personnel (KMP) represented on the Board of Directors**
- Dr. S. M. Manepalli, Managing Director
 - Mr. K Vijay Kumar, Executive Director
- (iv) **Enterprises over which Key Managerial Personnel or their relatives have significant influence (Significant interest entities)**
- Suryachakra Thermal Energy (Andhra) Private Limited
 - Suryachakra Thermal (Madhya Pradesh) Private Limited
 - Suryachakra Power Venture Private Limited (from March 22, 2011)
- (v) **Non-Executive on the Board of Directors**
- Mr. K Satyanarayana
 - Mr. P. K. Bhattacharjee
 - Mr. Mahesh Chand
 - Mr. V. S. Murthy
 - Mr. M. Seshavatharam (son of Managing Director)
 - Mr. A Ramesh Kumar
 - Mr. Commodore K.V. Subramaniam (Resigned w.e.f. 30.10.2011)
 - Mr. Shri K.B.Trehan (Resigned w.e.f. 23.07.2011)
 - Mr. P.Visweswara Rao, IAS (Retd) included in P.Y. Non Executive Directors

(c) **Particulars of related party transactions and balances**

A) Following is a summary of related party transactions:

Particulars		Year ended 30-Jun-12	Year ended 31-Mar-11
i.	Loans/Advances granted to subsidiary and step down subsidiaries		
	a) Suryachakra Global Enviro Power Limited	116,500,000	-
	a) Suryachakra Global Ventures Limited	849,680,000	-
	b) MSM Energy Limited	-	65,004
	Total	966,180,000	65,004
ii.	Repayment/ transfer of loans by subsidiary and step down subsidiaries		
	a) Suryachakra Global Enviro Power Limited	20,238,992	-
	Total	20,238,992	-
iii.	Remuneration to Key Management Personnel/ Non-executive directors		
	a) Managerial Remuneration and contribution to provident fund (Refer note 6 of Schedule 20)	4,824,000	3,859,200
	b) Sitting fees to Non-executive directors	1,60,000	152,000
	Total	4,984,000	4,011,200
iv.	Investments in subsidiary, step down subsidiaries and significant interest entities		
	a) Suryachakra Power Venture Private Limited	-	300,000
	b) Suryachakra Energy (Chhattisgarh) Private Limited	-	356,600,000
	c) Suryachakra Global Ventures Limited	-	6
	Total	-	356,900,006
v.	Sale of Investments in subsidiary		
	a) Suryachakra Power Venture Private Limited	-	300,000
vi.	Rent Deposit Refunded from Dr. S.M. Manepalli	420,000	-
vii.	Repayment of unsecured loan to Key Management Personnel	-	159,400



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars		Year ended 30-Jun-12	Year ended 31-Mar-11
viii.	Share application money paid to subsidiary, step down subsidiaries and significant interest entities.		
	a) Suryachakra Global Enviro Power Limited	-	181,935,416
	b) Suryachakra Thermal Energy (Andhra) Private Limited	-	398,767
	c) Suryachakra Power Venture Private Limited	-	970,000
	d) Suryachakra Global Ventures Limited	-	445,542
	Total	-	183,749,725
ix.	Refund of share application money by step down subsidiaries and significant interest entities		
	a) Suryachakra Energy (Chhattisgarh) Private Limited	-	1,047,825
	b) Suryachakra Thermal Energy (Andhra) Private Limited	283,288	156,508
	c) Suryachakra Thermal (Madhya Pradesh) Private Limited	-	2,850,000
	d) Suryachakra Power Venture Private Limited	50,000	-
	Total	333,288	4,054,333
x.	Rent paid to Key Management Personnel	-	1,853,040
xi.	Rent deposit made to KMP	-	420,000

B) Details of outstanding balances from related parties

Particulars		As at 30-Jun-12	As at 31-Mar-11
i.	Remuneration payable to Key Management Payable	992,480	672,580
ii.	Rent payable to Key Management Payable	-	982,940
iii.	Unsecured loan to Subsidiaries and Stepdown Subsidiaries		
	i) Suryachakra Global Enviro Power Limited	278,196,424	181,935,416
	ii) Suryachakra Energy (Chhattisgarh) Private Limited	32,225	32,225
	iii) MSM Energy Limited	65,004	65,004
	iv) Suryachakra Global Ventures Ltd	850,125,542	445,548
	Total	1,128,419,195	182,478,193
iv.	Unsecured loan to Enterprises significantly influenced by KMP		
	i) Suryachakra Thermal Energy (Andhra) Private Limited	24,410,146	24,693,434
	ii) Suryachakra Thermal (Madhya Pradesh) Private Limited	38,021,314	38,021,314
	iii) Suryachakra Power Venture Private Limited	920,000	970,000
	Total	63,351,460	63,684,748

Note: 42

Earnings per share

<u>Continuing operations</u>	Year ended June 30, 2012	Year ended March 31, 2011
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(190,735,851)	29,662,848
Weighted average number of equity shares considered for computation of basic and diluted earnings per share	144,632,960	76,632,960
Par value per share	10	10
Earnings per share from continuing operations - Basic and Diluted	(1.32)	0.39



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

	Year ended June 30, 2012	Year ended March 31, 2011
Total operations		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(227,317,303)	40,376,930
Weighted average number of equity shares considered for computation of basic and diluted earnings per share	144,632,960	76,632,960
Par value per share	10	10
Earnings per share - Basic and Diluted	(1.57)	0.53

Note: 43**Deferred taxes**

The Company had started claiming deduction under Section 80-IA of the Income Tax Act, 1961 from the year ended 31 March 2011. Based on the assessment of the deferred tax as on 30 June 2012, 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 30 June 2012.

Note: 44**Discontinuing operations**

The Company's Board of Directors at their meeting held on 29 October 2009 had approved to discontinue the coal trading business. Accordingly the coal trading business was discontinued w.e.f. June 30, 2011. The results of discontinued business during the year until the date of discontinuation were as under:

Particulars	Year ended June 30, 2011	Year ended March 31, 2011
Income		
Sale of traded goods	268,350,000	1,099,967,659
Total	268,350,000	1,099,967,659
Expenditure		
Cost of goods sold	257,425,000	1,070,774,321
Personnel cost	-	450,495
Administrative and other expenses	1,511,780	262,366
Provision for Doubtful debts	37,850,636	-
Depreciation	302,613	324,261
Interest expenses	7,841,423.00	14,775,238
Total Expenditure	304,931,452	1,086,586,681
Profit before tax	(36,581,452)	13,380,978
Provision for taxes (Note-1)		
- Current tax expense	-	2,666,896
- MAT credit entitlement	-	-
Profit after tax	(36,581,452)	10,714,082
The carrying value of the assets and liabilities of the discontinuing operations are as follows:		
Fixed assets (Gross block, less accumulated depreciation)	2,136,041	2,438,653
Sundry debtors (Net of provision for doubtful advances Rs.3,78,50,636 (As at 31.03.2011: Nil)	145,403,876	851,985,326
Cash and bank balances	-	8,179,889
Loans and advances	-	243,586
Total assets	147,539,917	862,847,454
<i>Less:</i>		
Current liabilities	24,061,425	634,321,974
Total liabilities	24,061,425	634,321,974
Net assets	123,478,492	228,525,480



Notes to the financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Note - 1

Tax on profit on discontinuing operations for the year ended March 31, 2011 has been computed under the provisions applicable for computing Minimum Alternate tax (MAT), as the tax on the total income of the Company has been computed on this basis.

Cash flow attributable to discontinued operation are as follows:

Particulars	Year ended 30 June 2012	Year ended 31 March 2011
Net cash from /(used in) operating activities	68,127,071	63,727,416
Net cash from /(used in) investing activities	-	-
Net cash from /(used in) financing activities	(76,306,960)	(75,472,585)
Net increase/ (decrease) in cash and cash equivalents	(8,179,889)	(11,745,169)

Note: 45

The management committee of Board of Directors of the Company at it's Meeting held on 29th March 2012, has approved an extension of the financial year 2011-12 of the company by a period of three months i.e upto June 30, 2012. The figures of the current year are for 15 months and for the previous year are for 12 months. Hence current year figures are not comparable with previous year figures.

Note: 46

Previous year figures

The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 issued by the Ministry of Corporate Affairs, Government of India. Previous figures have been recasted/ restated to conform to the classification required by the Revised Schedule VI to financial statements for the year ended June 30, 2012.

As per our report of even date attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer



AUDITORS' REPORT

THE BOARD OF DIRECTORS OF
SURYACHAKRA POWER CORPORATION LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Suryachakra Power Corporation Limited** ('the Company') and its subsidiaries (collectively referred as 'the Group') as at March 31, 2012 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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. We did not audit the financial statements of one of the subsidiaries, whose financial statement reflect Group's share of total assets of Rs.1,07,00,42,344/- as at March 31, 2012, Group's share of total revenue Nil for the year ended on that date which has been consolidated on the basis of financial statements prepared by the management.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. *Attention is invited to:*
 - (a) *Note 28 to the consolidated financial statements regarding revenue from Andaman & Nicobar Administration (A&N Administration) - pending final agreement with A&N Administration, we are unable to comment on the extent of ultimate recoverability of Rs.10,13,89,890/- withheld by A&N Administration for the year ended June 30, 2012 (31.03.2011: Rs. 5,94,94,972) and the total receivables as at June 30, 2012 of Rs.17,76,78,168 (31.03.2011: Rs. 8,59,04,780) which are subject to confirmation by the A&N Administration. The total interest accrued on such disagreements which are subject to confirmation by the A&N Administration is Rs.12,75,74,329 (31.03.2011: Rs.12,75,74,329).*
 - (b) *Note 29 to the consolidated financial statements, relating to coal trading receivables (discontinued operation) regarding which we are unable to comment on the extent of realisability of the dues.*
 - (c) *Note 31 to the consolidated financial statements relating to the Company's assessment that no provision against advance of Rs.85,01,25,542 given by one of the subsidiary company for acquisition of coal mines, is presently necessary, for the reasons stated in the said note. We are unable to comment on the extent of realisability of the advance.*
The consequential impact of the above matters on the loss of the group for the year ended June 30, 2012 and the retained earnings of the group as at June 30, 2012 is indeterminable.
6. Without qualifying our opinion, we draw attention to:
 - (a) Note 30 to the consolidated financial statements which set out the details of substantial losses incurred by a subsidiary and three step down subsidiaries and complete erosion of their net worth during the current year. These power plants remained closed for substantial period during the year due to high input costs. In view of upward revision of tariffs by the respective electricity distribution companies, which will make its power generation business economically viable, the group has commenced the process of re-commissioning the plants and expects to operate their plants at its normal capacity in the near future. Pending re-commissioning of the plants, the group believes that carrying values of the related fixed assets of the subsidiary and three step down subsidiaries amounting to Rs.225,41,25,090 are fully recoverable.



- (b) Note 38 to the financial statements regarding winding up petition filed by one of the unsecured creditors which is pending for hearing before the Honourable High Court of Andhra Pradesh.
7. Based on our audit and on consideration of separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries 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*, in our opinion the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted In India:
- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2012;
 - (ii) in the case of the Statement of Consolidated Profit and Loss, of the loss of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

for M. Bhaskara Rao & Co.
Chartered Accountants
Firm Registration No. 000459S

V K Muralidhar
Partner
Membership No. 201570

Hyderabad, July 16, 2012



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2012

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

Particulars	Note No.	As At June 30, 2012	As At March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	1,496,329,600	766,329,600
(b) Reserves and surplus	4	(140,123,426)	592,455,736
2 Minority Interest		-	780,525,718
3 Non-current liabilities			
(a) Long-term borrowings	5	1,998,474,088	1,461,400,343
(b) Long-term provisions	6	4,415,211	494,321
(c) Other non-current liabilities		16,039,830	16,039,830
4 Current liabilities			
(a) Short-term borrowings	7	618,066,809	879,961,574
(b) Trade payables	8	131,961,302	843,417,762
(c) Other current liabilities	9	690,298,219	573,462,166
(d) Short-term provision	10	7,598,566	7,598,566
TOTAL		4,823,060,199	5,921,685,615
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	2,315,016,633	2,500,786,226
(ii) Capital work-in-progress		661,062,283	1,600,176,634
(iii) Goodwill on consolidation		6,649,692	6,649,692
(b) Non current investment	12	159,400	159,400
(c) Long-term loans and advances	13	1,152,206,699	90,470,280
(d) Other non current assets	14	127,574,329	127,574,329
2 Current assets			
(a) Inventories	15	84,403,335	90,818,769
(b) Trade receivables	16	412,930,550	1,172,637,821
(c) Cash and cash equivalents	17	7,352,899	43,342,030
(d) Short-term loans and advances	18	55,704,379	288,477,376
(e) Other current assets	19	-	593,058
TOTAL		4,823,060,199	5,921,685,615
Significant accounting policies	2		

See accompanying notes forming part of the financial statements

As per our report of even date attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer



SURYACHAKRA POWER CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012
 (All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	Note No.	Year ended June 30, 2012	Year ended March 31, 2011
A CONTINUING OPERATIONS			
1 Revenue from operations	20	1,878,208,296	1,753,669,269
2 Other income	21	7,556,969	7,107,742
3 Total Revenue (1 + 2)		1,885,765,265	1,760,777,011
4 Expenses:			
Cost of materials consumed	22	1,625,832,077	1,363,529,095
Operation and maintenance expense	23	77,451,913	67,953,966
Employee benefits expense	24	29,453,768	26,852,854
Finance costs	25	471,883,344	221,932,007
Depreciation and amortization expense	11	196,263,835	133,882,970
Other expenses	26	817,284,460	47,681,622
Total expenses		3,218,169,397	1,861,832,514
5 Profit before exceptional items and tax (3 - 4)		(1,332,404,132)	(101,055,503)
6 Exceptional items	27	100,196,190	-
7 Profit/(loss) before tax		(1,432,600,322)	(101,055,503)
8 Tax expense:			
(1) Current tax		-	7,333,188
(2) Mat Credit		-	(850,472)
9 Profit / (Loss) for the year from continuing operations (7 - 8)		(1,432,600,322)	(107,538,219)
B DISCONTINUING OPERATIONS			
10 Profit/(loss) before tax from discontinuing operations before tax	45	(36,581,452)	13,380,978
11 Add / (Less): Tax expense of discontinuing operations		-	2,666,896
12 Profit / (Loss) for the year from discontinuing operation		(36,581,452)	10,714,082
C TOTAL OPERATIONS			
13 Profit / (Loss) for the year before minority interest		(1,469,181,774)	(96,824,137)
14 Minority Interest		(303,231,428)	(30,176,258)
15 Profit/ (loss) for the year		(1,165,950,346)	(66,647,879)
16 Earnings per equity share of Rs.10/- each	43		
Basic and Diluted			
(i) Continuing operations		(9.91)	(1.40)
(ii) Total operations		(10.16)	(1.26)
Significant accounting policies	2		

See accompanying notes forming part of the financial statements

As per our report of even date attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer



SURYACHAKRA POWER CORPORATION LIMITED
Consolidated Cash Flow Statement for the year ended June 30, 2012
 (All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	For the year ended June 30, 2012	For the year ended March 31, 2011
Cash flows from operating activities		
Net profit before tax	(1,469,181,774)	(87,674,525)
Adjustments for:		
Depreciation	196,566,448	134,207,231
Interest income	(407,656)	(46,431,110)
Interest expense	471,883,344	236,707,245
Profit on sale of fixed assets	(92,000)	-
Realised foreign exchange gain / (loss)	-	(648,693)
Provision for advances	605,503,901	-
CERs written off	85,954,733	-
Loss on stock	90,343,726	-
Loss on sale of assets	101,409	-
Fixed assets written off	-	1,976,115
Operating cash flows before working capital changes	(19,327,869)	238,136,263
(Increase)/decrease in inventories	(83,928,291)	48,103,490
(Increase)/decrease in Sundry Debtors	759,707,271	(645,442,449)
(Increase)/ decrease in loans and advances	489,156,352	(223,337,300)
Increase/(decrease) in current liabilities	(697,758,319)	416,354,827
Cash generated from operations	447,849,144	(166,185,169)
Income taxes paid/ (refund)	-	(7,242,591)
Net cash generated from operating activities	447,849,144	(173,427,760)
Cash flows from investing activities		
Share application money paid	-	(1,368,767)
Refund of share application money	-	4,086,558
Interest received	407,656	3,355,656
(Increase) / Decrease in foreign currency translation reserve	-	(26,877)
Increase / (Decrease) in Capital reserve	-	201,260
Proceeds from sale of fixed assets / refund of countervailing duty	466,000	81,627,529
Payment of advance for fixed assets	(849,871,909)	(-)
Purchase of fixed assets	(11,272,264)	(843,863,767)
Net cash used in investing activities	(860,270,517)	(755,988,408)
Cash flows from financing activities		
Proceeds from issue of share capital	994,924,153	-
Share application money received	-	528,848,857
Proceeds / (repayment) from borrowings, net	(286,257,181)	641,675,464
Payment to Creditors of Capital Goods	(12,569,453)	-
Interest paid	(319,665,277)	(229,513,545)
Net cash generated from financing activities	376,432,242	941,010,776
Net increase / (decrease) in cash and cash equivalents	(35,989,131)	11,594,608
Cash and cash equivalents at the beginning of the year	43,342,030	31,747,422
Cash and cash equivalents at the end of the year	7,352,899	43,342,030
Components of cash and cash equivalents as at (Refer Note 17)	June 30, 2012	March 31, 2011
Cash in hand	838,655	2,817,794
Balances with scheduled banks		
-in current accounts	6,363,863	11,088,661
-in deposit accounts	-	29,435,575
-in earmarked accounts	-	-
Share Application money received for allotment of securities and due for refund	150,380	-
	7,352,899	43,342,030

See accompanying notes forming part of the financial statements

As per our report of even date attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer



Notes to Consolidated financial statements for the year ended June 30, 2012

Note: 1 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, Chhattisgarh and Andhra Pradesh which will generate electricity from biomass / coal. The Company’s shares trade on Bombay Stock Exchange since July 2007.

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

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

Note: 2 Significant accounting policies

1. Basis of preparation of consolidated financial statements

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

2. Use of estimates

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

3. Principles of consolidation

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

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

- The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.
- The excess / deficit of cost to the parent company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made is recognised in the financial statements as goodwill / capital reserve. The parent company’s portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.
- Minority interest in the net assets of consolidated subsidiaries consists of:
 - (a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - (b) The minorities’ share of movements in equity since the date the parent subsidiary relationship came into existence.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.



Notes to Consolidated financial statements for the year ended June 30, 2012

- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4. Fixed assets and depreciation

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

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

Depreciation

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

5. Goodwill

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

6. Inventory

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

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

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

7. Revenue recognition

- 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.
- 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 allowance and volume rebates.
- Income from interest on deposits is recognised on the time proportionate method using the underlying interest rates.

8. Foreign currency transactions (continued)

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

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

9. Taxation

Income tax expense comprises current tax and deferred tax.

Current tax

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

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income, which originate during the year but reverse after the tax holiday period. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or

**Notes to Consolidated financial statements for the year ended June 30, 2012**

substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably / virtually certain to be realized.

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

10. Investments

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

11. 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 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.



Notes to Consolidated financial statements for the year ended June 30, 2012

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

Note - 3: Share Capital	As At June 30, 2012		As At March 31, 2011	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of Rs.10/- each	150,000,000	1,500,000,000	150,000,000	1,500,000,000
Issued, Subscribed and Fully Paid up				
Equity Shares of Rs.10/- each	149,632,960	1,496,329,600	76,632,960	766,329,600
Total	149,632,960	1,496,329,600	76,632,960	766,329,600

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares of Rs. 10/- each	As At June 30, 2012		As At March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the period	76,632,960	766,329,600	76,632,960	766,329,600
Add: Issued during the period	73,000,000	730,000,000	-	-
Outstanding at the end of the period	149,632,960	1,496,329,600	76,632,960	766,329,600

Note:

During the year, the Company has issued 36,50,000 Global Depository Receipts (GDR) each representing twenty equity share of nominal value Rs.10/- at an offer price of US\$6.30 per GDR. Subsequently, 7,30,00,000 shares have been allotted as underlying shares to the GDRs. Consequently, the share capital stands increased by Rs. 73,00,00,000 and securities premium by Rs. 29,53,47,050. All the underlying shares have been withdrawn and there are no GDRs outstanding as at June 30, 2012.

3.2 Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. During the year ended June 30, 2012, the company has not declared any dividend on equity shares as the project is under implementation.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive surplus from sale of assets after setting off of the liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.4 Details of shareholders holding more than 5% shares in the company

Equity Share of Rs. 10/- each	As At June 30, 2012		As At March 31, 2011	
	Number	% Holding	Number	% Holding
Mauktika Energy Pvt Ltd	21,166,397	14.15%	21,166,397	27.62%
S M Infrastructure Investment Ltd	-	-	5,221,898	6.81%
Mannepalli Investments Private Limited	-	-	4,588,743	5.99%

Note - 4 : Reserves and Surplus	As at June 30, 2012		As At March 31, 2011	
Capital reserve				
Opening balance		100,627,617		100,426,357
Add: Additions during the year		-		201,260
Sub total		100,627,617		100,627,617
Securities Premium Account				
Opening balance		462,275,135		462,275,135
Add: on shares issued during the year		295,347,050		-
		757,622,185		462,275,135
Less : Utilised during the year towards GDR issue expenses		(30,422,897)		-
Closing balance		727,199,288		462,275,135



Notes to Consolidated financial statements for the year ended June 30, 2012

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

	As at June 30, 2012	As At March 31, 2011
Foreign currency translation reserve		
Opening balance	(26,877)	-
Add: Effect of foreign exchange rate variations during the year	219,999,091	(26,877)
Sub total	219,972,214	(26,877)
Surplus/(deficit) in the statement of profit and Loss		
Opening balance	29,579,861	96,227,740
Add: Profit / (Loss) for the year	(1,165,950,346)	(66,647,879)
Closing balance	(1,136,370,485)	29,579,861
Add: Minority Interest in excess of its interest in the subsidiaries equity	(51,552,060)	-
Sub total	(1,187,922,545)	29,579,861
Total	(140,123,426)	592,455,736

Note - 5 : Long Term Borrowings	As At June 30, 2012		As At March 31, 2011	
	Non-Current	Current	Non-Current	Current
Secured				
From Bank				
SBI (Kolkata) Rupee term Loan (Note 5.1)	-	4,492,500	-	29,893,275
SBI foreign currency loan (Note 5.1)	-	11,294,210	-	27,348,125
SBI (Kolkata) WC Term Loan (Note 5.1)	194,792,863	53,007,137	-	-
Term Loan from Syndicate Bank (Note 5.2)	204,633,336	58,466,664	243,611,111	19,488,889
Term Loan from IDBI (Note 5.3)	136,500,000	45,284,700	213,562,700	20,500,000
Term Loan from State Bank of Hyderabad-(Note 5.3)	132,000,000	46,406,792	158,402,000	20,004,792
Term Loan from State Bank of India (Note 5.3)	135,150,000	47,168,000	162,068,000	20,250,000
IDBI Bank LTD - Carbon Credit term loan (Note 5.4)	103,219,779	-	118,007,238	-
From others				
India Bulls Financial Services Ltd (Note 5.5)	819,090,412	-	-	-
India Bulls Infrastructure Credit Limited (Note 5.5)	-	-	563,066,943	139,153,232
SREI Equipment Finance Pvt Ltd (Note 5.1)	-	29,086,304	-	30,139,017
Unsecured Loan				
From others				
Bunge Emissions Fund Limited (Note 5.6)	63,520,000	-	-	-
Intercorporate loans	173,343,934	-	-	-
Loan from A & N Administration	-	-	-	20,941,188
Others	36,223,764	-	2,265,000	-
Total	1,998,474,088	295,623,658	1,461,400,343	328,213,469
Less: Amount disclosed under "Other current liabilities"	-	295,623,658	-	328,213,469
	1,998,474,088	-	1,461,400,343	-

- 5.1 The above term loans are secured by first charge on all immovable assets, present and future of Suryachakra Power corporation Ltd (SPCL) on pari passu basis right, title and interest in the leasehold land/ project documents. Collateral security : (i) pledge of 84,37,388 shares held by promoters, (ii) vacant urban residential plot in the name of Shri M. Seshavatharam situated at Bachupally and Shri M. Naveen Babu situated at Rajahmundry Rural Mandal. Personal guarantee of Managing Director of SPCL and his relatives. Corporate guarantee by Mauktika Energy Private Limited and Manepalli Investments Private Limited.
- 5.2 Primarily secured by unregistered equitable mortgage on lease hold rights on land at Hingoli and buildings, hypothecation of plant and machinery, equipment and other assets, first charge on receivables, first charge on DSRA account and collateral security by way of equitable mortgage of properties of the directors and their relatives, pledge of 4,734,000 equity shares of SPPL held by SGEPL and pledge of 1,560,000 equity shares in SPCL held by promoters.



Notes to Consolidated financial statements for the year ended June 30, 2012

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

- 5.3 Primarily secured by pari passu first charge on the fixed assets and receivables of the M.S.M Energy Limited (MSM) along with both present and future and equitable mortgage on 24.35 acres of land at Kolhapur and 20.38 acres of land at Borwand village, collateral security by way of equitable mortgage of properties of the directors of MSM and their relatives, pledge of 10,027,800 equity shares of MSM held by SGEPL and pledge of 200,000 equity shares in SPCL held by promoters, guarantee by some of promoters and their relatives and equitable mortgage of certain properties of promoters.
- 5.4 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.
- 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.
- 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.
- 5.5 The loan is secured by way of first charge on the fixed assets of the 9.8 M.w. biomass based power plant located at Champa, Chhattisgarh, along with equitable mortgage of the land on which above plant is situated and personal guarantee of promoters and their relatives. Pledge of 25% share capital of the company held by Suryachakra Power Corporation Limited, security interest by way assignment/ hypothecation on the power purchase agreements entered into between Suryachakra Power Corporation Ltd and the Chhattisgarh State Power Distribution Company Limited.
- The loan is secured by way of first charge on the fixed assets of the 9.8 M.w. biomass based power plant located at Baloda Bazar, Chhattisgarh, along with equitable mortgage of the land on which above plant is situated and personal guarantee of promoters and their relatives. Pledge of 25% share capital of the company held by Suryachakra Power Corporation Limited, security interest by way assignment/ hypothecation on Power purchase agreements entered into between South Asian Agro Industries Ltd and the Chhattisgarh State Power Distribution Company Limited.
- 5.6 Loan from Bunge Emissions Fund Ltd is against corporate guarantee, provided by its holding company Suryachakra Power Corporation Ltd for a sum of Euro 1.00 million.
- 5.7 Continuous default for repayment of principal and interest are as follows

Particulars	As at June 30, 2012		As at March 31, 2011	
	Principal	Interest	Principal	Interest
Continuous default	125,829,008	117,693,607	3,769,661	11,241,454

Note - 6 : Long Term Provisions	As at	As At
	June 30, 2012	March 31, 2011
Provision for Leave Encashment	351,630	253,487
Provision for Gratuity Liability	1,750,135	240,834
Provision for Income tax	2,313,446	-
Total	4,415,211	494,321

Note - 7 : Short Term Borrowings	As at	As At
	June 30, 2012	March 31, 2011
Secured (from Bank)		
(a) Loans repayable on demand		
State Bank of India	66,724,039	286,454,615
State Bank of Hyderabad	-	5,760,813
Syndicate Bank (Note 7.1)	80,000,000	40,000,000
IDBI (Note 7.2)	94,059,521	86,590,152



Notes to Consolidated financial statements for the year ended June 30, 2012

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

	As at June 30, 2012	As At March 31, 2011
(b) Vehicle loan		
HDFC Car Loan (Note 7.3)	1,477,535	3,238,859
Indusind Bank	-	87,600
Unsecured		
(c) Deposits (Unsecured)		
Inter-corporate deposits	118,600,000	220,419,891
(d) Other loans and advances (Unsecured)		
(i) Working capital loan	256,979,169	226,854,823
SBI Global Factors Limited (Formerly Global Trade Finance Limited)		
(ii) Inter-corporate Loans		
Others	226,545	10,554,821
Total	618,066,809	879,961,574

- 7.1 The overdraft carries an interest of 17% per annum and is secured by: Hypothecation of stocks and book debts, second charge on the fixed assets of SPPPL and Collateral security by way of first charge on lands situated at Beeramguda, Ameenpur Village, Medak District belonging to directors and their relatives. Personal guarantees by Director and their relatives.
- 7.2 Secured by first and second charge on the entire current assets of M.S.M Energy Limited both present and future located at Borwand village, Parbhani and Kolhapur village and Amaravati district in the State of Maharashtra and personal guarantees of Directors and their relatives.
- 7.3 Vehicles and other equipment have been obtained on finance lease basis and are secured by way of hypothecation of respective assets.
- 7.4 Continuous default for repayment of principal and interest are as follows

Particulars	As at June 30, 2012	As at March 31, 2011
	Principal & Interest	Principal & Interest
Continuous default	434,489,768	263,243,241
Note - 8 : Trade Payables	As at June 30, 2012	As at March 31, 2011
Other than Acceptances	131,961,302	843,417,762
Total	131,961,302	843,417,762
Note - 9 : Other Current Liabilities	As at June 30, 2012	As at March 31, 2011
Current maturities of long term borrowings (Refer note 5)	295,623,658	328,213,469
Interest accrued and due on term loan	205,774,645	62,959,705
Interest accrued and due on overdraft	9,933,930	530,804
Payable for capital goods	76,839,083	89,408,536
Statutory Payable	12,668,827	12,479,415
Book overdraft	-	9,383,128
Other Payables	89,458,076	70,487,109
Total	690,298,219	573,462,166
Note - 10 : Short-term provision	As at June 30, 2012	As at March 31, 2011
Provision for Income tax (net of advance tax of Rs.22,70,535 (31.03.2011:Rs.22,70,535))	7,598,566	7,598,566
	7,598,566	7,598,566



Notes to Consolidated financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Note- 11: Fixed assets

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April 2011	Additions	Adjustments	As at 30 June 2012	As at 1 April 2011	For the year	Adjustments	As at 30 June 2012	As at 31 March 2011
Tangibles									
Land and site development	97,697,027	148,338	-	97,845,365	35,308,027	5,689,992	-	56,847,346	62,389,000
Buildings and roads	644,616,307	-	-	644,616,307	110,992,327	51,641,007	-	481,982,973	533,623,980
Plant and machinery (Note 1 and 2)	2,360,633,279	2,386,348	6,657,567	2,369,677,194	497,717,929	133,067,137	63,319	1,738,828,809	1,862,915,350
Computers and equipments	8,003,678	73,200	-	8,076,878	6,831,895	568,479	-	676,504	1,171,783
Furniture and fittings	11,681,601	-	-	11,681,601	4,375,034	823,357	-	5,198,391	7,306,567
Office equipment	16,308,749	216,418	-	16,525,167	4,940,127	1,593,569	-	9,991,471	11,368,622
Vehicles	29,895,126	1,790,393	(656,550)	31,028,969	7,884,202	2,880,295	58,153	10,822,650	22,010,924
Total	3,168,835,767	4,614,697	6,001,017	3,179,451,481	668,049,541	196,263,835	121,472	864,434,848	2,500,786,226
Previous year	1,958,118,699	1,301,452,950	84,086,190	3,175,485,459	534,134,825	134,207,231	292,515	2,507,435,918	1,423,983,874

Notes:

- Adjustment includes the foreign exchange loss on foreign currency loans taken before 1 April 2004, for the purpose of acquisition/ construction of fixed assets, adjusted to the cost of fixed assets amounting to Rs. 66,57,567 (Previous year: foreign exchange gain of Rs. 118,943)



Notes to Consolidated financial statements for the year ended June 30, 2012

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

Note-12 : Non Current Investment (Trade, unquoted - Long term, at cost)	As At June 30, 2012		As At March 31, 2011	
	Number	Amount	Number	Amount
Investment in equity instruments of Rs.10 each fully paid Suryachakra Power Venture Pvt Ltd	15,940	159,400	15,940	159,400
		159,400		159,400
Note - 13 : Long Term Loans and Advances			As at June 30, 2012	As at March 31, 2011
Capital Advance				
Unsecured, considered good			4,665,000	10,000,000
Security Deposits				
Unsecured, considered good			5,113,580	7,579,873
Mat Credit				
Unsecured, considered good			9,205,659	9,205,659
Loans and advances (Unsecured, considered good)				
to related party			63,351,460	63,684,748
to other			1,069,871,000	-
Total			1,152,206,699	90,470,280
Note - 14 : Other Non Current Assets				
Interest accrued on amonts withheld by Andaman and Nicobar Administration			127,574,329	127,574,329
Total			127,574,329	127,574,329
Note - 15 : Inventories				
Raw Materials and components			40,411,498	46,958,513
Stores and spares			43,991,836	43,860,256
Total			84,403,335	90,818,769
Note - 16 : Trade Receivables (Unsecured, considered good)				
Outstanding for a period less than six months from the date they are due for payment			211,077	270,120,046
Outstanding for a period exceeding six months from the date they are due for payment			412,719,473	902,517,775
Total			412,930,550	1,172,637,821
Note - 17 : Cash and cash equivalents				
(a) Cash on hand			838,655	2,817,794
(b) Balances with banks				
(i) in current account			6,363,863	11,088,661
(ii) in deposit account			-	29,435,575
(iii) in earmarked accounts				
Share Application money received for allotment of securities and due for refund			150,380	-
Total			7,352,899	43,342,030
1. represents margin money with original maturity of less than 3 months / more than 12 months, for letter of credits issued by the bank.				
2. represents the portion of oversubscribed share application money, received during the public offer in July 2007, refundable to the applicants				
Note - 18 : Short-term loans and advances			As at June 30, 2012	As at March 31, 2011
Prepaid Expenses			7,265,481	7,338,307
Advances recoverable in cash or in kind or for value to be received				
Considered good			48,438,898	281,139,069
Considered doubtful			93,243,478	-
			148,947,857	288,477,376
Less: Provision for doubtful advances			(93,243,478)	-
Total			55,704,379	288,477,376
Note - 19 : Other Current Assets				
Interest accrued but not due on deposits			-	593,058
Total			-	593,058



Notes to Consolidated financial statements for the year ended June 30, 2012

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

Particulars	Year ended June 30, 2012	Year ended March 31, 2011
<u>Note - 20 : Revenue from operations</u>		
Sale of electricity	1,881,463,710	1,623,880,213
Less: Rebate and other deduction	5,745,952	2,891,474
	1,875,717,758	1,620,988,739
Other operating revenue		
Sale of Carbon Emmission Reductions	-	85,954,733
Sale of Raw Material	608,795	1,173,522
Sale of ash	16,715	-
Sale of scrap	1,865,028	1,830,310
Interest on overdue debts from Andaman and Nicobar Administration	-	43,721,965
	2,490,538	132,680,530
Total	1,878,208,296	1,753,669,269
<u>Note - 21 : Other Income</u>		
Interest on deposits	407,656	2,709,145
Interest subsidy received from District Industries Center, Raipur	6,987,500	-
Interest received from Chattisgarh State Electricity Board	69,246	-
Gain on exchange variation	-	648,693
Profit on sale of fixed assets	92,000	-
Miscellaneous income	567	3,749,904
Total	7,556,969	7,107,742
<u>Note - 22 : Cost of materials consumed</u>		
HSD	1,550,275,288	1,193,945,794
Lube oil	40,573,006	32,050,452
Biomass material	27,266,335	119,630,956
Coal	7,717,448	17,901,893
Total	1,625,832,077	1,363,529,095
<u>Biomass material consumed comprises of:</u>		
Rice Husks	4,242,050	100,005,407
Redgram	4,745,931	-
cotton stalk	18,278,354	12,714,047
baggas	-	3,441,502
other items	-	3,470,000
<u>Note-23 : Operation and maintenance expense</u>		
Power & Fuel	9,281,641	4,855,565
Plant expenses	12,110,929	-
Consumption of stores and spares	10,229,689	9,899,409



Notes to Consolidated financial statements for the year ended June 30, 2012

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

Particulars	Year ended June 30, 2012	Year ended March 31, 2011
Refurbishment expenses	16,432,484	-
Repairs and maintenance		
- Buildings	-	6,885,313
- Machinery	3,349,096	429,985
-Others	-	817,813
Others	26,048,075	45,065,881
Total	77,451,913	67,953,966
Note - 24 : Employee Benefits Expense		
Salaries and wages	27,661,027	24,471,390
Contribution to Provident fund and other fund	1,252,981	1,612,022
Staff welfare expenses	539,760	769,442
Total	29,453,768	26,852,854
Note - 25 : Finance costs		
Interest on term loan	302,033,306	132,288,829
Interest on working capital loan	71,244,279	33,509,192
Interest on other	93,820,298	37,470,892
Bank Charges	4,785,460	18,663,094
Total	471,883,344	221,932,007
Note - 26 : Other expenses		
Insurance	8,893,073	10,308,553
Rates & taxes	1,435,094	5,463,632
Legal & Professional Fees	5,640,308	13,030,789
Loss on Stock (Refer Note 33)	90,343,726	-
Telephone & Internet Charges	1,242,776	1,632,537
Travelling Expenses	6,652,267	4,278,028
Rent	334,005	4,380,180
Printing & Stationery	852,165	1,235,075
Directors Sitting Fees	202,000	214,000
Vehicle Maintenance	1,020,301	-
Repairs & Maintenance		
- Plant & Machinery	1,121,496	-
- Building	256,969	182,000
- Others	2,315,577	877,820
Office Maintenance	472,219	-
Auditors Remuneration - Audit Fees	897,464	-
Provision for doubtful advances (Refer Note 34)	605,503,901	-
CERs receivable written of (Refer Note 32)	85,954,733	-
Loss on sale of assets	101,409	-
Fixed assets written off	-	1,976,115
Miscellaneous Expenses	4,044,978	4,102,893
Total	817,284,460	47,681,622



Notes to Consolidated financial statements for the year ended June 30, 2012

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

Note - 27 : Exceptional Items

MSM Energy Limited had started 10 MW biomass based power plant at Amaravati Dist., in earlier years. The company has treated the interest expenses and other preoperative expenses incurred on this project as capital work in progress. In view of financial liquidity problems, the company is not in a position to complete the said project in near future. In view of the same, said expenditure incurred upto 31.03.2011 has been charged off to Statement of Profit and Loss as an Exceptional Item.

Note - 28 : Revenue from A & N Administration

- (i) SPCL's revenue from sale of electricity is based on the Power Purchase agreement (PPA) entered into with 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.
- (ii) 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.
- (iii) Group's Revenues for the year ended June 30, 2012 include an amount of Rs.10,13,89,890 (Previous year: Rs.5,94,94,972) billed by the 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. SPCL also has receivables amounting to Rs. 17,76,78,168 as at June 30, 2012 (Previous year: Rs. 85,904,780) on account of such rejections/ withheld. Further, the Group has accrued interest on such unpaid invoices amounting to Rs. Nil for the year ended June 30, 2012 (Previous year: Rs. 4,37,21,965). Total Interest accrued on such disagreements and included in the total receivables as at June 30, 2012 amounts to Rs. 127,574,329 (Previous year: Rs. 127,574,329). SPCL has during the year ended June 30, 2012 received an amount of Rs. 96,16,501 and Rs. 9,55,43,200/- on 9th July 2012 towards such receivables.
- (iv) 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.
- (v) Further, SPCL, upto the year ended March 31, 2011 has accrued, interest on such unpaid invoices aggregating to Rs.12,75,74,329/-. During the current year ended June 30, 2012 the company has reviewed the recognition of interest and based on such review and as a measure of prudence, has decided to discontinue further recognition of interest. The same will be recognized in the year of receipt. Management is confident of recovery of interest recognised upto March 31, 2011. Had the company continued to recognise the interest, the loss for the year would be lower and retained earning would have been higher by Rs. 7,95,18,166/-.

Note - 29 : Trade Receivables

Trade receivables include an amount of Rs. 18,32,54,512/- relating to coal trading activity which has been discontinued. Subsequent to the Balance Sheet date, SPCL has realised an amount of Rs.8,91,00,000/- against said dues. Management is continuously and regularly pursuing with the respective debtors and confident of recovering the balance amount. However, as a measure of prudence a provision of Rs. 3,78,50,636/- has been made towards doubtful receivables.

Note - 30 : Suryachakra Global Enviro Power Ltd (SGEPL):

SGEPL along with its subsidiaries is engaged in generation and sale of power. SGEPL and its subsidiaries have incurred substantial losses and the net worth of the respective companies has been fully eroded. In view of high input cost, the power plants of these remained companies have been closed for substantial period during the financial year 2011-12. During March '12, the electricity distribution companies of respective power plants have increased the tariff for the power generated and exported. In view of such upward revision in the tariff, the respective companies have commenced the process of recommissioning the plants. The management is confident that all these companies will be revived and generate adequate profits and cash flows to meet the respective financial obligations. Accordingly the Group believes that the carrying value of related fixed assets of the above mentioned companies are fully recoverable.

Note - 31 : Suryachakra Global Ventures Ltd (SGVL):

SGVL is a wholly owned subsidiary of the company incorporated in Hongkong under Companies Ordinance. The Company through SGVL has decided to acquire coal mine for captive use by other subsidiaries. In the process, the company, out of the proceeds of the GDRs issued during the year, has advanced an amount of Rs. 85,01,25,542/- (USD 1,90,00,000) to SGVL. SGVL has entered into an MOU with Symphony Trading and Investments Limited (STIL) for acquiring interests in coal mines in Indonesia. STIL is having offices in Singapore, Hongkong etc., and having experience in identifying and acquiring suitable coal mines for its clients. Pursuant to the said MOU, SGVL on 28th April' 2011, has paid USD 1,90,00,000 as advance to STIL for acquiring interests in two coal mines from M/s. Surajaya Indelberg in Indonesia. As per MOU, STIL has agreed to return the advance, if transaction of coal mine acquisition is not successful within a period of 6 months



Notes to Consolidated financial statements for the year ended June 30, 2012

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

from the date of the advance. In view of the prevailing uncertain conditions relating to coal mining activities in Indonesia, the company has called back the advance given to STIL and making efforts to recover the advance. Management is confident of recovery of the advance. Shortfall if any, in recovery will be adjusted in the year of final settlement. Hence no provision towards doubtful advances, if any, has been made.

Note - 32 : During the year ended March 31, 2011, SGEPL and SAAIL based on an agreement with a customer for sale of units of Certified Emission reductions (CERs), had recognised revenue from sale of CERs amounting to Rs.8,59,54,733/- . The management of these companies has reviewed the amount receivable against the said sale of CERs and in view of some technical problems in obtaining the necessary approvals for such CER units from the regulatory authorities and the uncertainty of collection of the said CERs in the immediate near future, the management has written off the amount receivable against the sale of CERs as at the balance sheet date and account for the same in the year in which the amounts are actually received.

Note - 33 : Loss of Stock

During the year on physical verification of stock of raw material by the subsidiary MSM Energy Limited and Sri Panchajanya Power Private Limited , raw materials valuing to Rs.9,03,43,726 being bio-degradable was found deteriorated and unsuitable for power generation. Since, these stocks do not have any salvage / scrap value, the entire deteriorated stocks has been written off.

Note - 34 : Provision for doubtful advances

- a) During the early years the SAAIL had advance Rs.23,24,29,142/- to various vendors as capital advances for setting up of a 20MW Biomass based power project at Baloda Bazar Taluq, Raipur District, Chhattisgarh and Rs. 9,04,77,165/- to suppliers of biomass fuels. Due to steep increase in raw materials prices these traders have suffered losses. Due to financial liquidity problems, SAAIL could not pursue the said project and also could not meet it's further commitments. The company at present, is not in a position to complete the said project. The vendors also are facing financial liquidity problems. As these advances are long outstanding and are doubtful of recovery a provision for doubtful advances aggregating to Rs. 32,29,06,307/- has been made.
- b) During the year MSM Energy Ltd has reviewed the advances made to various suppliers in the earlier years in the ordinary course of business for Capital works / equipments. Due to financial liquidity problems, the company could not meet it's further commitments relating to such capital works / equipments. Further, suppliers are also facing financial liquidity problems. Hence, as a prudent measures and as these amounts are long outstanding and their recovery is doubtful in the immediate near future, the company has created a provision towards such doubtful advances aggregating to Rs.22,53,91,752/- . However, the company continues to pursue with the parties for recovery of the advances.
- c) During the early years the SGEPL had advance Rs.2,39,12,252/- to various vendors as capital advances for major modifications to the plants and Rs. 3,28,81,840/- to suppliers of biomass fuels. Due to steep increase in raw materials prices these traders have suffered losses. Due to financial liquidity problems, SGEPL could not pursue the said project and also could not meet it's further commitments. The vendors also are facing financial liquidity problems. As these advances are long outstanding and are doubtful of recovery a provision for doubtful advances aggregating to Rs. 5,67,94,092/- has been made.

The companies , however, continue to pursue with the parties for recovery of the advances.

Note - 35 :

SAAIL, a step down subsidiary of the company is entitled Interest Subsidy on term loans and working capital loans, under Chhattisgarh Government Industrial Policy 2004-2009. As per the policy the company is eligible for the subsidy against the interest paid to the banks, for 5 years. Against this policy, the company has received during the year, a sum of Rs.69,87,500/- as interest subsidy from District Industries Center, Raipur.

Note - 36 :

In view of the various unfavourable financial and operational matters, MSM Energy Limited, a step down subsidiary of the company, has approached Corporate Debt Risk Structuring Cell (CDR Cell) for restructuring the existing term loan and other financial facilities availed from banks. In response to the said letter, the CDR Cell vide their letters dated December 29th ,2011 and February 3rd, 2012 has communicated that the company's proposal for the CDR mechanism has been admitted for further persual by CDR Cell and for final restructuring report after considering the views of the lenders.

Note - 37 :

Capital Work in Progress includes Rs. 3,11,000/- advance for acquiring land at Kaparathi Village, Chintyal Mandal, Nalgonda District. The land lord has refused to register the land in the name of the SAAIL. The company had filed a suit in the Court of Second Additional District Judge at Nalgonda for specific performance as per the agreement and deposited the balance of the purchase consideration of Rs. 1,08,150/- in the court. The Hon'ble Court has given the judgment directing the vendor to register the land in favor of the Company within six months and draw the balance consideration amount deposited by the company in the Court. However, the land lord went on appeal in the High Court of Andhra Pradesh and obtained stay. The company has filed a petition for vacation of the stay which is still pending.



Notes to Consolidated financial statements for the year ended June 30, 2012

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

Note - 38 : Notices from SBI Global Factors Ltd:

During the year M/s. SBI Global Factors Limited an unsecured creditor has filed a petition before the Honourable High Court of Andhra Pradesh for winding up of the Suryachakra Power Corporation Limited (SPCL) u/s 443 (1) (c) of the Companies Act, 1956. The Honourable High Court of Andhra Pradesh, had admitted the petition. SPCL has appealed against the said petition which is pending for hearing. Company is confident of resolving the matter amicably.

Note - 39 : Capital reserve and goodwill on consolidation

(a) Suryachakra Global Enviro Power Limited (formerly Lahari Power and Steel limited)

Capital reserve represents the excess of acquisition price over the interest acquired in the net assets of SGEPL by Climate Change Investment (CCI) on dilution of SPCL's equity investment in SGEPL during the financial year ended March 31, 2010. The CCI invested Rs. 40,00,00,000/- and was allotted 22.01 % equity in SGEPL.

(b) Sri Panchajanya Power Private limited (SPPPL)

Goodwill represents the difference between the acquisition price of Rs. 8,39,71,692/-, paid during the financial year ended March 31, 2010 for acquiring the entire minority interest of 49%, and the net assets of SPPPL as on the date of acquisition.

Note - 40 : Contingent liabilities and commitments (to the extent not provided for)	As at June 30, 2012	As at March 31, 2011
(i) Contingent liabilities		
(a) Letter of credit outstanding	-	29,700,000
(b) Claims against SPCL not acknowledged as debt - Liquidated damages for delay in commencement of commercial operations	31,570,000	31,570,000
(c) Corporate guarantee given to Bunge Emissions Fund Limited against the loan provided to Suryachakra Global Enviro Power Limited, a subsidiary of company	70,908,000	-
(d) Claims against the Group not acknowledged as debt - Energy charges demanded by Maharashtra State Electricity Distribution Co. Ltd.	11,451,026	-
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	671,554,953	653,809,892

Note - 41 : Segment Reporting

The Group's operations predominantly consists of generation and sale of electricity. The coal trading business has been discontinued. Hence there are no reportable segments under the Accounting Standard - 17. The Group's business operations are primarily concentrated in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

Note - 42 : Related Party transactions

Related party transactions

- (a) There are no related parties over which the Group has control.
- (b) Related parties where significant influence exists and with whom transactions have taken place during the year as follows:
 - (i) Key Management Personnel (KMP) represented on the Board of Directors (including Executive Directors in subsidiaries and step-down subsidiaries)
Dr. S.M. Manepalli - Managing Director
 - (ii) **Enterprises over which Key Managerial Personnel has significant influence**
Suryachakra Thermal Energy (Andhra) Private Limited
Suryachakra Thermal (Chhattisgarh) Private Limited (till 4 March 2011)
Suryachakra Thermal (Madhya Pradesh) Private Limited
Suryachakra Power Venture Private Limited
 - (iii) **Non-executive on the Board of Directors in**
Mr. P. K. Bhattacharjee
Mr. Mahesh Chand
Mr. K. Satyanarayana (Executive Director in a subsidiary)
Mr. V.S. Murthy
Mr. A.Ramesh Kumar
Mr. M. Seshavatharam (son of Managing Director)
Mr. Commodore K.V. Subramaniyam (Resigned w.e.f. 30.10.2011)
Mr. Shri K.B.Trehan (Resigned w.e.f. 23.07.2011)
Mr. P.Visweswara Rao, IAS (Retd) included in P.Y. Non Executive Directors
- (c) Particulars of related party transactions and balances



Notes to Consolidated financial statements for the year ended June 30, 2012

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

A) Following is a summary of related party transactions:

Particulars	Year ended June 30, 2012	Year ended March 31, 2011
(i) Remuneration to Key Management Personnel/ Non-executive directors Suryachakra Power Corporation Ltd		
a) Managerial Remuneration and contribution to provident fund Suryachakra Global Enviro Power Ltd	4,824,000	3,859,200
M.Seshavatharam	-	1,800,000
South Asian Agro Industries Ltd		
M.Seshavatharam	-	1,800,000
MSM Energy Ltd		
K.Satyanarayana	1,020,000	1,020,000
b) Sitting fees to Non-executive directors	194,000	214,000
(ii) Unsecured loan received from Key Management Personnel	-	2,265,000
(iii) Repayment of unsecured loan to Key Management Personnel	-	159,400
(iv) Share application money paid		
Suryachakra Thermal Energy (Andhra) Private Limited		
(v) Refund of Share application money		
Suryachakra Thermal Energy (Andhra) Private Limited	-	156,508
Suryachakra Thermal (Chhattisgarh) Private Limited (till 4 March 2011)	-	1,047,825
Suryachakra Thermal (Madhya Pradesh) Private Limited	-	2,850,000
(vi) Rent paid to Key Management Personnel	-	3,706,080
(vii) Rent deposit made to KMP	-	420,000
(viii) Rent Deposit Refunded by Dr. S.M. Manepalli	420,000	-

B) Details of outstanding balances from related parties

Particulars	As at June 30, 2012	As at March 31, 2011
i. Remuneration payable to Key Management Personnel		
Dr. S.M.Manepalli	992,480	672,580
M.Seshavatharam	11,632	1,053,943
K.Satyanarayana	401,700	289,380
ii. Unsecured loan from KMP		
Dr. S.M.Manepalli	2,265,000	2,265,000
ii. Rent payable to Key Management Personnel	-	1,965,880
Unsecured loan to Enterprises significantly influenced by KMP		
i) Suryachakra Thermal Energy (Andhra) Private Limited	2,44,10,146	24,693,434
ii) Suryachakra Thermal (Madhya Pradesh) Private Limited	3,80,21,314	38,021,314
iii) Suryachakra Power Venture Private Limited	9,20,000	970,000

Note - 43 : Earnings per share	Year ended June 30, 2012 Amount	Year ended March 31, 2011 Amount
Continuing operations		
Net profit / (loss) for the year from continuing operations attributable to the equity Shareholders	(1,432,600,321)	(107,538,219)
Weighted average number of equity shares considered for computation of basic and diluted earnings per share	144,632,960	76,632,960
Par value per share	10	10
Earnings per share from continuing operations - Basic and Diluted	(9.91)	(1.40)



Notes to Consolidated financial statements for the year ended June 30, 2012
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	Year ended June 30, 2012 Amount	Year ended March 31, 2011 Amount
Total operations		
Net profit / (loss) for the year from total operations attributable to the equity shareholders	(1,469,181,773)	(96,824,137)
Weighted average number of equity shares considered for computation of basic and diluted earnings per share	144,632,960	76,632,960
Par value per share	10	10
Earnings per share - Basic and Diluted	(10.16)	(1.26)

Note - 44 : 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 June 30, 2012, 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 June 30, 2012.

Note - 45 : Discontinuing operations

The SPCL's Board of Directors at their meeting held on 29 October 2009 had approved to discontinue the coal trading business. Accordingly the coal trading business was discontinued w.e.f. June 30, 2011. The results of discontinued business during the year until the date of discontinuation were as under:

Particulars	Year ended June 30, 2012 Amount	Year ended March 31, 2011 Amount
Income		
Sale of traded goods	268,350,000	1,099,967,659
Total	268,350,000	1,099,967,659
Expenditure		
Cost of goods sold	257,425,000	1,070,774,321
Personnel cost	-	450,495
Administrative and other expenses	1,511,780	262,366
Provision for Doubtful debts	37,850,636	-
Depreciation	302,613	324,261
Interest expense	7,841,423	14,775,238
Total	304,931,452	1,086,586,681
Profit before tax	(36,581,452)	13,380,978
Provision for taxes ¹		
- Current tax expense	-	2,666,896
- MAT credit entitlement	-	-
Profit after tax	(36,581,452)	10,714,082

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

Particulars	As at June 30, 2012	As at March 31, 2011
Fixed assets (Gross block, less accumulated depreciation)	2,136,041	2,438,653
Trade Receivable (Net of provision for doubtful advances Rs.3,78,50,636 (As at 31.03.2011: Nil)	145,403,876	851,985,326
Cash and bank balances	-	8,179,889
Loans and advances	-	243,586
Total assets	147,539,917	862,847,454



Notes to Consolidated financial statements for the year ended June 30, 2012

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

Particulars	As at June 30, 2012	As at March 31, 2011
<i>Less:</i>		
Current liabilities	24,061,425	634,321,974
Total liabilities	24,061,425	634,321,974
Net assets	123,478,492	228,525,480

¹ Tax on profit on discontinuing operations for the year ended March 31, 2011 has been computed under the provisions applicable for computing Minimum Alternate tax (MAT), as the tax on the total income of the Company has been computed on this basis.

Cash flow attributable to discontinued operation are as follows:

Particulars	Year ended June 30, 2012	Year ended March 31, 2011
Net cash from /(used in) operating activities	68,127,071	63,727,416
Net cash from /(used in) investing activities	-	-
Net cash from /(used in) financing activities	(76,306,960)	(75,472,585)
Net increase/ (decrease) in cash and cash equivalents	(8,179,889)	(11,745,169)

Note - 46 :

The management committee of Board of Directors of Suryachakra Power Corporation Limited, at it's Meeting held on 29th March 2012, has approved an extension of the financial year 2011-12 of the company by a period of three months i.e upto June 30, 2012. The figures of the current year are for 15 months and for the previous year are for 12 months. Hence current year figures are not comparable with previous year figures.

Note - 47 : Previous year figures

The Group has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 issued by the Ministry of Corporate Affairs, Government of India. Previous figures have been recasted/ restated to conform to the classification required by the Revised Schedule VI to financial statements for the year ended June 30, 2012.

for M. Bhaskara Rao & Co.,
Chartered Accountants

for Suryachakra Power Corporation Limited

V. K. Muralidhar
Partner

Dr.S.M.Manepalli
Managing Director

K.Satyanarayana
Director

Hyderabad, July 16, 2012

P.Satish Chandramouli
Company Secretary

V.L.Narasimharao
Chief Financial officer



Statement pursuant to the direction of the Ministry of Corporate Affairs u/s 212(8) of the Companies Act, 1956 vide General Circular No. 2 / 2011 dated February 08, 2011 about the financial information of the Subsidiary Companies as at June 30, 2012

(in Rs.)

Name of the Subsidiary	Suryachakra Global Enviro Power Limited	South Asian Agro Industries Ltd	M.S.M Energy Ltd	Sri Panchajanya Power Pvt Ltd	Suryachakra Energy (Chattisgarh) Pvt. Ltd	Suryachakra Global Ventures Ltd., HK*
Issued and subscribed share capital	627,079,770	120,205,000	342,600,000	157,800,000	20,000,000	6
Reserves	(1,039,165,100)	(529,599,893)	(573,847,644)	(161,630,117)	336,756,161	(2,994,637)
Total assets	512,989,170	524,154,209	772,004,024	527,283,476	455,951,053	1,070,042,344
Total liabilities	512,989,170	524,154,209	772,004,024	527,283,476	455,951,053	1,070,042,344
Investments (excluding investments in subsidiaries)	—	—	—	—	—	—
Turnover	4,797,374	211,077	17,410,757	16,746,605	—	—
Profit/(Loss) before taxation	(1,656,075,189)	(474,647,002)	(552,586,407)	(137,270,963)	(27,549)	(2,610,460)
Taxation	—	—	—	—	—	—
Profit/(Loss) after taxation	(1,656,075,189)	(474,647,002)	(552,586,407)	(137,270,963)	(27,549)	(2,610,460)
Proposed dividend	—	—	—	—	—	—

Note:

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



SURYACHAKRA POWER CORPORATION LIMITED

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

ATTENDANCE SLIP

17TH ANNUAL GENERAL MEETING

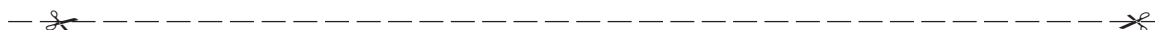
29th day of September, 2012 at 10.00 A.M.

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

I am a member/proxy for the member of the Company. I hereby record my presence at the 17th 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

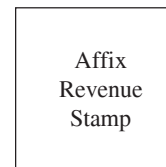
Suryachakra Power Corporation Limited hereby appoint Mr./Ms. _____ of

_____ 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 17th Annual General Meeting of the members of the Company to be held on **29th day of September, 2012 at 10.00 A.M.** and at any adjournment thereof.

Signed this _____ day of September, 2012.



Signature of the Member(s)

Notes:

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

Book - Post
Printed Matter



If Undelivered please return to :

Suryachakra Power Corporation Limited

Regd. Office : SURYACHAKRA HOUSE,

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

Jubilee Hills, Hyderabad - 500 033

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

Website : www.suryachakra.in;

E-mail : cosecretary@suryachakra.com