



SRM ENERGY LIMITED

**26th Annual Report
2012-13**

BOARD OF DIRECTORS

Mr. D. Sundararajan	Managing Director & CEO
Mr. Sudarshan K. Parab	Director
Mr. Gagan Rastogi	Director
Mr. Jayaram Shetty	Director (Appointed w.e.f. October 18, 2013)
Mr. Srinivasan Parthasarathy	Director (Resigned on August 01, 2013)

COMPANY SECRETARY

Mrs. Sanjeevlata Samdani

BANKERS

AXIS BANK LTD.

AUDITORS

M/s Haribhakti & Co.,
Chartered Accountants, Mumbai

REGISTERED & ADMIN OFFICE

54, 5th Floor, Bajaj Bhawan,
226, Nariman Point,
Mumbai-400 021.
Tel. No. : +91-22-66168901 / 8902
Fax : +91-22-66168900

REGISTRAR & SHARE TRANSFER AGENTS

Datamatics Financial Services Ltd,
Plot No.B-5, Part B Cross Lane, MIDC,
Andheri-East, Mumbai-400 093.
Tel. No. : +91-22-66712151 / 2156
Fax : +91-22-66712161

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NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of SRM Energy Limited will be held on Monday, December 09, 2013 at 12.00 noon at Kilachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai-400020 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2013 together with Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Gagan Deep Kumar Rastogi who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Jayaram Shetty, who was appointed as an Additional Director of the Company by the Board of Directors and who hold office upto the date of this Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 159 of the Articles of Association of the Company, and in respect of whom the Company has received notice in writing from a member of the Company expressing his intension of proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT in supersession of all the earlier resolutions passed and pursuant to the provisions, of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the confirmation of the above resolution, the Authorised Share Capital of the Company be increased from ₹ 11,30,00,000/- (Rupees Eleven Crores Thirty Lacs) divided into 1,13,00,000 (One Crore Thirteen Lacs) Equity Shares of ₹ 10/- (Rupees ten) to 15,00,00,000/- (Rupees Fifteen Crores) divided into 150,00,000 (One Crore Fifty Lacs) Equity Shares of ₹ 10/- (Rupees ten) each.

"RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

- V. The Authorised Share Capital of the Company is ₹ 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of ₹ 10/- (Rupees ten) each."

By Order of the Board
For SRM Energy Limited

Place: Mumbai,
Dated: October 18, 2013.

Sanjeevlata Samdani
Company Secretary



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the meeting. A form of proxy is given at the end of the Annual Report.
3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days except Saturdays and holidays upto the date of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the company will remain closed from Monday, December 02, 2013 to Monday, December 09, 2013 (both days inclusive).
5. Queries on accounts and operations of the Company, if any may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the meeting.
6. Members/ Proxies who attend the meeting are requested to bring the enclosed attendance slip duly filled and deliver the same at the entrance of the meeting hall.
7. Members are requested to bring their copies of Annual Report at the time of attending the Meeting.
8. Members who are holding Company's shares in dematerialised form are requested to bring details of their DP and client ID number for identification.
9. Brief profile of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting are disclosed hereunder as required in Clause 49 of the Listing Agreement.

Brief profile of directors seeking reappointment

- **Mr. Gagan Deep Kumar Rastogi**

He is a Bachelor of Science in business administration from Boston University - School of Management, Boston, USA. He is a part of Rastogi Family which established Chemipex International group involved in trading, marketing, distribution and consultancy services dating back to the year 1980. He is involved in trading and marketing of mineral fibers between Russia, India and Sri Lanka and supplying raw materials for low-cost roofing products to various clients in India and Sri Lanka.

- **Mr. Jayaram Shetty**

He is a Post Graduate in Human Resource Management from Tata Institute of Social Sciences and in Administrative Management from JBIMS. He is Managing Director of VCG Consulting Group for the last 10 years, effectively contributed as an Organization Development Partner in Multinational organization and Indian Organisations.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO.4

The Board of Directors of the Company had appointed Mr. Jayaram Shetty as an additional Director in its Meeting held on October 18, 2013. In accordance with Section 260 of the Companies Act, 1956 and the Article 159 of the Articles of Association of the Company, Mr. Jayaram Shetty would hold office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intension to propose Mr. Jayaram Shetty as a candidature for the office of Director together with requisite deposit as required by law. Brief resume of Mr. Jayaram Shetty, nature of their expertise in specific functional areas and the name of companies in which they hold directorship and memberships/ chairmanship of the Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided under the Corporate Governance. Mr. Jayaram Shetty may be deemed to be concerned or interested in the resolution relating to their respective appointment.

ITEM NO.5

The Company, in order to meet the requirement of funds for trading activities and conducting further feasibility studies for the power projects and to strengthen its financial position, is required to generate long term resources by issuing new securities. It is, therefore, deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 11.30 crores to Rs. 15 crores and for that purpose, the Memorandum of Association of the Company is proposed to be suitably altered.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the authorised share capital and for the alteration of capital clause of the Memorandum of Association of the Company.

The Board of Directors accordingly recommends the resolutions for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board
For SRM Energy Limited

Place: Mumbai,
Dated: October 18, 2013.

Sanjeevlata Samdani
Company Secretary



REPORT OF THE DIRECTORS

The Directors present herewith the Twenty Sixth Annual Report together with the Audited Standalone Accounts of the Company for the year ended March 31, 2013.

FINANCIAL RESULTS (Standalone)

₹ in Millions

Description	Year Ended 31-03-2013	Year Ended 31-03-2012
Other Income	-	-
Total Revenue	-	-
Loss before exceptional and extraordinary items and tax	(3.28)	(3.50)
Exceptional Items	-	-
Loss before extraordinary items and tax	(3.28)	(3.50)
Extra-ordinary Items	-	-
Loss before Tax	(3.28)	(3.50)
Tax Expense	-	-
Loss for the year	(3.28)	(3.50)

EFFECT OF SCHEME OF ARRANGEMENT :

As mentioned in the Annual Report for 2011-12, for the speedy implementation of the power project of the Company, the Board of Directors in their meeting held on May 22, 2012 had approved the Scheme of Arrangement (the '**Scheme**') under Section 391 to 394 of the Companies Act, 1956, for Hive off of "Cuddalore Power Division" to SRM Energy Tamilnadu Private Limited (SETPL), a wholly owned subsidiary of the Company with effect from April 01, 2012 (the '**Appointed Date**'). The shareholders of the Company had also approved the said Scheme in the Court Convened meeting held on September 28, 2012. The Hon'ble Bombay High Court had approved the said Scheme vide its order dated September 3, 2013.

In accordance with the said Scheme, the Cuddalore Power Division of the Company has been transferred to its Wholly Owned Subsidiary, SRM Energy Tamilnadu Pvt. Ltd. (SETPL) with effect from April, 1, 2012 (the '**Appointed Date**'). The orders of the High Court were filed with the Registrar of Companies, Mumbai on October 11, 2013 (the '**Effective date**'). In terms of the Scheme all the assets and liabilities of the Cuddalore Power Division of the Company at their respective Book Values as on 01.04.2012 and also all consents, approvals, sanctions, licenses, contracts pertaining to the Cuddalore Power Division of the Company have been transferred to SETPL. The transaction for the period from 1st April, 2012 to 31st March 2013 of the Cuddalore Power Division are deemed to have been carried on by the Company for and in trust and are treated as transactions of SETPL.

ALLOTMENT OF EQUITY SHARES BY SRM ENERGY TAMILNADU PVT. LTD.

As per the terms of the Scheme, the net consideration was satisfied by SETPL to the Company by allotment of 13,10,000 equity shares of ₹ 10 each, credited as fully paid up to the Company and payment of the balance amount of ₹ 27,151/- on October 18, 2013.

OPERATIONS :

The Company is in the process of setting up Thermal Power Projects at various locations more particularly in Maharashtra, Eastern India and Tamilnadu. The project at Tamilnadu is consisting of 3X660 MW i.e. 1980 MW capacity is being set up by the Wholly Owned Subsidiary SRM Energy Tamilnadu Pvt. Ltd. As such there are no other operations at present and the related expenses incurred during the current period are considered as pre operative expenses pending allocation to the power project.

As informed in the annual report of the last year, the paucity of funds, resulting from the Company not being able to proceed with the Proposed Rights issue, due to reasons beyond its control, has considerably slowed down the progress of the project. In addition, considering the prevailing power industry scenario in the country coupled with the slower pace of growth of the country as a whole, prospective investors have deferred their decisions on investments, which has further compounded the problems.

During the period the Company has received the necessary CRZ clearances for laying of the underground Sea Water Pipelines and overhead Coal Conveyors from the Ministry of Environment and Forests (MOEF) (IA Division) and also from the National Highways Authority of India, Ministry of Transports, Govt. of India.

The Company proposes to induct financial / strategic investor into the subsidiary to take care of the equity requirements. Subsequently, significant portion of the debt requirements is proposed to be met through loans from the Chinese Banks Consortium. For meeting the domestic debt requirements, the Company proposes to mandate one of the leading banks/ financial institutions.

DIVIDEND

As the Power project is under implementation and there is no operating income, your directors are not in a position to recommend any dividend.

DIRECTORS

Mr. Jayaram Shetty has been appointed as the additional Director on the Board of your Company with effect from October 18, 2013. As per the provisions of Section 260 of the Companies Act, 1956 Mr. Jayaram Shetty will hold office up to the date of the ensuing Annual General Meeting of the Company. Your Company has received the notice under section 257 of the Companies Act, 1956 together with the requisite deposit from a shareholder, in respect of Mr. Jayaram Shetty, proposing his appointment as the Director on the Board of the Company. The Resolution seeking approval of the members for their appointment as Director have been incorporated in the Notice Convening the Annual General Meeting.

Mr. Srinivasan Parthasarathy, Director of the Company resigned from the Board on August 01, 2013. Your directors record their appreciation for the services and support rendered by him during his tenure on the Board of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Article of Association of the Company, Mr. Gagan Deep Kumar Rastogi retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment at the ensuing Annual General Meeting of the Company.

Brief profile of the Director proposed to be reappointed as required under Clause 49 of the Listing Agreement are annexed to the Notice of Annual General Meeting forming part of this Annual Report.

SUBSIDIARY COMPANY & RELATED COMPLIANCES

As per Section 212 (1) of the Companies Act, 1956, the Company is required to attach to its accounts, the Director's Report, Balance Sheet and Profit and Loss Account etc. of each of its subsidiaries. However, a general exemption has been granted by the Ministry vide its General Circular No. 2/2011, dated - February 08, 2011 under section 212(8) of the Companies Act, 1956 for not attaching the said details.

Your Company has one wholly owned subsidiary company viz. "SRM Energy Tamilnadu Private Limited, which does not have any operations at present. Hence, the Board of Directors have decided to avail the exemption.

Accordingly, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the aforesaid wholly owned subsidiary for the year ended March 31, 2013 have not been attached with the financial statements of your Company. However, the annual accounts of the subsidiary company and the related detailed information are available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary company are kept for inspection by any shareholder at the Registered office of the holding company and of the subsidiary company concerned and a note to the above effect will be included in the annual report of the holding company.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public pursuant to Section 58-A of the Companies Act, 1956.

THE CORPORATE GOVERNANCE CODE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a compliance report on Corporate Governance is annexed as part of the Annual Report.

DEMATERIALISATION OF SHARES

In terms of the notification issued by the Securities and Exchange Board of India (SEBI) the Company has dematerialized its shares with both the depositories CDSL and NSDL.

DIRECTOR'S RESPONSIBILITY STATEMENT

Your Director's affirm that the audited accounts containing the financial statements for the Financial Year 2012-13 are in conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and the results of operations.

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956 the Board of Directors of the Company hereby state and confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the annual accounts on a going concern basis.

CODE OF CONDUCT

The Code of Conduct, as adopted by the Board of Directors is applicable to all Directors, Senior Management and Employees of the Company. This code is based on fundamental principles, viz. good corporate governance and good corporate citizenship. The Code covers Company's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly work place, transparency and accountability and legal compliance.

AUDITORS

M/s Haribhakti & Co., Chartered Accountants, Mumbai, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that, their appointment, if made, by the Company for the year 2013-14 will be within the limit prescribed under Section 224 (1-B) of the Companies Act, 1956. The Board of Directors recommends their reappointment.

AUDITORS' OBSERVATIONS

Though the Company's network has been substantially eroded and the Company has been incurring Cash Losses, the management is of strong view that the Company would turnaround with power project of the Wholly Owned Subsidiary getting operational. The Company also intends to restart the projects in Maharashtra and Eastern India. The Company's present assets are adequate to meet the liabilities. The promoters are also committed to provide necessary funding to meet the liabilities and have provided 2.42 million as unsecured loan till March 31, 2013. Accordingly, the accounts have been prepared on going concern basis.

PARTICULARS UNDER SECTION 217

Since no employee is receiving remuneration in excess of limit specified under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, Statement of particulars of employees do not form part of the report.

Statement of particulars under Section 217(1)(e) regarding Conservation of Energy and Technology Absorption are presently not applicable to the Company.

Details of foreign exchange outgo are set out in note No. 21 of the Financial Statements. There have been no Foreign Exchange earnings during the current year and previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

APPRECIATION

Your Directors wish to express their sincere appreciation to the Central Government, the State Governments, bankers and the business associates for their excellent support and look forward to continued support in future. Your Directors wish to place on record their appreciation to the employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board of Directors

Place: Mumbai,
Dated: October 18, 2013.

Chairman

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**TO
THE MEMBERS OF SRM ENERGY LIMITED,
Mumbai.**

We have examined the compliance of conditions of corporate governance by **SRM ENERGY LIMITED** for the year ended March 31, 2013 as stipulated in Clause 49 of the Agreements of the said Company with stock exchanges in India.

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

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

On the basis of representation received from Registrars and Share Transfer agents and as per the records maintained by the Company which are presented to the Share Transfer Committee, we state that during the year ended March 31, 2013 no investor grievances are pending for a period exceeding one month.

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.

M/s. D.C.TANNA & ASSOCIATES
Company Secretaries

D.C.TANNA
Proprietor

Place: Mumbai,
Dated: October 18, 2013.

CEO CERTIFICATION

This is to certify to the Board that:

- a) I have reviewed financial statements and the cash flow statement for the year ended March 2013 and that to the best of my knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and the steps taken or proposed to be taken to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit committee:
 - i) significant changes in internal control systems during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

D. Sundararajan
Managing Director & CEO

Place: Mumbai,
Dated: October 18, 2013.