



SURYACHAKRA POWER CORPORATION LIMITED

ANNUAL REPORT
2007-08



Board of Directors	:	Mr. P.V. Rao, Chairman Mr. P. K. Bhattacharjee Mr. K. B. Trehan Mr. Mahesh Chand Mr. M. Seshavatharam Mr. V. Madhava Naidu Mr. T. Sree Rama Krishnayya Dr. S.M. Manepalli, Managing Director
Company Secretary	:	Mr. S. Brahmaiah
Audit Committee	:	Mr. P. K. Bhattacharjee Mr. K. B. Trehan Mr. M. Seshavatharam
Shareholders Committee	:	Mr. P. V. Rao IAS (Retd.) Mr. T. Sree Rama Krishnayya Mr. M. Seshavatharam
Remuneration Committee	:	Mr. P. V. Rao IAS (Retd.) Mr. T. Sree Rama Krishnayya Mr. V. Madhava Naidu
Statutory Auditors	:	M/s. Visweswara Rao & Associates Chartered Accountants "SRI" Plot No.512A1, Road No.31, Jubilee Hills, Hyderabad - 500033.
Bankers	:	State Bank of India Syndicate Bank Allahabad Bank
Regd. Office	:	Plot No.1115, Road No.54, Jubilee Hills, Hyderabad -500 033.
Plant	:	Bambooflat, Near Fire Brigade, South Andaman, Port Blair - 744 107.



NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Suryaachakra Power Corporation Limited will be held on Wednesday, the 24th day of September, 2008 at 3.00 P.M. at Sri Sagi Rama Krishnam Raju Community Hall, Plot No. 1/A, 'E' Block, Madhuranagar, Hyderabad - 500038, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit and Loss account for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. P.V. Rao, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. K.B. Trehan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution.

RESOLVED THAT M/s. Visweswara Rao & Associates, Chartered Accountants be and are hereby appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting on remuneration as may 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 a special resolution.

RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded for re-appointment of Dr. S.M. Manepalli as Managing Director of the Company for a period of 3 (three) years w.e.f. September 30, 2008 on the following terms and conditions:

- i) Salary : Rs.3,00,000/- (Rupees Three Lakhs only) per month.
- ii) Perquisites : The value of which shall not exceed Rs.50,000/- Per month.

Category A :

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

Explanations :

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

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

- i) The companies contribution towards Pension scheme or superannuation fund together with Provident Fund not exceeding 25% of the salary wherein contribution towards Provident Fund shall not exceed 12% of the salary. However for the purpose of calculation of overall ceiling on perquisites, the company's contribution towards Provident Fund, Superannuation fund or annuity fund will not be included to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii) Gratuity payable should not exceed an half month salary for each completed year of service.
- iii) One month leave for 11 months of service on full pay and allowances as per the rules of the company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite.

**Category C :**

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

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

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

"RESOLVED THAT pursuant to the provisions of section 94 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be increased from Rs. 90,00,00,000/- (Rupees ninety crores only) divided into 9,00,00,000 (Nine crores only) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 110,00,00,000 (Rupees One Hundred and Ten crores only) divided into 11,00,00,000 (Eleven Crores only) equity shares of Rs.10/- (Rupees ten only) each."

RESOLVED FURTHER THAT clause V of memorandum of Association of the Company be altered as follows:

V. The authorized share capital of the Company is Rs.110,00,00,000 (Rupees One Hundred Ten Crores only) divided into 11,00,00,000 (Eleven Crores only) equity shares of Rs.10/- (Rupees ten only) each."

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to take such steps and do all such acts, deeds, matters and things as may be required to give effect to the resolution."

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

"RESOLVED THAT pursuant to Sec 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorised to borrow from time to time all such sum of monies as they may deem necessary for the purpose of business of the Company notwithstanding that money to be borrowed by the Company together with the monies already borrowed by the company may exceed the aggregate of the paid-up capital and its free reserves, i.e. to say reserves not set apart for any specific purpose (apart from temporary loans obtained from the Company's bankers in the ordinary course of business viz. Cash credit facility and / or working capital facility) provided that the total amount upto which monies be borrowed by the Board of Directors shall not exceed at any time the sum of Rs.2500 Crores (Rupees Two Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, proper to expedient to give effect to this resolutions."

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

RESOLVED THAT consent of the members of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors of the Company for creating such mortgages and or charges on such terms and conditions and at such time or times and in such form or manner as it may think fit, on the properties / assets of the company, including the present and or future properties, whether movable or immovable, in favour of Bank(s), financial institutions and/or trustees or agents and trustees appointed by the Board for the holders of any shares of the Company by way of securities for the loan from the Bank(s) or financial institutions and together with interest thereon and further compound interest, if any thereon commitment charges, expenses and other monies payable in the above connection by the Company in terms of the respective agreements to be entered into between the Company and the Bank (s), financial institutions and or trustee or agents and trustees for the holders of such shares, and such security to rank pari passu with or second or sub-servant to the mortgagors and or charges already created or to be created in future by the Company or in such manner as may be agreed to between the concerned party, public parties and as may be thought expedient by the Board provided that the aggregate of the borrowings secured by the mortgages (s)/charges already created shall not exceed at any one time the limit of the borrowings approved pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956 and further that the Board be and is hereby authorized to finalize and execute the documents and any other deeds, papers and writings for creating the aforesaid mortgage(s) charge(s) as and when considered necessary to do all such acts, deeds, matters and things as may be necessary or expedient in the above connection.

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

Place : Hyderabad
Date : July 31, 2008

S. BRAHMAIAH
COMPANY SECRETARY



NOTES:

1. A member is entitled to attend and vote at the meeting is also entitled to appoint a proxy instead of himself/herself and such proxy need not be a member of the Company. But a proxy so appointed shall not have right to speak at the meeting. Proxy forms, to be valid, shall be lodged with the Company not less than 48 hours before the meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed **from 20.09.2008 to 24.09.2008 (both days inclusive).**
4. Members holding shares in physical form are requested to intimate any change in their address quoting their registered folio number to the Registrars and Share Transfer Agents namely **M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad -500 081.**
5. Members holding shares in electronic form are requested to intimate any change in their address to the depository participant (DP) with whom the demat account is maintaining.
6. Members are requested to bring admission slip duly filled in along with their copies of Annual Report to the Meeting.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. Members are also requested to send their queries, if any, on the accounts well in advance, so as to enable the Company to place relevant records and information at the time of Annual General Meeting.

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

Dr. S.M. Manepalli, whose term expires on 29.09.2008 as Managing Director of the Company. Considering the contribution of Dr. S. M. Manepalli in the growth of the Company and based on recommendation of remuneration committee, the Board Directors of the Company at its meeting held on July 31, 2008, subject to the approval of the members, has re-appointed him for further period of 3 years w.e.f. 30.09.2008 on the terms and conditions mentioned in resolution as item No.5 of the notice of this Annual General Meeting.

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

Since 1992 he was engaged in Aqua-culture Business. During this period he was also engaged in Construction & Operation of Prawn/Fish Tanks, Hatchery, Feed Mill & Processing Plants.

Inspired by the liberalization policies of Govt. of India, during 1995 he has diversified his business interests by setting up power generation plants following the privatization of power sector. He has promoted Suryachakra Power Corporation limited by setting up 20MW power plant in A & N islands

The Board of Directors commends the resolution for your approval.

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

ITEM NO.6

The Present authorized share capital of the Company is Rs. 90,00,00,000/- (Rupees ninety crores only) divided into 9,00,00,000 (Nine crores only) equity shares of Rs.10/- each. The company is proposing to issue GDRs/ADRs to the strategic investors to part finance the company's expansion activities. Therefore, the Authorized Share Capital of the Company needs to increase from the existing Rs.90,00,00,000 divided into 9,00,00,000 equity shares of Rs.10/- each to Rs.110,00,00,000/- divided into 11,00,00,000 equity shares of Rs.10/- each.

The proposed increase of Authorized Share Capital and consequent alteration to the Memorandum of Association requires the approval of members in the general meeting as per Section 94 of the Companies Act, 1956.

SURYACHAKRA POWER CORPORATION LIMITED

The Board of Directors recommends the resolution as set out at item no.6 of the notice for the approval of the members.

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

ITEM NO.7

The shareholders at their general meeting held on February 22, 2008 had approved the borrowing powers of the Company up to a limit of Rs.750 Crores.

In view of the substantial increase envisaged in the operations of the Company, it is proposed to increase the borrowing limits by the Company up to Rs.2500 Crores only.

As per Section 293 (1) (d) of the Companies Act, 1956, the approval of members of the Company is required by way of passing necessary resolution to permit the Board to make the above stated borrowings.

The Board of Directors of your Company recommends passing of the aforesaid resolution.

None of the Directors is concerned or interested in this resolution.

ITEM NO.8

In order to avail Loan(s) / Financial Assistance from Banks / Financial Institutions from time to time to finance the project execution and operations of the company, the Company is required to create Mortgage / Charges on its properties both movable and immovable in favour of such Banks/Financial Institutions.

For creating Mortgage / Charges on its properties in favour of lenders, your approval is required under section 293 (1)(a) of the Companies Act, 1956.

The Directors recommended the resolution for your approval.

None of the Directors of the Company are interested or concern in the resolution.

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

Place : Hyderabad
Date : July 31, 2008

**S. BRAHMAIAH
COMPANY SECRETARY**



DIRECTORS' REPORT

DEAR MEMBERS,

Your Directors have pleasure in presenting the 13th Annual Report together with the audited statement of accounts for the year ended March 31, 2008.

1. FINANCIAL RESULTS

(Rs. in million)

Particulars	Current year ended 31.03.2008	Previous year ended 31.03.2007
Sales and other Income	1105.285	949.128
Profit before interest and depreciation	166.068	145.428
Interest and Finance Charges	73.537	61.313
Depreciation	64.202	64.630
Profit after interest and Depreciation, before tax	28.329	19.485
Extra-ordinary Items (net)	14.760	-4.975
Provision for Taxation	5.139	1.955
Profit after Tax	37.950	12.555
Profit brought forward from previous year	53.104	40.549
Profit and Loss A/c Balance carried forward to Balance Sheet	91.054	53.104

2. FINANCIAL CONDITION AND REVIEW OF OPERATIONS:

During the year under review, your Company achieved a gross turnover of Rs.1105.29 Millions as against the gross turnover of Rs.949.13 Millions during the previous year, thus registering a growth of 16.46%. The net profit for the current year stood at Rs.28.30 Millions from operations as against Rs.19.50 Millions for the previous year, registering a growth of 45%. The net profit after tax stood at Rs.38.00 Millions as against Rs.12.60 Millions in previous year. The current year earning per share is at Rs.0.50 as against Rs.0.29 in the previous year.

We are glad to inform that the failed DG set No.2 has been brought into operations and the plant is available for full capacity from 20th July 2008.

The Company has signed Memorandum of Understanding (MOU) with Chhattisgarh State Government to set up 270 MW IPP project at Sapos village, janjgir Champa District, Chhattisgarh with project cost of Rs. 1215 crores. The project is in advance stage of projectisation and expecting financial closure by December 2008.

COAL TRADING ACTIVITIES:

During the year under review, your company has entered into certain agreements for coal trading with PT. CENTRAL KORPORINDO INTERNASIONAL, Tbk, Indonesia, to gain experience in the same field. Your Company has commenced domestic coal trading activities from February 2008.

Management Discussion and Analysis of Financial Condition and Results of Operation of the Company for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed to the report on the Corporate Governance and form part of the annual report. The Board of Directors and The Management review the progress of the company from time to time and guide / set the company towards its goals.

3. DIVIDEND:

With a view to conserve resources for the planned growth of the organization as also due to inadequacy of profits, your Directors are unable to recommend any dividend on the equity capital of the Company.

4. SUBSIDIARY COMPANIES:

Your Company has three wholly owned subsidiaries and one 51% subsidiary as at 31st March, 2008. These subsidiaries have been formed as Special Purpose Vehicles to implement different projects being undertaken by the Company. Copies of the Balance Sheet, Profit and Loss Account, Directors' Report and the Auditors' Report of each of the subsidiaries are attached to the Balance Sheet of the Company. Further, pursuant to Accounting Standard-21 issued by the Institute of Chartered Accountants of India, the Financial Information of the subsidiaries are enclosed herewith. Brief details of the subsidiaries are as follows:



Lahari Power and Steels Limited:

Lahari Power and Steels Limited has set up a 9.8 MW Biomass based power plant at Madwa Village, Champa-Janjgir District, Chhattisgarh. The plant started operations in the month of March, 2008.

South Asian Agro Industries Limited:

South Asian Agro Industries Limited is setting up a 9.8 MW Biomass power project at Khajuri Village, Baloda Bazar Taluq, Raipur District, Chhattisgarh where the rice husk and other biomass fuels are abundantly available. All necessary approvals have been received and construction of the plant is almost complete. The plant is expected to commence operations by September, 2008.

As a part of expansion activities, South Asian Agro Industries Limited is planning to set up a 5 MW Concentrated Solar Thermal Power project with technical and financial collaboration with Suryachakra MSM Solar India Private Limited (being the Joint Venture with MAN Solar Millennium GmbH, Germany) with a total project cost of Rs. 90.00 crores at Baloda Bazaar, Raipur District, Chhattisgarh.

M.S.M. Energy Limited:

M.S.M. Energy Limited is setting up two biomass power projects of 10MW each at Borawand Village, Parbhani Taluk, Parbhani District and Kholapur Village, Bhatkuli Taluk, Amaravathi Districts in the state of Maharashtra. The required approvals for setting up of the said power plants are in place and the revalidation of the financial closure for both the projects is expected to be achieved very soon. Both the projects are expected to commence operations in the second quarter of 2009.

Sri Panchjanya Power Pvt. Ltd.:

This is a 51% subsidiary at present and is setting up a 10 MW bio-mass based power plant at Limbala MIDC, Hingoli, Hingoli District, Maharashtra. The required approvals for setting up of the power plant are in place and the financial closure for the projects is expected to be achieved very soon. The plant is expected to commence operations in the second quarter of 2009.

As a part of expansion activities, Sri Panchjanya Power Private Limited is planning to set up a 5 MW Concentrated Solar Thermal Power project with technical and financial collaboration with Suryachakra MSM Solar India Private Limited (being the Joint Venture with MAN Solar Millennium GmbH, Germany) with a total project cost of Rs. 90.00 crores at Limbala MIDC, Hingoli, Hingoli district, Maharashtra.

5. PUBLIC ISSUE:

During the year under review, your company made a public issue of 34000000 equity shares of Rs.10/- each at a premium of Rs.10/- each aggregating Rs. 68.00 crores. The issue opened on 25th June 2007 and closed on 29th June 2007, which was over-subscribed to the extent of 1.95 times. The equity shares were listed on the Bombay Stock Exchange Limited.

We are up-to date with the payment of listing fees to the Stock Exchange.

6. FIXED DEPOSITS:

Your Company has not accepted any deposits from the shareholders / public under Section 58A of the Companies Act, 1956, during the year under review.

7. INSURANCE:

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

8. CORPORATE GOVERNANCE:

The Company is in conformity with the code of Corporate Governance enunciated in clause 49 of the listing agreement with Stock Exchanges. A separate report on Corporate Governance is annexed hereto and forms part of the Directors' Report together with a certificate from the Practicing Company Secretary confirming compliance of the conditions of Corporate Governance.

9. DIRECTORS RESPONSIBILITY STATEMENT:

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

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

10. DIRECTORS:

During the year under review, Mr. P K Bhattacharjee was inducted as a Director on the Board of the Company and Mr. Supriya Gupta has resigned as Director of the Company.

In accordance with the Provisions of the Companies Act, 1956 and Articles of Association of the Company, your Directors - Mr. P.V. Rao and Mr. K.B. Trehan retire by rotation and being eligible offer themselves for re-appointment.

11. ADEQUACY OF INTERNAL CONTROLS:

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

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

12. STATUTORY AUDITORS:

M/s Visweswara Rao & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

13. BOARD EXPLANATION FOR THE QUALIFICATIONS MADE BY THE AUDITORS IN THEIR REPORT DATED 31ST JULY 2008.

Auditors qualification	Board explanation
An amount of Rs. 422.75 lacs (P.Y Rs. 34.23 lacs) relating to current financial year has been withheld / rejected by the A&N Administration due to various reasons and these amounts are included in the revenue.	The Company has raised invoices as per the terms of power purchase agreement with A&N Administration. However, Andaman administration withheld an amount of Rs.422.75 lakhs for want of clarification from Central Electricity Authority mainly with regard to the calculation of Density of high speed diesel claimed by the Company. The Central Electricity Authority has issued direction in February 2008 for the payment of claim of the Company.
The Company has defaulted in repayment of term loans on two occasions aggregating to Rs.13.40 lakhs for two months.	The Company executed Trust & Retention Account with State Bank of India giving power for timely transfer of funds to effect repayment of term loans as per schedule. Though the Bank has power to transfer the funds, they have not done the same in time. Hence the delay took place.
The Company has disclosed the end use of money raised by IPO during the year and the same has been verified by us and we are of the opinion that the company has on overall basis used the funds for the same purpose for which they were raised except an amount of Rs.10 crores raised for working capital requirements for power trading activity.	The Initial Public Offering of the Company was planned with certain objects, as more particularly stated and described under section titled "Objects of the Issue" of the prospectus dated 2nd July, 2007, as were considered appropriate and necessary by the management at that point of time. However, considering the change in the financial/business plans over the period of time, it is felt that a part of the IPO proceeds may not be required to be invested in Power Trading business. Accordingly, the balance amount of Rs. 10 Crores has been diverted for investment in the other power projects being executed by the company and its subsidiaries and general corporate purposes and the same was approved by the members at their extraordinary general meeting held on 29.02.2008.



14. 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.

15. PARTICULARS OF EMPLOYEES:

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

None of the employees of the Company are drawing salary exceeding Rs.24.00 Lakhs per annum or Rs.2.00 Lakhs per month during the year under review in terms of sub-section (2A) of section 217 of the Companies Act, 1956, other than Dr. S.M. Manepalli, Managing Director, whose details are disclosed separately.

16. HUMAN RELATIONS:

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

17. ACKNOWLEDGMENTS:

Your Directors gratefully acknowledge the valuable support, guidance and help provided / extended to the Company by various Departments of the Central and State Governments, different statutory authorities, and State Bank of India, Syndicate Bank, Allahabad Bank and SREI Infrastructure Finance Limited.

Your Directors also express their gratitude to the Shareholders of the company for the confidence reposed in the management. Your Directors also take this opportunity to offer their sincere thanks to customers, and other organizations, who through their continued support and cooperation, have helped the Company from time to time.

Your Directors wish to place on record their appreciation to the Employees, Staff and Officers of your company for their hard work, dedication, commitment and co-operation extended by them in achieving the results.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : July 31, 2008

P.V. RAO
CHAIRMAN