



SURYACHAKRA POWER CORPORATION LIMITED

ANNUAL REPORT
2008-09



Board of Directors	:	Mr. P.V. Rao, IAS (Retd.), Chairman Mr. P. K. Bhattacharjee Mr. Mahesh Chand Mr. K. Satyanarayana Mr. V. S. Murthy Commodore K. V. Subramaniam, YSM (Retd.) Mr. M. Seshavatharam Dr. S.M. Manepalli, Managing Director
Company Secretary	:	Mr. K. Ramakanth
Audit Committee	:	Mr. P. K. Bhattacharjee Mr. V. S. Murthy Mr. M. Seshavatharam
Shareholder's Committee	:	Mr. P. V. Rao IAS (Retd.) Mr. V. S. Murthy Mr. M. Seshavatharam
Remuneration Committee	:	Mr. P. V. Rao IAS (Retd.) Mr. V. S. Murthy Mr. M. Seshavatharam
Statutory Auditors	:	M/s. Visweswara Rao & Associates Chartered Accountants "SRI" Plot No.512A1, Road No.31, Jubilee Hills, Hyderabad - 500033.
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 14th Annual General Meeting of the Members of Suryachakra Power Corporation Limited will be held on Wednesday the 30th day of September, 2009 at 10.30 A.M. 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, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009, the Profit and Loss account for the financial year 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. M. Seshavatharam, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration

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

RESOLVED THAT M/s. Visweswara Rao & Associates, Chartered Accountants, Hyderabad, the existing statutory auditors of the Company and M/s. B.S.R. and Associates, Chartered Accounts, Hyderabad be and are hereby appointed as Joint Auditors of the company to hold office from the conclusion of this Annual General Meeting up to 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 an ordinary resolution.
"RESOLVED THAT pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 Mr. K. Satyanarayana be and is hereby appointed as a Director of the Company liable to retire by rotation".
6. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution.
"RESOLVED THAT pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 Mr. V. S. Murthy be and is hereby appointed as a Director of the Company liable to retire by rotation".
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 the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 Commodore K. V. Subramaniam be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board of Directors

For SURYACHAKRA POWER CORPORATION LIMITED

Place : Hyderabad

Date : 29.08.2009

K. RAMAKANTH
COMPANY SECRETARY

SURYACHAKRA POWER CORPORATION LIMITED**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 29.09.2009 to 30.09.2009 (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 being maintained.
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.
9. Brief particulars of the Directors seeking re-appointment at this Annual General Meeting is annexed to the notice.

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

Mr. K. Satyanarayana was appointed as an Additional Director of the Company by circular resolution dated 20th June 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956, and he holds the office as a Director up to the date of this Annual General Meeting of the Company.

A notice in writing under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. K. Satyanarayana as a Director of the Company along with a deposit of Rs.500/- (Rupees Five Hundred only) as required under the provisions of Section 257 of the Companies Act, 1956 which will be refunded to the Member, if Mr. K. Satyanarayana is elected as a Director of the Company.

Mr. K. Satyanarayana 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 of the Company is interested or concerned in the above resolution except Mr. K. Satyanarayana.

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

ITEM NO.6 & 7

Mr. V.S. Murthy and Commodore K.V. Subramaniam, who were appointed as Additional Directors of the Company on August 29, 2009 by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956, and they hold the office as a Director up to the date of this Annual General Meeting of the Company.

The notices in writing under Section 257 of the Companies Act, 1956, have been received from the Members signifying their intention to propose Mr. V.S. Murthy and Commodore K.V. Subramaniam as Directors of the Company along with a deposit of Rs.500/- (Rupees Five Hundred only) each as required under the provisions of Section 257 of the Companies Act, 1956 and which will be refunded to the Member concerned, if Mr. V.S. Murthy and Commodore K.V. Subramaniam are elected as Directors of the Company.

Mr. V.S. Murthy and Commodore K.V. Subramaniam are not disqualified from being appointed as Directors 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 of the Company is interested or concerned in the above resolution except Mr. V.S. Murthy and Commodore K.V. Subramaniam.

The Board, accordingly, commends the Resolutions for approval of the members of the Company.

By Order of the Board Directors
For SURYACHAKRA POWER CORPORATION LIMITED

Place : Hyderabad
Date : 29.08.2009

K. RAMAKANTH
COMPANY SECRETARY



ANNEXURE TO NOTICE

Brief Profile of the directors seeking reappointment

Name of Director	Mr. P.K. Bhattacharjee	Mr. M. Seshavatharam	Mr. K. Satyanarayana	Mr. V.S. Murthy	Commodore K.V. Subramaniam
Date of appointment	22.05.2007	28.02.1995	20.06.2009	29.08.2009	29.08.2009
Date of Birth	18.01.1939	09.08.1976	15.06.1958	15.07.1940	30.09.1947
Qualifications	M.A. Economics	B.Com	LME, AMIPE	B.E. (Electrical)	M.Sc. (Defence Studies)
Brief Profile	Mr. P.K. Bhattacharjee is a Post Graduate in Economics with experience of 37 years. He has 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 independent director in other reputed Companies.	Mr. M. Seshavatharam is a graduate in Commerce. He hails from business community. He has to his credit varied business experience. He has got rich experience in power projects, agriculture, fresh water fish culture. He is also a Director in various other Companies of the group and whose main business is generation of Power.	Mr. K. Satyanarayana is a graduate in Engineering and having rich experience in the development of power projects and other engineering projects. He has 30 years of over all experience in various fields. He has worked in several reputed companies. He has also worked in Malaysia and Singapore for several years in engineering projects.	Mr. V.S. Murthy is a graduate in Engineering and having vast experience in Electrical and Electronic projects. He started his carrier with Heavy Electrical Corporation (HEC), Ranchi and worked for a period of 26 years. He also worked in ITC Bhadrachalam Paper Board over a period of 10 years and held various positions. He has expertise in the field of Erection, Operation and Maintenance of Transformers, Power Cables, Distribution net work etc.	Commodore K.V. Subramaniam, YSM (Retd.) is a retired Indian Naval Officer. He joined in Indian Navy in the year 1968 and took part of 1971 Indo-Pak war on Board INS Kursura. During his tenure in the Indian Navy he had held very important assignments. He also worked as Naval Commandar of IPKF from 1987 to 1990 and also CSO to NOIC(M). He was the Indian Naval adviser in Indian Embassy (Bonn), Germany and was also accredited to France and Netherlands. He is a recipient of Gallantry Award "Yudh Seva Medal" in the year 1990 from President of India.

SURYACHAKRA POWER CORPORATION LIMITED**ANNEXURE TO NOTICE CONTD.**

Directorships held in other Companies as on 31.03.2009	M. S. M. Energy Limited Kanco Enterprises Limited. Global Investment Trust Limited. Stesalit Limited. Cheviot Company Limited Quippo Infrastructure Equipment Ltd. Kaushalya Infrastructure Development Corporation Limited. Kilburn Chemicals Limited. Dhanus Technologies Limited	Lahari Power & Steels Limited. South Asian Agro Industries Limited. M. S. M. Energy Limited Sri Panchajanya Power Private Limited Mannepalli Investments Private Limited. Suma Powergen Private Limited. Surya Powergen Private Limited. Surya Powergen Private Limited. Aasrit Agro Products Private Limited. Aasrit Energy Private Limited. Kinnera Enterprises Private Limited Suryachakra Green Power Private Limited Suryachakra Urban Infrastructure Limited Suryachakra Power Ventures Pvt. Limited Suryachakra Thermal Energy (Andhra) Pvt. Limited Suryachakra Energy (Chattisgarh) Pvt., Limited Suryachakra Thermal (Madhya Pradesh) Pvt Limited Suryachakra MSM Solar India Private Limited Ayrus Infrastructure & Investment Pte Limited	Lahari Power & Steels Limited. MSM Energy Limited. Suryachakra Urban Infrastructure Limited. Suma Powergen Private Limited. Surya Powergen Private Limited.	Nil	Nil
Chairman/Member of the Committee(s) of other Companies as on 31.03.2009	M.S.M. Energy Limited	Lahari Power & Steels Limited. South Asian Agro Industries Limited. M. S. M. Energy Limited	Nil	Nil	Nil



DIRECTORS' REPORT

DEAR MEMBERS

Your Directors have pleasure in presenting the 14th Annual Report together with the audited statement of accounts for the year ended March 31, 2009.

1. FINANCIAL RESULTS

(Rs. in Million)

Particulars	Current year ended 31.03.2009	Previous year ended 31.03.2008
Sales and other Income	1385.52	1105.29
Profit before interest and depreciation	137.83	166.07
Interest and Finance Charges	56.58	73.54
Depreciation	62.96	64.20
Profit after interest, Depreciation and before tax	18.29	28.33
Extra-ordinary Items (net)	1.54	14.76
Provision for Taxation	2.05	5.14
Profit after Tax	14.70	37.95
Profit brought forward from previous year	91.05	53.10
Profit and Loss A/c Balance carried forward to Balance Sheet	105.75	91.05

2. FINANCIAL CONDITION AND REVIEW OF OPERATIONS:

During the year under a review, your Company achieved gross turnover of Rs.1386 Millions as against the gross turnover of Rs.1105 Millions during the previous year and profit for the current year is Rs.15 Millions as against Rs.38 Millions for the previous year 2007-08. The decrease in profit is mainly due to non consideration of interest income of Rs.10.16 Millions on the loans provided to the subsidiary Companies. Profit before tax of the last year includes of Rs.14.76 Millions of extraordinary nature. Had these two elements been considered, the profit for the year would have been more by Rs.1.67 Millions.

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 Management review the progress of Company from time to time and guide / set the Company towards its goals.

3. DIVIDEND:

With 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, 2009. These subsidiaries have been formed as Special Purpose Vehicles to implement different projects being undertaken by the Company.

Lahari Power & Steels Limited:

Lahari Power & Steels Limited had set up a 9.8 MW Biomass based power plant at Madwa Village Champa-Janjgir District, Chhattisgarh State. The project started trial operations during May, 2008 and after initial hiccups, the commercial operations were commenced from October, 2008 onwards. During the year under review, the project generated and exported 33589000 and 29898133 kwh of power respectively.

During the year under a review, the Company has achieved a total turnover of Rs. 308.59 Millions and profit before tax was Rs. 2.24 Millions and the net profit stood at Rs. 1.95 Millions.

During the year under review, the Company has earned an amount of Rs.11.81 Millions from 17,309 CERs (Certified Emission Reductions) and estimates to earn Rs.73.25 Millions through generation of another 1,07,329 CERs by the year ending 31.03.2012. Post 2012 year, 1,96,771 CERs are expected to be generated till the year 2018.



South Asian Agro Industries Limited:

South Asian Agro Industries Limited had set up a 9.8 MW Biomass power project at Khajuri Village, Baloda Bazar Taluk, Raipur District, Chhattisgarh State, where the rice husk and other biomass fuels are abundantly available. The Company after stabilisation started commercial operations in the month of January, 2009 and generated and exported 13037432 and 11815900 kwh of power respectively.

During the year under a review, the Company has achieved a total turnover of Rs.37.54 Millions and profit before tax was Rs.1.15 Millions and the net profit stood at Rs.1.00 Millions.

During the year under review, the Company has earned an amount of Rs.4.01 Millions from 5,881 CERs (Certified Emission Reductions) and estimates to earn Rs.71.16 Millions through generation of another 1,04,274 CERs by the year ending 31.03.2012. Post 2012 year, 1,96,771 CERs are expected to be generated till the year 2018.

M.S.M. Energy Limited:

M.S.M. Energy Limited is setting up of two biomass power projects of 10 MW each at Borawand Village, Parbhani Taluk, Parbhani District and Kholapur Village, Bhatkuli Taluk, Amaravathi Districts in the state of Maharashtra. The required approvals for the said power plants are in place and the financial closure for both the projects was achieved and the construction of the projects is at an advanced stage of completion. Both the projects are expected to commence operations in the month of December, 2009.

The expected CERs (Certified Emission Reductions) to be generated by year ending 2012 are 1,69,543 and estimated revenue is Rs.115.71 Millions. Post 2012, 4,65,503 CERs are expected to be generated till the year 2018.

Sri Panchjanya Power Pvt. Ltd.:

This is a 51% subsidiary and at present setting up a 10 MW Bio-mass based power plant at Limbala MIDC, Hingoli, Hingoli District, Maharashtra State. The required approvals for setting up of the power plant are in place and the financial closure for the project was achieved and the construction of the project is at advanced stage of completion. The plant is expected to commence operations in the month of December, 2009.

The expected CERs (Certified Emission Reductions) to be generated by year ending 2012 are 75,979 and estimated revenue is Rs.51.85 Millions. Post 2012, 2,68,840 CERs are expected to be generated till the year 2020.

Consolidated Financial Statements:

In terms of section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheets, Profit and Loss Account of its subsidiary companies to its Annual Report. The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its orders No.47/304/2009-CL-III dated 14.05.2009 has granted exemption to your company for not attaching the above documents of subsidiaries with Annual Report of the Company for the financial year 2008-09.

Accordingly, this Annual Report does not contain the reports and other statements of the subsidiary companies. The company will make available the annual audited accounts and related detailed information of the subsidiary companies upon request by any member of the Company. These documents will also be available for inspection during business hours at the registered office of the company and also at the registered office of the subsidiary companies.

In terms of the said orders of the MCA, a summary of financial information of each of the subsidiary companies is provided as annexure "A" to this report.

5. 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.

6. INSURANCE:

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

7. 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 Directors' Report together with a certificate from a Practicing Company Secretary confirming compliance of the conditions of Corporate Governance.

8. SECRETARIAL AUDIT

As per SEBI requirement, Secretarial audit is being carried out at specific intervals by a practicing Company Secretary. The findings of the audit have been satisfactory.



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:

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

The Board of Directors of your Company has appointed Mr. K. Satyanarayana on 20th June 2009, Mr. V.S. Murthy and Commodore K.V. Subramaniyam on 29th August 2009 as Additional Directors of the Company pursuant to provisions of Section 260 of the Companies Act, 1956.

During the year under review, Mr. T Sree Rama Krishnayya and Mr. K B Trehan have resigned from the office of the Directors of the Company and Mr. V. Madhava Naidu resigned from the office of the Director with effect from 29.08.2009. The Board places on record its appreciation of services rendered by these Directors during their tenure.

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 review 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. It is also proposed to appoint M/s. B.S.R. and Associates, Chartered Accounts as joint statutory auditors.

13. BOARD EXPLANATION FOR THE QUALIFICATIONS MADE BY THE AUDITORS IN THEIR REPORT DATED 29TH AUGUST 2009

Auditors Qualification	Board Explanation
An amount of Rs.56.89 Lakhs (Previous Year Rs.422.75 Lakhs) has been withheld / rejected by the Andaman & Nicobar 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 Andaman & Nicobar Administration. However, Andaman Administration withheld an amount of Rs.56.89 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 for the payment of the claim of the Company. However, A & N Administration has not settled the claim. However, the matter was referred to the Joint Electricity Regulatory Commission.



14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:

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.

16. HUMAN RELATIONS:

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

17. ACKNOWLEDGMENT:

Your Directors gratefully acknowledge the valuable support, guidance and assistance provided / extended to the Company by various Departments of the Central and State Governments, different statutory authorities, 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

P.V. RAO

Date : 29.08.2009

CHAIRMAN

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 2008-09 is Rs.67,54,744 and for the previous year is Rs. 1,52,52,698.