

SURYACHAKRA POWER CORPORATION LIMITED



ANNUAL REPORT
2009-10





Board of Directors	:	Mr. P.V. Rao IAS (Retd.), Chairman (resigned w.e.f. 19.06.2010) Mr. P. K. Bhattacharjee Mr. Mahesh Chand Mr. K. Satyanarayana Mr. V.S. Murthy Commodore K.V. Subramaniam YSM (Retd.) Mr.A.Ramesh Kumar (w.e.f. Aug 10, 2010) Mr. Venkata Raju Thontepu (w.e.f. May 28, 2010) Mr. M. Seshavatharam Dr. S.M. Manepalli , Managing Director
Company Secretary	:	Mr. G. V. Suresh Kumar
Audit Committee	:	Mr. P. K. Bhattacharjee , Chairman Mr. V.S. Murthy Mr. M. Seshavatharam
Statutory Auditors	:	M/s. Visweswara Rao & Associates Chartered Accountants “SRI” Plot No.512A1, Road No.31, Jubilee Hills, Hyderabad - 500033 M/s. B S R and Associates Chartered Accountants Reliance Humsafar, IV Floor, Road No. 11, Banjara Hills Hyderabad - 500034
Banker	:	State Bank of India
Registered Office	:	Suryachakra House, Plot No.304-L-III, Road No. 78, Jubilee Hills, Hyderabad -500 033
Plant	:	Bambooflat, Near Fire Brigade, South Andaman, Port Blair – 744 107

**NOTICE**

Notice is hereby given that the 15th Annual General Meeting of the Members of Suryachakra Power Corporation Limited will be held on Thursday the 30th day of September, 2010 at 10.30 A.M. at ADDA Function Hall, H.No.2-22-298/1/ 186-187, IVth Floor, Padmavathi Plaza, Bhagyanagar Colony, Opp. KPHB, Kukatpally, Hyderabad - 500 072, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 the Profit and Loss account for the financial year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahesh Chand, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.M.Seshavatharam, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration

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

“RESOLVED THAT M/s. Visweswara Rao & Associates and M/s. B S R and Co, Chartered Accountants be and are hereby appointed as Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of the retiring Auditors at a remuneration to be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Venkata Raju Thontepu be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

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

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

Place: Hyderabad
Date: August 10, 2010

**G. V. SURESH KUMAR
COMPANY SECRETARY**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form(s) in order to be effective must be received by the company at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed **from 28.09.2010 to 30.09.2010 (both days inclusive)**.
4. Members holding shares in physical form are requested to intimate any change in their address quoting their registered folio number to the Registrars and Share Transfer Agents namely **M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad -500 081.**
5. Members holding shares in electronic form are requested to intimate any change in their address to the depository participant (DP) with whom the demat account is maintained.
6. Members are requested to bring admission slip duly filled in along with the copy of Annual Report to the Meeting.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. Brief Particulars of the Directors seeking re-appointment at this Annual General Meeting is annexed to the notice.

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

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

Mr. Venkata Raju is not disqualified from being appointed as Director under section 274(1)(g) of the Companies Act, 1956 and has complied with the provisions of Section 266A of the Companies Act, 1956.

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

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

ITEM NO. 6

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

Mr. A. Ramesh Kumar is not disqualified from being appointed as Director under section 274(1)(g) of the Companies Act, 1956 and has complied with the provisions of Section 266A of the Companies Act, 1956.

None of the Directors except Mr. A. Ramesh Kumar is interested or concerned in the resolution.

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

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

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

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

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

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

The Members' approval is being sought for the appointment of M/s. Visweswara Rao & Associates and M/s. B S R and Co as the joint statutory auditors and to authorize the Board of Directors to determine the remuneration payable to them.

The Board of Directors recommends the Resolution for your approval.

None of the Directors of the Company is in any way, concerned or interested in the resolution under Sl. No. 4.

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

Place: Hyderabad
Date: August 10, 2010

**G. V. SURESH KUMAR
COMPANY SECRETARY**

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

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

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

Mr. M. Seshavatharam

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

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

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

**Mr. T. Venkata Raju**

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

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

Mr. A. Ramesh Kumar

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



DIRECTORS' REPORT

Dear Members,

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

FINANCIAL PERFORMANCE:

(Rs. in Million)

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

REVIEW OF OPERATIONS:

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

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

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

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

DIVIDEND:

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

**SUBSIDIARY COMPANIES:**

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

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

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

Suryachakra Global Enviro Power Limited:

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

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

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

South Asian Agro Industries Limited:

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

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

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

M.S.M. Energy Limited:

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

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

**Sri Panchajanya Power Private Limited:**

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

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

Consolidated Financial Statements:

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

Accordingly, this annual report will not contain the reports and other statements of the subsidiary companies, subject to the approval from the Government. The company will make available the annual audited accounts and related information of the subsidiary companies upon request by any member of the Company. These documents will also be available for inspection during business hours at the registered office of the company and the subsidiary companies. A summary of financial information of the subsidiary companies is provided in the Annual Report of the Company.

FIXED DEPOSITS:

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

INSURANCE:

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

CORPORATE GOVERNANCE:

The Company is in conformity with the code of Corporate Governance enunciated in clause 49 of the listing agreement with Stock Exchanges. A separate report on Corporate Governance forms part of the Annual Report of the Company together with a certificate from the Practising Company Secretary confirming the compliance of Corporate Governance. As per SEBI requirement, Secretarial audit is being carried out at specific intervals by a Practising Company Secretary. The findings of the audit have been satisfactory.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) the directors have ensured that proper and sufficient care is taken in the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts are prepared on a going concern basis.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. P.V. Rao and Mr. Mahesh Chand, Directors will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment as Directors of the Company. The Board appointed Mr. Venkata Raju Thontepu on 28th May, 2010 as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956.