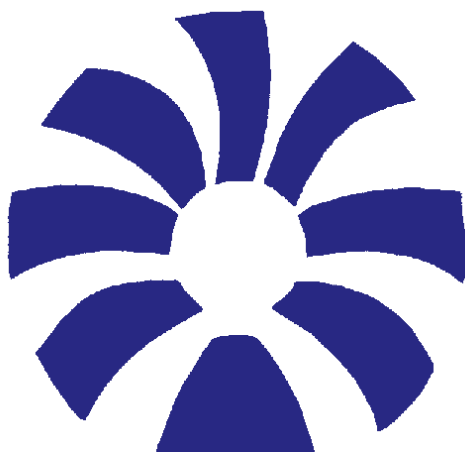


SURYACHAKRA POWER CORPORATION LIMITED



**17TH
ANNUAL REPORT
2011-12**



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

**NOTICE**

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

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2012, and the Profit and Loss account for the period ended as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.K. Bhattacharjee, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. Ramesh Kumar, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad (Firm Regn No.000459S) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Kopalkar Vijay Kumar, who was appointed as an Additional Director of the company under Section 260 of the Companies Act, 1956 read with Article No. 169 of the Articles of Association of the company and who holds office till commencement of this Annual General Meeting and in respect of whom the company has received a notice from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Mrs. B.N. Raja Kumari, who was appointed as an Additional Director of the company under Section 260 of the Companies Act, 1956 read with Article No. 169 of the Articles of Association of the company and who holds office till commencement of this Annual General Meeting and in respect of whom the company has received a notice from a member proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

By Order of the Board Directors

For SURYACHAKRA POWER CORPORATION LIMITED

Sd/-

**P. SATISH CHANDRAMOULI
COMPANY SECRETARY**

Place: Hyderabad

Date: 16.07.2012

**NOTES:**

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

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

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

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

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

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

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

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

Mr.A. Ramesh Kumar, born on December 09, 1951 is an independent director of the company and retires by rotation and being eligible, he offers himself for reappointment. His re-appointment is proposed under Section 256 of the Companies Act, 1956. He holds a Master's degree in Physics from University of Delhi and a PG diploma in Management from AIMA, New Delhi and also diploma holder in French and Japanese languages. He is the Managing director & CEO Asia Pragati Capfin private Limited, RBI registered special situations financing NBFC which is 100% owned by an offshore fund headquartered in USA. Prior to that he worked as the Chief General Manager of State Bank of India. He has over all 35 years of experience in financial sector and deep understanding and knowledge of the Indian and Global Economy. He is also the Chairman & Managing Director of Swarna Pragati Housing Micro finance Private Limited. He is on the Board of the Company since August 10,2010.

ITEM NO. 5

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

The company received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. K. Vijay Kumar for the office of the Director of the company under section 257 of the Companies Act, 1956. K. Vijay Kumar is not disqualified from being appointed as Director under section 274(1)(g) of the Companies Act, 1956 and has complied with the provisions of section 266A of the Companies Act, 1956.

None of the Directors except Mr. K Vijay Kumar is interested or concerned in the resolution.

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

ITEM NO. 6

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

The company received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mrs.B.N. Raja Kumari for the office of the Director of the company under section 257 of the Companies Act, 1956. Mrs. B.N. Raja Kumari is not disqualified from being appointed as Director under section 274(1)(g) of the Companies Act, 1956 and has complied with the provisions of section 266A of the Companies Act, 1956.

None of the Directors except Mrs. B.N. Raja Kumari is interested or concerned in the resolution.

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

By Order of the Board Directors
For SURYACHAKRA POWER CORPORATION LIMITED

Sd/-
P. SATISH CHANDRAMOULI
COMPANY SECRETARY

Place: Hyderabad

Date: 16.07.2012



DIRECTORS' REPORT

Dear Members,

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

FINANCIAL PERFORMANCE:

(Rs. in million)

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

REVIEW OF OPERATIONS:

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

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

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

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

DIVIDEND:

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

SUBSIDIARY COMPANIES:

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


Suryachakra Global Enviro Power Limited (SGEPL):

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

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

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

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

South Asian Agro Industries Limited

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

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

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

MSM Energy limited

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

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

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

Sri Panchajanya Power Private Limited

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

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

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



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

Consolidated Financial Statements:

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

FIXED DEPOSITS:

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

INSURANCE:

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

CORPORATE GOVERNANCE:

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

DIRECTORS RESPONSIBILITY STATEMENT:

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

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

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. P K Bhattacharjee and Mr.A.Ramesh Kumar, Directors will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment as Directors of the Company.

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

Mr.Vijay Kumar and Mrs.B.N.Raja Kumari were appointed as Additional Directors of the company pursuant to Section 260 of the Companies Act, 1956.

ADEQUACY OF INTERNAL CONTROLS:

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

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

STATUTORY AUDITORS:

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



EXPLANATIONS FOR THE QUALIFICATIONS MADE BY THE AUDITORS IN THEIR REPORT

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



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

COST AUDITORS

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement giving the particulars with respect to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and outgoings as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed hereto and forms part of the Report.

PARTICULARS OF EMPLOYEES:

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

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

HUMAN RELATIONS:

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