



SRM ENERGY LIMITED

**25th Annual Report
2011-2012**

NOTICE



NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of SRM Energy Limited will be held on Friday, September 28, 2012 at 11.00 a.m. at The Banquet Hall, Hotel Atithi, 77A & B, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai-400 099 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2012 together with Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Sudarshan K. Parab who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board
For SRM Energy Limited

Place: Mumbai.
Dated: July 25, 2012.

Sanjeevlata Samdani
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the meeting. A form of proxy is given at the end of the Annual Report.
3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days except Saturdays and holidays upto the date of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the company will remain closed on Friday, September 21, 2012 to Friday, September 28, 2012.
5. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the meeting.
6. Members/ Proxies who attend the meeting are requested to bring the enclosed attendance slip duly filled and deliver the same at the entrance of the meeting hall.
7. Members are requested to bring their copies of Annual Report at the time of attending the Meeting.
8. Members who are holding Company's shares in dematerialised form are requested to bring details of their DP and client ID number for identification.
9. Brief profile of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting are disclosed hereunder as required in Clause 49 of the Listing Agreement.

Brief profile of directors seeking reappointment**• Mr. Sudarshan K. Parab**

He is a graduate in Commerce and an Associate Member of Institute of Bankers. He started his career in State Bank of India in 1970 and had a long stint in corporate credit. He joined Axis Bank Ltd. in 1995 and held very key portfolios and contributed significantly to the growth of the bank, before retiring in 2007 as Senior Vice President.

By Order of the Board
For SRM Energy Limited

Place: Mumbai.
Dated: July 25, 2012.

Sanjeevlata Samdani
Company Secretary

DEAR SHAREHOLDERS,

Our Directors present herewith the Twenty Fifth Annual Report together with the Audited Financial Statements of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

₹ in Million

Description	Year Ended 31-03-2012	Year Ended 31-03-2011
Other Income	-	0.05
Total Revenue	-	0.05
Other Expenses	3.50	4.11
Total Expenses	3.50	4.11
Loss before exceptional and extraordinary and tax	(3.50)	(4.06)
Exceptional Items	-	-
Loss before extraordinary items and tax	(3.50)	(4.06)
Extra-ordinary Items	-	-
Loss before Tax	(3.50)	(4.06)
Tax Expense	-	-
Loss for the year	(3.50)	(4.06)

OPERATIONS

The Company is in the process of setting up a Super Critical Thermal Power Project of 3X660 MW i.e. 1980 MW capacity in Tamilnadu and there are no other operations at present. As such the related expenses incurred during the current period are considered as pre-operative expenses pending allocation to the power project.

The Company has already identified the entire land required for the project and is currently concentrating on acquiring contiguous land. However paucity of funds resulting from the Company not being able to proceed with the proposed Rights Issue has considerably slowed down the land acquisition process and also the Company entering into Coal Trading business.

It is learnt that the Company's application for Coal linkage of 3.2 million tons per annum has been favourably considered by the Ministries concerned and a formal communication in this regard is expected shortly. The linkage is likely to be with Mahanadi Coal Ltd. and the coal will be transported through barges from

Orissa to Tamilnadu. Imported and Domestic Coal will be blended in the ratio of 70:30 for usage in the plant. The Company is continuing its efforts to get Chinese Bank funding for major portion of the debt requirements of the project.

PROPOSED RIGHTS ISSUE OF THE COMPANY

The Company had filed Draft Letter of Offer to the Security Exchange Board of India (SEBI) for its proposed right issue on August 17, 2010. Though SEBI gave its final observations vide letter dated February 8, 2011 it did not allow adjustment of unsecured loan brought in by the Promoters against their Rights entitlement. The Company went on appeal to Securities Appellate Tribunal (SAT) and it had allowed the Company's appeal vide its orders dated June 6, 2011, subsequent to which the Company filed Final Letter of Offer for the Proposed Rights Issue on June 17, 2011 with SEBI for raising ₹589 million.

However in the interim, SEBI, while dealing with certain entities in case of market manipulation by issue of GDRs, had vide its ex-parte order No.WTM/PS/ISD/02/2011 dated September 21, 2011, which was later confirmed vide order dated December 30, 2011, directed a group Company, Cals Refineries Ltd. (Cals) not to issue equity shares or any other instruments convertible into equity shares or alter capital structure in any manner till further directions in this regard. Subsequently, SEBI vide its letter No. CFD/DIL/ISSUES/SP/RG/OW/3382/2012 dated February 7, 2012 informed our Merchant Banker that, as Cals, a group Company has been directed not to issue any equity shares or alter their capital structure in any manner till further directions in this regard, the Company is not satisfying the eligibility criteria as provided in Regulation 4(2)(a) and 4(2)(b) of the ICDR regulations and hence is not eligible to proceed with the Rights Issue till directions against Cals are in force.

The Company had filed an appeal to SAT against the aforesaid direction of SEBI but the Company's appeal has been dismissed by SAT. In view of this, the Company now proposes to proceed with the Rights Issue as and when Cals is exonerated from the charges.

HIVE OFF:

In order to proceed at a faster pace with the implementation of the project, the Board of Directors, have approved the hiving off of the Cuddalore Power Project to our wholly owned subsidiary M/s SRM Energy Tamilnadu Pvt. Ltd., as per the Scheme of arrangement under section 391 to 394 of the Companies Act, subject to receipt of necessary approvals.

DIVIDEND

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

DIRECTORS

Mr. B.S. Rao, Director of the Company resigned from the Board on September 27, 2011. Your directors record their appreciation for the services and support rendered by him during his tenure on the Board of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Article of Association of the Company, Mr. Sudarshan K. Parab retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment at the ensuing Annual General Meeting of the Company.

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

SUBSIDIARY COMPANY & RELATED COMPLIANCES

As per Section 212 (1) of the Companies Act, 1956, the Company is required to attach to its accounts, the Director's Report, Balance Sheet and Profit and Loss Account etc. of each of its subsidiaries.

Your Company has one wholly owned subsidiary company viz. "SRM Energy Tamilnadu Private Limited, which does not have any operations at present. Hence, the Board of Directors have decided to avail the general exemption granted by the Ministry vide its General Circular No. 2/2011, dated February 08, 2011 under section 212(8) of the Companies Act, 1956.

Accordingly, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the aforesaid wholly owned subsidiary for the year ended March 31, 2012 have not been attached with the financial statements of your Company. However, the annual accounts of the subsidiary company and the related detailed information are available to the shareholders of the Company seeking such information at any point of time. The annual accounts of the subsidiary company are kept for inspection by any shareholder at the Registered office of the Company and a note to the above effect has been included in the annual report of the Company.

FIXED DEPOSITS

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

THE CORPORATE GOVERNANCE CODE

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

DEMATERIALISATION OF SHARES

In terms of the notification issued by SEBI, the Company has dematerialized its shares with both the depositories CDSL and NSDL.

DIRECTOR'S RESPONSIBILITY STATEMENT

Your Director's affirm that the audited accounts containing the financial statements for the Financial Year 2011-12, are in conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and the results of operations.

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

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

CODE OF CONDUCT

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

AUDITORS

M/s Haribhakti & Co., Chartered Accountants, Mumbai, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that, their appointment, if made, by the Company for the year 2012-13 will be within the limit prescribed under Section 224 (1-B) of the Companies Act, 1956. The Board of Directors recommend their reappointment.

AUDITORS' OBSERVATIONS

The Company's Auditors have drawn attention to Note 28 of the financial statements with regard to the preparation of financial statements on a going concern assumption. The management is of the view that though the Company's net worth has been substantially eroded and it is incurring cash losses, the Company would turn around with the power project becoming operational. The Company's present assets are adequate to meet its liabilities. In addition, the Promoter is also committed to provide necessary funding to meet the Company's liabilities.

PARTICULARS UNDER SECTION 217

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

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

Details of foreign exchange outgo are set out in note No. 19 of the Financial Statements. There have been no Foreign Exchange earnings during the current year and previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

APPRECIATION

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

For and on behalf of the Board of Directors

Place: Mumbai.
Dated: July 25, 2012.

Chairman

TO**The Members of SRM Energy Limited,
Mumbai.**

We have examined the compliance of conditions of corporate governance by **SRM Energy Limited** for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange.

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

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

On the basis of representations received from Registrars and Share Transfer agents and as per the records maintained by the Company which are presented to the Share Transfer Committee, we state that during the year ended March 31, 2012 no investor grievances were pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Mumbai.
Dated: July 25, 2012.

D.C.TANNA
Proprietor

CEO CERTIFICATION

This is to certify to the Board that:

- a) I have reviewed financial statements and the cash flow statement for the year ended March 2012 and that to the best of my knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or proposed to be take to rectify these deficiencies.
- d) I have indicated to the Auditors and the Audit committee:
 - i) significant changes in internal control system over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai.
Dated: July 25, 2012.

D. Sundararajan
Managing Director & CEO

Forward-looking statements:

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' 'envisages/ envisaged" and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for expenditures, and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realised. The Company's actual results, performance or achievements could thus differ from any forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

Overview:

Financial Year (FY) 2011-12 was one of the most challenging years with the world economy slowing down due to the Euro zone Debt crisis, Political upheavals in the Middle East etc leading to high oil prices, the effect of which was also felt by India. GDP growth, for the first time in 9 years fell to a level of 6.5%, coupled with current account deficit of around 5% of GDP as compared to 2.6% in the previous year. To compound the matters further, the continuously falling rupee is fuelling inflation and though the Reserve Bank of India has been virtually fighting inflation during the whole of last year by raising interest rates many times during the year it has not met with much success. Once considered the engine of Asian economic growth, the Indian economy in recent years has been throttled by a combination of high inflation, tight monetary policy, weak global economic conditions and lax implementation of fiscal policies and reforms. Apart from the above, the political compulsions of a coalition govt. have slowed down the process of many of the reforms proposed.

However, in the recent times measures have been taken by the Govt. and Reserve Bank of India like reduction in subsidies for petroleum products, a cut in interest rates in April 2012 etc. Along with these steps, fast tracking of many of the infrastructure projects is expected to increase the GDP to around 7% in the current year.

Indian Power Sector:

It is a widely accepted fact that development of adequate infrastructure is essential for all inclusive growth of the economy and Power is one of the most critical components of infrastructure affecting economic growth and well being of nations. To sustain the growth rate of around 8-9%, it is essential that the power sector also grows at the same rate.

Realising this, the Govt. of India had taken a number of steps to attract private sector investment in the power sector. The electricity reforms which took shape with the introduction of the Electricity Act 2003 coupled with various incentives offered have been able to attract sizeable amount of investments from the private sector. The capacity addition during the 11th Five Year Plan which ended March 2012 stood at 67548 MW, out of which coal based plants contributed about 40900 MW, which by far is the maximum capacity addition during any of the preceding five year plans. In fact during the year ended March 2012 alone there was an addition of around 20500 MW, out of which around 5500 MW was commissioned during March 2012. Out of the total of 67548 MW the private sector alone accounted for 37162 MW constituting 55% of the capacity addition.

However, even after the considerable growth in power supply, many parts of the country continue to face severe power shortages as consumption has been increasing at a faster pace. Further in the recent past the investments into India's power sector are slowing down despite a chronic power shortage in various parts of the country, due to coal shortages, land acquisition hassles and the inability by distribution companies to raise tariffs. Companies struggle to get permission for land purchases and coal supplies from state and central authorities, while state-run distributors have increased their debts due to their inability to raise tariffs. In addition the slower pace of development of transmission and distribution network, high percentages

of transmission and distribution losses, weakening financial health of the State Electricity Boards etc. is also a cause for concern in development of the power sector.

As a result of non-availability of the domestic coal, the power producers have to depend on imported coal, the costs of which have increased substantially over the last two years and the producers are not able to pass on the burden of such increased costs to the ultimate customers. This has led to the projects nearing completion being put on hold, thus delaying the increase in supply capacity. The country faces a peak power shortage of 13% as rising demand from industry, homes and shopping malls outstrips capacity growth.

The annual per capita consumption of electricity in India remains one of the lowest in the world at approximately 779 kWh / capita (provisional) during FY 2009-10. The low per capita consumption is a result of the low penetration of electricity at the household level. The 2001 Census reveals that only 55.8% of the households in India have access to electricity, which varies between 87.6% in urban areas and only 43.5% in rural households.

As per the Planning Commission of India, to sustain economic growth of over 8 percent, to eradicate poverty and to meet its human development needs, India needs to increase its energy supplies by 4 times and an increase in power generation from the current level of 200,000 MW to about 800,000 MW by 2030-2031 for which the power sector needs to grow at 1.8 -2.0 times the GDP rate. This would mean a YOY capacity addition of around 20,000 MW to achieve this ambitious plan and for moving India to a Developed Economy status, as an Economic Global Powerhouse.

In order to achieve a GDP growth of 9% India needs to add over 75,000 megawatts in the five years to March 2017 according to a government report, which will cost around US\$ 210 billion, with nearly half the investment to come from the private sector.

Realising the slowdown in the investments in the power sector, the Govt. in the last budget announced for a slew of measures to speed up the investments in the power sector such as waiver of custom duties on imported coal, allowing additional depreciation in initial phases including for the new assets being acquired by the power generating Companies, extending tax holiday for one more year, allowing External Commercial Borrowings to replace the costlier domestic debts, reduction in withholding taxes on interest on ECBs from 20% to 5%, creation of funding mechanism by way of issue of Tax free infrastructure bonds to the extent of Rs.100 billion etc.

Further, in order to ease the fuel supply situation, the Govt. has advised Coal India Ltd. to sign power purchase agreements with plants that have entered into long term power purchase agreements with Distribution Companies and would be commissioned by December 2015. In addition the budget has also exempted the machinery and equipments used in coal mining from basic customs duty.

Considering the measures and incentives initiated by the Govt. and also taking into account that around 20000 MW of capacity was added in one year, it may be not out of place to assume that the country is poised to add a capacity of 100,000 MW during the 12th Five year plan, though addressing and securing the fuel supply would still pose a challenge.

Project at Cuddalore:

The Company has already identified the entire land required for the project and is currently concentrating on acquiring contiguous land. Necessary applications for allotment of Govt. land entrapped in the project site have already been submitted and are under process with various authorities. The village level authorities have already forwarded their No Objection Certificates for allotment of land to the Company, to the District Authorities and we expect that the necessary allotments will be received shortly. However paucity of funds resulting from the Company not being able to proceed with the proposed Rights Issue has considerably slowed down the acquisition process and also the Company entering into coal trading activities.

Ministry of Environment and Forests (MOEF) has accorded environmental clearance for 3X660 MW i.e., 1980 MW Super critical imported coal based Thermal Power Project in May 2011.

It is learnt that the Company's application for Coal linkage of 3.2 million tons per annum has been favourably considered by the Ministries concerned and a formal communication in this regard is expected shortly. The linkage is expected to be with Mahanadi Coal Ltd. and the coal will be transported through barges from Orissa to Tamilnadu. Imported and Domestic Coal will be blended in the ratio of 70:30 for usage in the plant.

The Company has also received clearance from the Railway authorities for crossing of Railway lines. (for laying overhead Coal Conveyor and underground Sea water pipeline) and the application to National Highway Authority of India for crossing of the highways, is in advanced stage of process and approval is expected shortly. Necessary application for obtaining CRZ clearance has already been submitted.

The ICBC consortium, with whom the Company had signed a Memorandum of Understanding (MOU) in December 2010, have as a first step in their due diligence exercise, got the DPR prepared by our Owners Engineers vetted by North Eastern Power Design Institute, an independent external agency in China. It is understood that the said institute has also favourably commented on the project.

Proposed Rights Issue of the Company:

The Company had filed Draft Letter of Offer to SEBI for its proposed right issue on August 17, 2010. SEBI gave final observation vide letter dated February 8, 2011 but did not allow adjustment of Unsecured Loan brought in by the Promoters against their Rights entitlement. The Company went on appeal to SAT and it vide its order dated June 6, 2011 allowed adjustment of funds brought in by the Promoters against their entitlement and also against renunciations in the right issue. Subsequent to the SAT order, the Company filed Final Letter of Offer for the proposed Rights Issue on June 17, 2011 with SEBI for raising ₹ 589 million.

However in the interim, SEBI, while dealing with certain entities in case of market manipulation by issue of GDRs, had vide its ex-parte order No.WTM/PS/ISD/02/2011 dated September 21, 2011 issued directions under Sections 11(1), 11 (4) and 11 B of The SEBI Act, to a group Company, Cals Refineries Ltd. (Cals) not to issue equity shares or any other instruments convertible into equity shares or alter capital structure in any manner till further directions in this regard and confirmed the said order on December 30, 2011.

Subsequently, SEBI vide its letter No. CFD/DIL/ISSUES/SP/RG/OW/3382/2012 dated February 7, 2012 informed our Merchant Banker that, as Cals, a group Company has been directed not to issue any equity shares or alter their capital structure in any manner till further directions in this regard, the Company is not satisfying the eligibility criteria as provided in Regulation 4(2)(a) and 4(2)(b) of the ICDR regulations and hence is not eligible to proceed with the Rights Issue till directions against Cals are in force.

The Company filed an appeal to SAT against the aforesaid direction of SEBI but the Company's appeal has been dismissed by it. In view of the unfavourable orders from SAT, the Company has time being deferred the Rights Issue and will proceed once Cals is exonerated from the charges.

Hive off:

In order to proceed at a faster pace with the implementation of the project, the Board of Directors have approved the hiving off of the Cuddalore Power Project to our wholly owned subsidiary M/s SRM Energy Tamilnadu Pvt. Ltd. The Scheme of arrangement is under section 391 to 394 of the Companies Act, subject to receipt of necessary approvals from the High Court and Shareholders.

Human Resources:

The Company has a team of dedicated work force who are regarded amongst its most valuable assets. Adequate opportunities like sponsoring for training programs and seminars are provided to the professional staff to update themselves in the changing technological era.

Risk Management:

The Company has defined Risk Policy to govern and mitigate the risks involved in its activities. During the project implementation stage the Company will be exposed to currency fluctuation risks, considering that the EPC Contract has been awarded to an overseas contractor and major portion of funding for the project is expected to be in foreign currency. Subsequently, on commencement of the project the Company will be exposed to currency as well as price risks. The Risk Management framework of the Company ensures, amongst others, compliance with the requirements of Clause 49 of the Listing Agreement. The Risk Policy ensures providing and review of risks associated with the economy, statutory regulations, competition, foreign exchange, interest rate etc by the Board.

Internal Control Systems:

The Company has a well defined internal control system for operations, financial reporting and statutory compliances. Suitable internal checks have been built over the financial reporting system to ensure that all monetary transactions are properly authorised, accounted for and reported. Regular internal audits by an external Audit Firm gives more teeth to the internal control systems. Audit results are used to create action plan for further course of action, in areas which need attention. The summary findings are reported to the audit committee of the Board who actively review the same and suggest ways and means for improving and strengthening the internal control systems.

Opportunities, Risks, Concerns and Threats:

As per the Economic survey of 2011-12 in order to achieve capacity addition of 100,000 MW and to develop adequate transmission and distribution capacity the country would need investments of around ₹11.18 trillion over the next five years. Considering that increase in power generation capacity is imperative for the country to maintain a sustainable growth, the Govt. has already initiated various steps in the last budget to attract investments and enable more private participation in the sector.

The participation by the private sector in augmenting domestic manufacturing capacity of power plant equipment has also helped in accelerating the pace of installed power capacity and is expected to continue to do so.

Some of the key constraints other than Land acquisition and stringent Environmental Norms include equipment supply bottle-necks, unavailability of long tenure debt to private sector, lack of adequate domestic fuel supply, increasing cost of imported coal and volatility in prices of the international coal, lack of availability of skilled manpower, overshooting the deadlines set by the state entities conducting project development activities etc.

Outlook:

Though the capacity additions have gathered pace, the gap between demand and supply in the Power Sector is still huge and many parts of the country still face blackouts. Strong participation by the private sector coupled with several initiatives by the Government has already pushed up the installed power generation capacity in the country substantially in the last five years, out of which a major chunk has been contributed by the Private Sector. The share of Private sector which was around 13% at the end of the 10th Five year plan has increased to over 27% at the end of the 11th Plan, indicating that the measures taken by the Govt. to develop the power sector have begun to bear fruits.

With various steps being announced in Budget 2012 -13 coupled with the measures on securing the fuel supply arrangements for the generators, it is expected that the share of private sector would be close to 50% of the total capacity at the end of the 12th Five Year Plan. Your Company project is identified as one of the upcoming projects in 12th Five Year Plan. We hope to speed up the project implementation in the current year so as to be in generation at the earliest.

Company's Philosophy on Code of Governance

Your Company believes that adoption of good corporate governance practices ensures accountability of the persons in-charge of the Company and ensures benefits to all the stakeholders including shareholders, employees, Govt. agencies and authorities, lenders and suppliers. The Company lays strong emphasis on these aspects of the Corporate Governance along with independent supervision to ensure accountability and increase in the stakeholder values.

The Company is in compliance with clause 49 of its listing agreements with the BSE and the Indian corporate governance rules applicable to it.

1. BOARD OF DIRECTORS

The Board of Directors consists of 4 directors and its composition and category of Directors is as follows:

Name	Position
Mr. D. Sundararajan	Managing Director & CEO
Mr. Srinivasan Parthasarathy	Non-Executive Independent Director
Mr. Sudarshan K. Parab	Non-Executive Independent Director
Mr. Gagan Deep Rastogi	Promoter Director
Mr. Bantval Srinivasa Rao	Non-Executive Chairman & Independent Director (Resigned on 27/09/2011)

- a. Attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

Name of Director	Attendance Particulars		No. of other Directorship / Chairmanship(s) Board Committees of other Companies	
	Board Meeting	Last AGM	Other Directorship (s) #	Committee Membership(s) ##
Mr. D. Sundararajan	5	Yes	1	Nil
Mr. Srinivasan Parthasarathy	4	Yes	Nil	Nil
Mr. Sudarshan K. Parab	5	Yes	1	1
Mr. Gagan Rastogi	2	No	Nil	Nil
Mr. Bantval Srinivasa Rao (Resigned on 27/09/2011)	1	No	1	1 (as Chairman)

The Directorships held by Directors as mentioned above, do not include Alternate Directorship and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

In accordance with the Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders'/ Investors' Grievance Committee of all Public Limited Companies(excluding SRM Energy Limited) have been considered.

b. Number of Board Meetings held and the dates on which held:

Five Board Meetings were held during the year. The dates on which the meetings were held are April 18, 2011, July 11, 2011, October 10, 2011, January 06, 2012 and March 06, 2012.

2. COMMITTEES OF THE BOARD

Details of the Standing Committees of the Board and other related information are provided here under:

A. Audit Committee:

Composition: The Board of the Company has constituted an Audit Committee, which meets with the requirements under Section 292A of the Companies Act, 1956, comprising the following:-

Mr. Sudarshan K. Parab	-	Chairman
Mr. Gagan Rastogi	-	Member
Mr. Srinivasan Parthasarathy	-	Member

Mrs. Sanjeevlata Samdani is the Secretary to the Audit Committee.

Objective: The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the Company's risk management policies.

Terms of Reference: The terms of reference / powers of the Audit Committee are as follows:

- a) To oversee financial reporting and disclosure process.
- b) To recommend the appointment and removal of statutory auditors and decide their remuneration.
- c) To review financial results and statements, before submission to the Board, focus primarily on-
 - i) Any change in accounting policies and practices.
 - ii) Major accounting entries, based on exercise of judgment by the management.
 - iii) Qualifications in the draft audit report.
 - iv) Significant adjustments arising out of the audit.
 - v) Going concern assumption.
 - vi) Compliance with accounting standards.
 - vii) Compliance with Stock Exchange and legal requirements concerning financial statements.
 - viii) Any related party transactions i.e. transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with larger interests of the Company.

- d) To oversee adequacy of internal control systems.
- e) Reviewing adequacy of internal audit function, coverage and frequency of internal audit report.
- f) Discussion with internal auditors and concurrent auditors on any significant findings in their reports and follow up thereon.
- g) Discussion with external auditors before audit commences, as regards nature and scope of audit, as well as having post audit discussions to ascertain any areas of concern.
- h) Reviewing the Company's financial and risk management policies.

Meetings: During the year, the Committee has met four times on April 18, 2011, July 11, 2011, October 10, 2011 and January 06, 2012.

B. Shareholders' and Investors' Grievance Committee

Composition: The Board of the Company has constituted a Shareholders'/ Investors' Grievance Committee, comprising the following:-

Mr. D. Sundararajan	-	Chairman
Mr. Sudarshan K. Parab	-	Member
Mr. Srinivasan Parthasarathy	-	Member

Terms of Reference: The Committee, inter-alia, approves issue of duplicate certificates, oversees and reviews all matters connected with the securities transfers. This committee also deals the matters related to share transfers. The Company has resolved all the complaints received from the shareholders during the year.

The Board has designated Mrs. Sanjeevlata Samdani, Company Secretary as the Compliance Officer.

Meetings: During the year, the Committee has met 23 times. The dates on which the meetings were held are as follows: April 9, 2011, May 25, 2011, June 15, 2011, June 16, 2011, June 27, 2011, July 11, 2011, July 13, 2011, July 26, 2011, August 1, 2011, August 12, 2011, August 22, 2011, August 26, 2011, September 27, 2011, October 31, 2011, November 03, 2011, November 28, 2011, December 12, 2011, December 27, 2011, January 05, 2012, January 17, 2012, February 17, 2012, February 24, 2012 and March 3, 2012.

C. Remuneration Committee

Composition: The Board has constituted the Remuneration Committee comprising the following:-

Mr. Sudarshan K Parab	-	Chairman
Mr. Srinivasan Parthasarathy	-	Member
Mr. Gagan Rastogi	-	Member

Terms of Reference: the Remuneration Committee has been constituted to recommend/ review remuneration of the Managing Director and Whole-Time Directors, based on their performance and defined assessment criteria.

Meetings: During the year, no Committee meeting was held.

Further, as the Company is in Project implementation stage and not generating any business income, the Managing Director & CEO of the Company is not paid any remuneration from the Company.

Details of remuneration paid to the Directors for the year:

The aggregate value of salary and perquisite for the year ended March 31, 2012, to Whole Time Directors– ₹ Nil.

The non-executive Directors have opted not to take any sitting fees for the Board Meetings.

3. SUBSIDIARY COMPANIES

The Company does not have any material non – listed Indian subsidiary, whose turnover or net worth (paid- up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the Company.

As on March 31, 2012, the Company has only one wholly owned subsidiary company viz. “SRM Energy Tamilnadu Private Limited”, which does not have any operations at present.

The Minutes of the subsidiary company as well as statement of significant transactions and arrangements entered into by the unlisted subsidiary company is regularly placed before the Board Meeting for their review.

4. DISCLOSURES

a) Disclosures on materially significant related party transactions

The related party transactions are placed before Audit Committee as well as to the Board of Directors on a quarterly basis. For the Financial Year ended March 31, 2012 there were no transactions of material nature entered into with any of the related parties which were not on the arm 's length basis or that may have conflict with the interest of the Company. The particulars of related party transactions have been disclosed under Note 22 of the Financial Statements.

b) Disclosure of Accounting Treatment

The Company has followed all relevant Accounting Standards while preparing the financial statements.

c) Details of non-compliance with regard to the Capital Market

The Company has complied with all the requirements of the Stock Exchange as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI).

There were no penalties or strictures imposed on the Company by Stock exchange or SEBI, or any statutory authority on any matter related to capital markets, during the last three years.

d) Disclosure of Risk Management

The Company has a defined Risk Management Policy to mitigate the risks inherent in its activities

and provides for compliance with various statutory requirements. The Audit Committee of the Board is regularly informed about the business risks and steps that are taken to mitigate the same.

5. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms part of the Directors' Report.

6. SHAREHOLDER'S INFORMATION

a. Communication to Shareholders

The Company's quarterly financial results, presentation, official news release and other general information about the Company are uploaded on the Company's website (www.srmenergy.in).

The quarterly financial results of the Company are generally published in Free Press Journal and NavShakti, Mumbai.

b. General Body Meetings

Location and time for last 3 years General Meetings were as under:

Year	AGM	Location	Date	Time
2008-2009	22 nd AGM	Kilachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai -400020	23-09-2009	11:30 a.m.
2009-2010	23 rd AGM	Kilachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai -400020	17-05-2010	11:30 a.m.
2010-2011	24 th AGM	The Banquet Hall, Hotel Atithi, 77A & B, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai-400099	11-07-2011	12.00 noon

c. Details of Special Resolution (s) passed at General Meeting during last three years Annual General Meetings (AGM)

Year	AGM	Detail of Special Resolution, if any.
2008-2009	22 nd AGM	One Special Resolution under section 17 and all other applicable provisions of the Companies Act, 1956.
2009-2010	23 rd AGM	NIL
2010-2011	24 th AGM	NIL

d. Extraordinary General Meetings (EGM)

No EGM was held during the last financial year.

e. Details of Resolution(s) passed through postal ballot

No Resolution(s) was passed through postal ballot during the last financial year.

7. CEO/ CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO/ CFO certifications appended as an annexure to this report.

8. REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms part of the Annual Report. The Company is in full compliance with all the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchange.

9. COMPLIANCE

A Certificate from M/s D.C.Tanna & Associates, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange is annexed and forms part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting (For Financial Year 2011- 2012)

Date and Time : September 28, 2012 at 11.00 a.m.

Venue : The Banquet Hall, Hotel Atithi,
77A & B, Nehru Road,
Near Domestic Airport,
Vile Parle (E), Mumbai-400099

2. Financial Calendar (Tentative and subject to change)

Financial Results for the Quarter ending June 30, 2012	July 2012
Financial Results for the Quarter ending September 30, 2012	October 2012
Financial Results for the Quarter ending December 31, 2012	January 2013
Financial Results for the Quarter ending March 31, 2013	May 2013
Annual General Meeting	September 2013

3. Books closure date Friday, September 21, 2012
to
Friday, September 28, 2012
(Both days inclusive).
4. Listing of Equity Shares Bombay Stock Exchange
5. (a) Stock Code: BSE Code-523222
(b) Demat ISIN Numbers IN INE 173J01018
In NSDL/CDSL for Equity Shares:

6. Stock Market Data:

Months	Bombay Stock Exchange (BSE) (In ₹.)		Volume (No. of Shares)
	Month's High Price	Month's Low Price	
April 2011	29.00	26.15	1968
May 2011	29.70	25.70	6410
June 2011	31.70	24.80	4022
July 2011	29.10	23.00	10965
August 2011	26.50	22.50	11633
September 2011	26.65	20.80	10251
October 2011	27.15	20.35	4455
November 2011	28.25	24.45	423
December 2011	27.70	21.30	4795
January 2012	25.05	21.55	1422
February 2012	22.35	20.00	3730
March 2012	19.20	16.30	3201

Source: www.bseindia.com

7. **Registrar and Share Transfer Agents:** **Datamatics Financial Services Ltd.,**
Plot No.B-5, Part B Cross Lane,MIDC,
Andheri- East, Mumbai- 400093.
Phone: +91 22 6671 2151-2156.
Fax: +91 22 6671 2161.
8. **Share Transfer System:** Presently, the share transfers which are received in Physical form are processed and the share certificates returned within a period of 15 to 20 days from the date of receipts, subject to the documents being valid and complete in all respects.

9. Distribution of shareholding as on March 31, 2012

Categories	No. of Shares	%
Non Resident Indians/OCB	8100	0.09
Financial Institutions	18500	0.20
Mutual Funds/UTI	305700	3.37
Bodies Corporate	6717490	74.15
Resident Individuals	2010210	22.19
Total	9060000	100.00

10. Investors' Correspondence
For shares held in physical form
For shares held in Demat form

A. For transfer/ dematerialization of shares and any other query related to the shares of the company

Datamatics Financial Services Ltd,
Plot No. B-5, Part B Cross Lane,
MIDC, Andheri - East,
Mumbai - 400 093.
Tel. : +91-22-66712151 / 56
Fax : +91-22-66712161

To the depository
Participant

B. Any Query on Annual Report

SRM Energy Limited
Regd. & Admin Office:
601, Pressman House, 70 A,
Nehru Road, Near Orchid Hotel,
Vile Parle - East, Mumbai - 400 099.
Tel. : +91-22-67418901 / 02
Fax : +91-22-67418900

To

The Members of SRM Energy Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of SRM Energy Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2012, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 28 of the financial statements with regard to the preparation of the financial statements on a going concern assumption. The Company has incurred a net loss of ₹ 3.50 Million during the year ended 31.3.2012 and as of that date, the Company's net worth has been substantially eroded.

The Company's ability to continue as a going concern is dependent on the factors mentioned in note therein and no adjustments have been made in the accompanying financial statements. Our report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Place: Mumbai.
Date: April 09,2012.

Sumant Sakhardande
Partner
Membership No.34828

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of SRM Energy Limited on the financial statements for the year ended 31st March, 2012]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) The Company did not carry any inventory during the year. Hence, clause 4(ii)(a), 4(ii)(b) and 49(ii)(c) of the Order are not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b),(c) and (d) of the Order are not applicable.
- (b) As informed, the Company had taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 9.10 Million and the year-end balance of loan taken from such party was ₹ 3.30 Million.
- (c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct any major weakness in aforesaid internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of the class of the Company (i.e. Electricity Industry). However, since the Company is in the pre-operative stage during the year under review,

maintenance of cost records is considered as applicable only upon commencement of commercial operations.

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues of income-tax. As informed to us, the provisions relating to employees state insurance and provident fund are not applicable to the Company for the year under audit.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ in Million	Period to which the amount relates	Forum where dispute is pending
Income Tax Act ,1961	TDS	0.08	A.Y 2006-07	CIT(Appeals)
Income Tax Act ,1961	TDS	0.28	A.Y 2005-06	CIT(Appeals)
Income Tax Act ,1961	TDS	0.36	A.Y 2004-05	CIT(Appeals)
Income Tax Act ,1961	TDS	0.01	A.Y 2003-04	CIT(Appeals)

- (x) In our opinion, the accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The Company has not borrowed any amount during the year from banks, financial institution or debenture holders. Hence the provisions of clause 4(xi) of the Order are not applicable to the Company.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Order are not applicable to the Company.

- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have been used for long-term investment. The Company has accepted further share application money during the year which has been utilized for the purposes of the Project to the tune of ₹ 45.20 Million.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Place : Mumbai.
Date : April 09, 2012.

Sumant Sakhardande
Partner
Membership No.34828

BALANCE SHEET
AS AT 31ST MARCH, 2012



	Note No.		As at 31.03.2012 ₹ million		As at 31.03.2011 ₹ million
Equity and Liabilities					
Shareholder's Funds					
Share Capital	3	90.60		90.60	
Reserves and Surplus	4	<u>(75.39)</u>	15.21	<u>(71.89)</u>	18.71
Non-current Liabilities					
Long-term Provisions	5	<u>2.25</u>	2.25	<u>1.22</u>	1.22
Current Liabilities					
Short-term Borrowings	6	3.30		9.10	
Other Current Liabilities	7	504.43		454.17	
Short-term Provisions	5	<u>0.21</u>	507.94	<u>-</u>	463.27
TOTAL			<u>525.40</u>		<u>483.20</u>
Assets					
Non-current Assets					
Fixed Assets					
(a) Tangible Assets	10	109.12		86.53	
(b) Intangible Assets	11	30.00		30.00	
(c) Capital Work-in-Progress	12	<u>234.13</u>	373.25	<u>191.93</u>	308.46
Non-current Investments	13		0.10		0.10
Long-term Loans and Advances	14		<u>151.46</u>		<u>173.53</u>
			<u>524.81</u>		<u>482.09</u>
Current Assets					
Cash and Cash Equivalents	15		0.47		0.56
Short-term Loans & Advances	14		<u>0.12</u>		<u>0.55</u>
			<u>0.59</u>		<u>1.11</u>
TOTAL			<u>525.40</u>		<u>483.20</u>
Significant accounting policies	2				

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2012



	Note No.	For the year ended 31.03.2012 ₹ million	For the year ended 31.03.2011 ₹ million
REVENUE			
Revenue From Operations			
Other Income	16	-	0.05
	Total Revenue	-	0.05
EXPENSES			
Other Expenses	17	3.50	4.11
	Total Expenses	3.50	4.11
Loss before exceptional and extraordinary items and tax		(3.50)	(4.06)
Exceptional Items		-	-
Loss before extraordinary items and tax		(3.50)	(4.06)
Extra-ordinary Items		-	-
Loss before Tax		(3.50)	(4.06)
Tax Expense			
1) Current		-	-
2) Deferred		-	-
Loss for the year		(3.50)	(4.06)
Earnings Per Equity Share (₹)	24		
Basic		(0.39)	(0.45)
Diluted		(0.39)	(0.45)
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2012



	For The Year Ended 31.03.2012 ₹ million	For The Year Ended 31.03.2011 ₹ million
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(3.50)	(4.06)
ADJUSTMENTS FOR		
Interest and Finance Expenses	-	-
Interest Income	-	(0.01)
OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES	(3.50)	(4.07)
ADJUSTMENT FOR		
Increase/(Decrease) in Other Current Liabilities	(2.80)	(3.78)
Increase/(Decrease) in Short-term Provisions	0.21	(0.02)
Decrease/(Increase) in Short-term Loans and Advances	0.11	1.94
Decrease/(Increase) in Long-term Loans and Advances	(0.30)	(1.49)
CASH (OUTFLOW) / GENERATED FROM OPERATIONS	(6.28)	(7.42)
Income Tax Refund/(Paid)	-	0.02
NET CASH (OUTFLOW) / GENERATED FROM OPERATING ACTIVITIES (A)	(6.28)	(7.40)
(B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets including CWIP and Capital Advances	(40.21)	(54.76)
Proceeds from Sale of Fixed Assets	0.02	0.01
Purchase of Non-current Investments in Subsidiary Company	-	(0.10)
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(40.19)	(54.85)
(C) CASH FLOW FROM FINANCE ACTIVITIES		
Share Application Money Received	53.06	28.83
Proceeds from Long-term Borrowings	-	26.65
Proceeds from Short-term Borrowings	-	9.10
Repayment of Short-term Borrowings	(5.80)	-
Interest and Finance Charges Paid	(0.88)	(1.91)
NET CASH FROM FINANCIAL ACTIVITIES (C)	46.38	62.67
(D) NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(0.09)	0.42
(E) CASH & CASH EQUIVALENTS - OPENING BALANCE	0.56	0.14
(F) CASH & CASH EQUIVALENTS - CLOSING BALANCE	0.47	0.56

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

1 Corporate Information

SRM Energy Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange. The company is in the process of setting up the Thermal Power Project of 3x660 MW i.e. 1980 MW capacity in Tamilnadu.

2 SIGNIFICANT ACCOUNTING POLICIES :

i Basis of Preparation

The Financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) & the relevant provisions of the Companies Act 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company & are consistent with those used in the previous year.

During the current year, the revised Schedule VI notified under Companies Act, 1956, has become applicable to the Company, for preparation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

ii Use of Estimates

The preparation of Financial Statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets & liabilities & disclosures of contingent liabilities at the date of financial statements & the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events & actions, actual results could differ from these estimates.

iii Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation & impairment losses (if any). Cost comprises the purchase price & any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to the acquisition of the fixed asset which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

In respect of accounting periods commencing on or after 7th December, 2006, exchange difference arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

iv Expenditure During Construction Period

Expenditure incurred during construction period which is directly or indirectly related to the power project is included under Pre-operative Expenses and the same will be allocated to the respective Fixed Assets upon completion of construction.

v Depreciation & Amortization

Depreciation on Fixed Assets is provided on Straight Line Method as per the useful lives of the assets estimated by the management or at the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher except for goodwill which will be amortised over a period of five years after the commencement of commercial production of the power project. Goodwill arose during 2007-08 on amalgamation of SRM Energy Pvt. Ltd., a special purpose vehicle for implementing power project, into the Company as per the scheme of amalgamation approved by the Hon'ble High Courts at Mumbai & Delhi. Depreciation on additions is charged proportionately from the date of acquisition. Assets individually costing less than or equal to rupees Five thousand have been fully depreciated in the year of purchase.

The depreciation in respect of following assets has been provided based on management's estimate of useful life, which is as under:

Particulars	Useful Life
Office Equipment	3 – 10 years
Furniture	10 years
Computers	5 years

vi Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price & value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending upon changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

vii Investments

Investments that are readily realizable & intended to be held for not more than a year are classified as current investment. All other investments are classified as long term investments. Current investments are carried at lower of cost & fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize the decline other than temporary in the value of investments.

viii Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated asset and liabilities (monetary items) are translated into reporting currency at the exchange rates prevailing on the Balance Sheet date. Exchange difference arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are capitalized if related to the project or recognized in the profit and loss account.

ix Employee benefits

Employee benefits such as salaries, allowances, non-monetary benefits which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

Employee benefits under defined benefit plans, such as leave encashment and gratuity which fall due for payment after a period of 12 months from rendering serviced or after completion of employment, are measured by the projected unit credit method, on the basis of actuarial valuation carried out by the third party actuaries at each balance sheet date. The Companies obligations recognized in the Balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial gains and losses are recognized immediately in the profit and loss account.

x Borrowing Cost

Borrowing cost which are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of

the respective asset. All other borrowing cost are expensed in the period they occur. Borrowing cost consists of interest & other cost that an entity incurs in connection with the borrowing of funds. In determining the amount of borrowing cost eligible for capitalization during a period, any income earned on the temporary investments of those borrowings is deducted from the borrowing costs incurred.

xi Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating lease. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

xii Earning Per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

xiii Taxation

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes, unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

xiv Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xv Contingent Liabilities

Contingent Liabilities, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

xvi Cash Flow Statement

The cash flow statement is prepared by 'indirect method' set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flow statement by operating investing and financing activities of the company. Cash and cash equivalents presented in the cash flow statement consists of cash on hand and balance in current accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



3	Share Capital	31.03.2012		31.03.2011	
		No. million	₹ million	No. million	₹ million
	Authorised Shares				
	Equity Shares of ₹10/- each	11.30	113.00	11.30	113.00
		11.30	113.00	11.30	113.00

The shareholders of the Company have given their approval for increase of authorised capital to ₹1000 million pursuant a resolution passed on August 13, 2010 through postal ballot. The process with Registrar of Companies is underway to increase the same.

Issued, subscribed and paid up		31.03.2012		31.03.2011	
		No. million	₹ million	No. million	₹ million
	Equity Shares of ₹10/- each fully paid up	9.06	90.60	9.06	90.60
		9.06	90.60	9.06	90.60

a		Reconciliation of the shares outstanding at the beginning and at the end of the reporting period			
Equity Shares		31.03.2012		31.03.2011	
		No. million	₹ million	No. million	₹ million
	At the beginning of the year	9.06	90.60	9.06	90.60
	Issued during the year	-	-	-	-
	Outstanding at the end of the year	9.06	90.60	9.06	90.60

b. 6.45 million (Previous year 6.45 million) Equity Shares are held by the Holding Company - Spice Energy Pvt. Ltd.

c. Details of Equity Shares issued for consideration other than cash during the period of last five years:

Particulars	Year Ended	No. million	₹ million
	31.03.2012	-	-
	31.03.2011	-	-
	31.03.2010	-	-
Issued pursuant to the Scheme of Amalgamation	31.03.2009	6.00	60.00
	31.03.2008	-	-

d		31.03.2012		31.03.2011	
Details of shareholders holding more than 5% shares in the Company		No. million	% holding	No. million	% holding
	Equity Shares of ₹10 each fully paid up				
	Spice Energy Pvt. Ltd., the holding company	6.45	71.19%	6.45	71.19%
		6.45	71.19%	6.45	71.19%

4		31.03.2012		31.03.2011	
Reserves and Surplus		₹ million		₹ million	
Surplus/(Deficit) in the statement of Profit and Loss					
	Balance as per last financial statements		(71.89)		(67.83)
	Loss for the Current Year		(3.50)		(4.06)
	Balance at the end of the year		(75.39)		(71.89)

5	Provisions	Long-term		Short-term	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
		₹ million		₹ million	
	Provision for employee benefit				
	Provision for Gratuity (Refer Note no. 20)	0.95	0.46	0.04	-
	Provision for Leave Encashment	1.30	0.76	0.17	-
		2.25	1.22	0.21	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



6	Short-term Borrowings	31.03.2012 ₹ million	31.03.2011 ₹ million
	Inter Corporate Deposit from related party (Unsecured)	3.30	9.10
		3.30	9.10
7	Other Current Liabilities		
	Share Application Money pending Allotment (Received from holding company, Spice Energy Pvt. Ltd.- Refer Note below)	498.20	445.14
	Sundry Creditors for Expenses	5.49	8.45
	Other Liabilities	0.74	0.58
		504.43	454.17

As per the authorisation letter received from the holding company - Spice Energy Pvt. Ltd, money advanced by them to the Company are to be utilised towards its right entitlement and also against renunciation in the proposed right issue of the Company. Accordingly the same have been shown in share application money.(Also Refer Note no. 30 below)

8 Capital and other commitments

- i) Estimated amount of contract remaining to be executed on capital account net of advances paid as at 31/03/2012 : Nil and as at 31/03/2011 : Nil
- ii) For commitment relating to lease arrangements, please Refer Note 23 below.

9 Contingent Liabilities:

Disputed dues of Income tax due to non/late deposit of TDS for the assessment years 2003-04 to 2006-07: ₹ 0.73 million (Previous year - ₹ 1.07 million)

10 Tangible Fixed Assets

₹ million

Particulars	Land	Furniture & Fixtures	Office Equipments	Computer	Total	Previous year
Gross Block						
As at 01.04.2011	85.50	0.24	0.52	0.92	87.18	76.31
Additions during the year	22.92	-	0.04	0.07	23.03	10.90
Sales/(discarded) during the year	-	0.01	-	0.19	0.20	0.03
As at 31.03.2012	108.42	0.23	0.56	0.80	110.01	87.18
Depreciation						
As at 01.04.2011	-	0.06	0.27	0.32	0.65	0.22
Provided during the year	-	0.02	0.09	0.16	0.27	0.44
On Sale/adjustment	-	-	-	0.03	0.03	0.01
As at 31.03.2012	-	0.08	0.36	0.45	0.89	0.65
Impairment Loss						
As at 01.04.2011	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
As at 31.03.2012	-	-	-	-	-	-
Net Block						
As at 01.04.2011	85.50	0.18	0.25	0.60	86.53	76.09
As at 31.03.2012	108.42	0.15	0.20	0.35	109.12	86.53

Depreciation and Amortisation for the year **0.27**
Less: Transferred to Preoperative expenses pending allocation **(0.27)**
Depreciation & Amortisation as per Profit and Loss Account **-**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



11 Intangible Fixed Assets	Current year ₹ million	Previous year ₹ million
Goodwill		
Gross Block		
As at 01.04.2011	30.00	30.00
Additions during the year	-	-
As at 31.03.2012	30.00	30.00
Amortisation		
As at 01.04.2011	-	-
Charge for the year	-	-
As at 31.03.2012	-	-
Net Block		
As at 01.04.2011	30.00	30.00
As at 01.04.2012	30.00	30.00

12 Capital work in Progress

The Company is in the process of setting up the Thermal Power Project of 3x660 MW i.e. 1980 MW capacity in Tamil Nadu. As such the related expenses incurred during the current year as per details below are considered as pre operative expenses pending capitalization (included under Capital Work in Progress) and will be apportioned to the assets on completion of the project:

Particulars	As on 31.03.2012 (₹ million)	As on 31.03.2011 (₹ million)
i) Opening Balance	191.93	139.71
ii) Less: Reversal of expenses pertaining to previous years	-	0.07
Add: Expenditure incurred during the current year		
Salaries and Perquisites	19.07	14.67
Staff Welfare Expenses	0.01	0.03
Legal & Professional Fees	14.91	22.84
Travelling & Conveyance Expenses	2.21	4.51
Telephone / Internet Expenses	0.60	0.40
Auditors' Remuneration (Refer Note no. 18 below)	0.22	0.22
Advertisement	0.01	-
Rent and Compensation	3.23	3.77
Vehicle Running Expenses	0.38	0.30
Repairs and Maintenance	0.01	0.22
Electricity Expenses	0.21	0.31
Printing & Stationery	0.41	1.50
Miscellaneous Expenses	1.02	1.56
Loss/Discard in Sale of Assets	0.15	0.01
Finance Cost	1.19	1.51
Depreciation & Amortisation	0.27	0.44
Total	43.90	52.29
Less : Other Income	-	-
Less : Exchange Rate Difference Gain (net)	0.55	-
Less: Liabilities Written back	1.15	-
iii) Net Expenses for the year	42.20	52.29
Closing Balance (i - ii + iii)	234.13	191.93

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



13 Non-current Investments	31.03.2012 ₹ million	31.03.2011 ₹ million
Non - trade Investments (valued at cost unless stated otherwise)		
Investment in equity instruments (Unquoted)		
-Investment in Equity Instruments of Wholly Owned Subsidiary Company		
0.01 million (Previous year 0.01 million) Equity Shares in SRM Energy Tamilnadu Pvt. Ltd. of ₹ 10 each fully paid up	0.10	0.10
	0.10	0.10
14 Loans and Advances	Long Term	Short Term
	31.03.2012 31.03.2011	31.03.2012 31.03.2011
	₹ million ₹ million	₹ million ₹ million
a Capital Advances		
Secured Considered good	-	4.54
Unsecured Considered good	149.67	167.50
	149.67	172.04
b Security Deposit		
Secured Considered good	-	-
Unsecured Considered good	1.79	1.49
	1.79	1.49
c Other Loans & Advances		
Unsecured Considered good		
Advance Income Tax including TDS (net of Provision)	-	-
Prepaid Expenses	-	-
	-	-
Total (a+b+c)	151.46	173.53
15 Cash and Cash Equivalents	31.03.2012 ₹ million	31.03.2011 ₹ million
Balances with Banks in Current Account	0.46	0.55
Cash on Hand	0.01	0.01
	0.47	0.56
16 Other Income		
Bad debts written off recovered	-	0.04
Interest on income tax refund/TDS written off recovered	-	0.01
	-	0.05
17 Other Expenses		
Advertisement Expenses	0.07	0.15
Auditors' Remuneration (Refer Note no. 18 below)	0.72	1.10
Business Promotion Expenses	0.05	0.13
Postage, Telephone & Telex	0.08	0.11
Printing and Stationery	0.40	0.11
Legal and Professional Charges	1.22	1.23
Interest on TDS	0.34	0.24
Right Issue Expenses	0.26	0.68
Secretarial Service Charges	0.19	0.23
Miscellaneous Expenses	0.17	0.13
	3.50	4.11

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



18 Auditors' Remuneration (Refer Note no 17 and 12 above)	31.03.2012 ₹ million	31.03.2011 ₹ million		
Audit Fees (including limited review)	0.34	0.34		
Certification and Other Fees	0.58	0.96		
Out of Pocket Expenses	0.02	0.02		
Total	0.94	1.32		
19 Expenditure in Foreign Currency:				
Advance against capital contracts	-	4.55		
Travelling Expenses	0.20	0.38		
20 Disclosure of "Employee Benefits" as per Accounting Standard 15 are as follows:				
Defined Benefits Plans				
Gratuity				
Actuarial Assumptions	<u>2011-12</u>	<u>2010-11</u>		
Discount Rate (Per Annum)	8.25%	8.25%		
Rate of increase in compensation levels (Per Annum)	5%	5%		
Expected average remaining lives of the employees (in no of years)	12	13		
Attrition Rate	2%	2%		
Particulars	<u>₹ million</u> <u>2011-12</u>	<u>₹ million</u> <u>2010-11</u>		
I Change in Present Value of Obligation				
Present value of defined benefits obligation as at the beginning of the year	0.46	0.23		
Interest Cost	0.06	0.03		
Current Service Cost	0.23	0.20		
Benefits Paid	-	-		
Actuarial (Gain) / loss on obligation	0.24	(-)		
Present value of defined benefits obligation as at the end of the year	0.99	0.46		
II Amount recognised in the Balance Sheet				
Liability at the end of the year	0.99	0.46		
Fair Value of Plan Assets at the end of the year	-	-		
Difference	0.99	0.46		
Unrecognised Past Service Cost	-	-		
Unrecognised Transitional Liability	-	-		
Amount recognised in the Balance Sheet	0.99	0.46		
III Expenses recognised in the Pre-operative Expenses				
Current Service Cost	0.23	0.20		
Past Service Cost	-	-		
Interest Cost	0.06	0.03		
Expected Return on Plan Assets	-	-		
Recognition of Transitional Liability	-	-		
Net Actuarial (Gain)/Loss Recognised in the year	0.24	(-)		
Total expenses recognised in the Preoperative Expenses	0.53	0.23		
IV Balance Sheet Reconciliation				
Liability at the beginning of the year	0.46	0.23		
Expenses as above	0.53	0.23		
Employers' Contribution	-	-		
Amount recognised in the Balance Sheet	0.99	0.46		
V Experience Adjustment	2011-2012	2010-2011	2009-2010	2008-2009
Experience adjustment on liability {loss/(gain)}	0.24	0.02	(0.22)	0.11

In assessing the Companies Post retirement liabilities, the Company monitors mortality assumptions and uses up to date mortality tables the base being the LIC 1994-96 ultimate tables.
The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



21 Segment Reporting :

The Company is in the process of setting up Power Project in the state of Tamilnadu, which in the context of AS-17 on 'Segment Reporting', constitutes single operating segment.

22 Related Party Transactions as per Accounting Standard – 18:

A. List of Related Parties

1) Holding Company:

Spice Energy Pvt. Ltd

2) Subsidiaries:

SRM Energy Tamilnadu Pvt. Ltd. (w.e.f. 07.07.2010)

3) Key Management Personnel :

Deep Rastogi (upto 11.02.2011)	Director
Gagan Rastogi (w.e.f 11.02.2011)	Director
D. Sundararajan	Managing Director & CEO

4) Enterprises over which key management personnel and relatives of such personnel exercise significant influence

[Parties with whom the Company has entered into transactions during the year]
Sovinchem Industries Pvt. Ltd.

B. Transactions with Related Parties

₹ million

Particulars	Holding Company		Subsidiaries		Enterprises over which key management personnel and their relatives exercise significant influence	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Loans taken	-	26.65	-	-	-	-
Share Application Money Received	53.06	28.83	-	-	-	-
Adjustment of Loan Taken into share application money	-	416.30	-	-	-	-
Purchase/(Sale) of Investments in Subsidiaries	-	0.10	-	-	-	-
Temp. Loans repaid	-	-	-	-	5.80	-
Temp. Loans taken	-	-	-	-	-	9.10
Interest Paid	-	-	-	-	1.19	1.22
Closing Balance:						
Share Application Money Pending Allotment	498.20	445.13	-	-	-	-
Loan Payable	-	-	-	-	3.30	9.10

24 Earnings Per Share (EPS):

Particulars	31.03.2012 ₹ million	31.03.2011 ₹ million
Net Loss as per Profit and Loss Account (in ₹)	(3.50)	(4.06)
Weighted average number of equity shares (par value of ₹10/- each)	9.06	9.06
Earnings per share (Face value of ₹ 10/- each)- Basic and Diluted (in ₹)	(0.39)	(0.45)

25 Deferred Tax:

Particulars	Opening as on 01.04.2011	Adjustments during the year	Closing as on 31.03.2012
Deferred Tax assets			
Unabsorbed Depreciation	0.19	0.17	0.36
Unabsorbed Losses	16.22	1.94	18.16
Employee Benefits	0.38	(0.38)	-
Total	16.79	1.73	18.52
Deferred Tax Liability			
Depreciation	0.03	(0.03)	-
Total	0.03	(0.03)	-
Net Deferred Tax Asset	16.76	1.76	18.52

Deferred tax Asset has not been recognized considering the principle of virtual certainty as per Accounting Standard -22 'Accounting for Taxes on Income'.

- 26 During the previous year, the Company has acquired a wholly-owned subsidiary Company, SRM Energy Tamil Nadu Private limited which has not commenced its operating activities. The Management is evaluating the option of transferring its Cuddalore Power Division to this subsidiary after successful completion of the proposed Rights Issue.
- 27 Information relating to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below.

₹ million

Particulars	As on 31.03.2012	As on 31.03.2011
Principal amount remaining unpaid as on March, 31	0.56	-
Interest due thereon as on March, 31	-	-
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointment day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointment day during the year but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at March, 31	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

28 Going Concern

Though the Company's net worth has been substantially eroded and the Company has been incurring cash losses, the management is of the strong view that the Company would turnaround with the completion of rights issue and the power project getting operational. The Company's present assets are adequate to meet the Company's liabilities. The Promoter is also committed to provide necessary funding to meet the Company's liabilities and has also paid ₹ 498.20 million as share application money. Accordingly, the accounts have been drawn under the going concern assumption.

- 29 In the opinion of the management, the realizable value of Current Assets, loans and Advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities are adequately made.

30 Proposed Right Issue

The Company had filed Draft Letter of Offer to the Security Exchange Board of India (SEBI) for its proposed right issue on August 17, 2010. SEBI gave final observation vide letter dated February 8, 2011 but did not allow adjustment of Unsecured Loan brought in by the promoters against their Rights entitlement. The Company went on appeal to Securities Appellate Tribunal (SAT) and SAT vide its order dated June 6, 2011 allowed adjustment of funds brought in by the promoters against their entitlement and also against renunciations in the right issue. Subsequent to the SAT order, the Company filed Final Letter of Offer for Rights Issue at par on June 17, 2011 with SEBI for raising ₹ 589 million.

SEBI vide its letter No. CFD/DIL/ISSUES/SP/RG/OW/3382/2012 dated February 7, 2012 informed our Merchant Banker that, as Cals Refineries Ltd.(Cals), a group Company, with a Common Promoter has been directed not to issue any equity shares or alter their capital structure in any manner till further directions in this regard, the Company is not satisfying the eligibility criteria as provided in Regulation 4(2)(a) and 4(2)(b) of the ICDR regulations and hence is not eligible to proceed with the Rights Issue till directions against Cals are in force. The Company filed an appeal to SAT on March 26, 2012 against the aforesaid direction of SEBI. The order of SAT is awaited. In the meanwhile, the Board has approved increase in amount of right issue upto ₹ 900 million. The Company intends to go ahead with right issue on receiving favourable order from SAT or when Cals is exonerated from the charges whichever is earlier.

31 Particulars of Derivative Instruments as at March 31, 2012 :

- i) No derivative instruments are acquired for hedging purposes.
- ii) No derivative instruments are acquired for speculation purposes
- iii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are :
 - Capital advance of USD 0.10 million (previous year USD 0.10 million)

32 Previous year figures have been regrouped and rearranged wherever necessary.

33 Figures are rounded off to the million.

For and on behalf of the Board of Directors

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

STATEMENT PURSUANT TO SECTION 212 (3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES



Name of the Subsidiary Company	SRM Energy Tamilnadu Private Limited
1 Financial year of the Subsidiary Company ended on	March 31, 2012
2 Extent of the Holding Company's interest in the Subsidiary % Holding (Equity)	0.01 million Equity Shares of ₹ 10/- each 100%
3 Net aggregate amount of Profits/(Losses) of the subsidiary not dealt with in the accounts of SRM Energy Limited for the year ended 31st March, 2012 a) For the above Financial Year of the subsidiary so far as they concern members of the Company. b) For previous years of the subsidiary since it became a subsidiary so far as they concern the members of the Company	Amount (₹ in million) (0.01) (0.04)

For and on behalf of the Board of Directors

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

TO THE BOARD OF DIRECTORS OF SRM ENERGY LTD.

We have audited the accompanying consolidated financial statements of SRM Energy Limited (the "Company") and its subsidiary (the Company and its subsidiary jointly constitute "the Group") which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated financial statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of SRM Energy Limited and its subsidiary. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiary, as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;

- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 23 of the Consolidated Financial Statements with regard to the preparation of the financial statements on a going concern assumption. The Group has incurred a net loss of ₹ 3.52 million during the year ended 31.3.2012 and as of that date, the Group's net worth has been substantially eroded. The Group's ability to continue as a going concern is dependent on the factors mentioned in note therein and no adjustments have been made in the accompanying financial statements. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of ₹ 0.06 million as at March 31, 2012, total expenditure of ₹ 0.01 million and net cash outflows amounting to ₹ 0.01 million for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Sumant Sakhardande
Partner
Membership No.34828

Place : Mumbai.
Date : April 09, 2012.

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2012



	Note No.		As at 31.03.2012 ₹ million		As at 31.03.2011 ₹million
Equity and Liabilities					
Shareholder's Funds					
Share Capital	2	90.60		90.60	
Reserves and Surplus	3	(75.44)	15.16	(71.92)	18.68
Non-current Liabilities					
Long-term Provisions	4	2.25	2.25	1.22	1.22
Current Liabilities					
Short-term Borrowings	5	3.30		9.10	
Other Current Liabilities	6	504.45		454.18	
Short-term Provisions	4	0.21	507.96	-	463.28
TOTAL			525.37		483.18
Assets					
Non-current Assets					
Fixed Assets					
(a) Tangible Assets	9	109.12		86.53	
(b) Intangible Assets	10	30.00		30.00	
(c) Capital Work-in-Progress	11	234.13	373.25	191.93	308.46
Long-term Loans and Advances	12		151.46		173.53
			524.71		481.99
Current Assets					
Cash and Cash Equivalents	13		0.54		0.64
Short-term Loans & Advances	12		0.12		0.55
			0.66		1.19
TOTAL			525.37		483.18
Significant accounting policies	1				

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For **Haribhakti & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2012**



	Note No.	For The Year Ended 31.03.2012 ₹ million	For The Year Ended 31.03.2011 ₹ million
REVENUE			
Revenue From Operations			
Other Income	14	-	0.05
	Total Revenue	-	0.05
EXPENSES			
Other Expenses	15	3.52	4.14
	Total Expenses	3.52	4.14
Loss before exceptional and extraordinary items and tax		(3.52)	(4.09)
Exceptional Items		-	-
Loss before extraordinary items and tax		(3.52)	(4.09)
Extra-ordinary Items		-	-
Loss before Tax		(3.52)	(4.09)
Tax Expense			
1) Current		-	-
2) Deferred		-	-
		(3.52)	(4.09)
Loss for the year		(3.52)	(4.09)
Earning Per Equity Share (₹)	20		
Basic		(0.39)	(0.45)
Diluted		(0.39)	(0.45)
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner

S. R. Dakhara
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2012**



	For The Year Ended 31.03.2012 ₹ million	For The Year Ended 31.03.2011 ₹ million
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(3.52)	(4.09)
ADJUSTMENTS FOR		
Interest Income	-	(0.01)
OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES	(3.52)	(4.10)
ADJUSTMENT FOR		
Increase/(Decrease) in Other Current Liabilities	(2.79)	(3.77)
Increase/(Decrease) in Short-term Provisions	0.21	(0.02)
Decrease/(Increase) in Short-term Loans and Advances	0.11	1.94
Decrease/(Increase) in Long-term Loans and Advances	(0.30)	(1.49)
CASH (OUTFLOW) / GENERATED FROM OPERATIONS	(6.29)	(7.44)
Income Tax Refund/(Paid)	-	0.02
NET CASH (OUTFLOW) / GENERATED FROM OPERATING ACTIVITIES (A)	(6.29)	(7.42)
(B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets including CWIP and Capital Advances	(40.21)	(54.76)
Proceeds from Sale of Fixed Assets	0.02	0.01
Purchase of Non-current Investments	-	-
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(40.19)	(54.75)
(C) CASH FLOW FROM FINANCE ACTIVITIES		
Share Application Money Received	53.06	28.83
Proceeds from Long-term Borrowings	-	26.65
Proceeds from Short-term Borrowings	-	9.10
Repayment of Short-term Borrowings	(5.80)	-
Interest and Finance Charges Paid	(0.88)	(1.91)
NET CASH FROM FINANCIAL ACTIVITIES (C)	46.38	62.67
(D) NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(0.10)	0.50
(E) CASH & CASH EQUIVALENTS - OPENING BALANCE	0.64	0.14
(F) CASH & CASH EQUIVALENTS - CLOSING BALANCE	0.54	0.64

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

i Basis of preparation

SRM Energy Limited (the "Company") has prepared the Consolidated Financial Statements by consolidating its accounts with its subsidiary in accordance with Accounting Standard (AS)-21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

The Financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) & the relevant provisions of the Companies Act 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company & are consistent with those used in the previous year.

During the current year, the revised Schedule VI notified under Companies Act, 1956, has become applicable to the Company, for preparation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

ii Principles of consolidation

a) The Financial statements of the Holding Company and its subsidiary Company (together the "Group) have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions.

b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.

iii Companies included in Consolidation

Name of the consolidated entity	Country of Incorporation	Nature of Interest	% of Interest
SRM Energy Tamilnadu Pvt. Ltd.	India	Subsidiary	100

iv Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

v Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation & impairment losses (if any). Cost comprises the purchase price & any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to the acquisition of the fixed asset which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

In respect of accounting periods commencing on or after 7th December, 2006, exchange difference arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012



vi Expenditure During Construction Period

Expenditure incurred during construction period which is directly or indirectly related to the power project is included under Pre-operative Expenses and the same will be allocated to the respective Fixed Assets upon completion of construction.

vii Depreciation and Amortization

Depreciation on Fixed Assets is provided on Straight Line Method as per the useful lives of the assets estimated by the management or at the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher except for goodwill which will be amortised over a period of five years after the commencement of commercial production of the power project. Goodwill arose during 2007-08 on amalgamation of SRM Energy Pvt. Ltd., a special purpose vehicle for implementing power project, into the Company as per the scheme of amalgamation approved by the Hon'ble High Courts at Mumbai & Delhi. Depreciation on additions is charged proportionately from the date of acquisition. Assets individually costing less than or equal to rupees Five thousand has been fully depreciated in the year of purchase.

The depreciation in respect of following assets has been provided based on management estimate of useful life, which is as under:

Particulars	Useful Life
Office Equipment	3 – 10 years
Furniture	10 years
Computers	5 years

viii Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price & value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending upon changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

ix Foreign Currency transactions

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated asset and liabilities (monetary items) are translated into reporting currency at the exchange rates prevailing on the Balance Sheet date. Exchange difference arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are capitalized if related to the project or recognized in the profit and loss account.

x Employee benefits

Employee benefits such as salaries, allowances, non-monetary benefits which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

Employee benefits under defined benefit plans, such as leave encashment and gratuity which fall due for payment after a period of 12 months from rendering serviced or after completion of employment, are measured by the projected unit credit method, on the basis of actuarial valuation carried out by the third party actuaries at each balance sheet date. The Companies obligations recognized in the Balance sheet represents the present value of obligations as reduced by the fair value of plan assets , where applicable.

xi Borrowing Cost

Borrowing cost which are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the respective asset. All other borrowing cost are expensed in the period they occur. Borrowing cost consists of interest & other cost that an entity incurs in connection with the borrowing of funds. In determining the amount of borrowing cost eligible for capitalization during a period, any income earned on the temporary investments of those borrowings is deducted from the borrowing costs incurred.

xii Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating lease. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

xiii Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

xiv Taxation

- (i) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- (ii) At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes, unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

xv Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xvi Contingent Liabilities

Contingent Liabilities, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



xvii Cash Flow Statement

The cash flow statement is prepared by 'indirect method' set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flow statement by operating investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash on hand and balance in current accounts.

2 Share Capital	31.03.2012		31.03.2011	
	No. million	₹ million	No. million	₹ million
Authorised Shares	11.30	113.00	11.30	113.00
Equity Shares of ₹10/- each	11.30	113.00	11.30	113.00

The shareholders of the Company have given their approval for increase of authorised capital to ₹1000 million pursuant a resolution passed on August 13, 2010 through postal ballot. The process with Registrar of Companies is underway to increase the same.

Issued, subscribed and paid up				
Equity Shares of ₹10/- each fully paid up	9.06	90.60	9.06	90.60
	9.06	90.60	9.06	90.60

a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares				
At the beginning of the year	9.06	90.60	9.06	90.60
Issued during the year	-	-	-	-
Outstanding at the end of the year	9.06	90.60	9.06	90.60

b 6.45 million (Previous year 6.45 million) Equity Shares are held by the Holding Company - Spice Energy Pvt. Ltd.

c Details of Equity Shares issued for consideration other than cash during the period of last five years:

Particulars	Year Ended	No. million	₹ million
	31.03.2012	-	-
	31.03.2011	-	-
	31.03.2010	-	-
	31.03.2009	6.00	60.00
	31.03.2008	-	-

d Details of share holders holding more than 5% shares in the Company

	31.03.2012		31.03.2011	
	No. million	% holding	No. million	% holding
Equity Shares of ₹10 each fully paid up				
Spice Energy Pvt. Ltd., the holding company	6.45	71.19%	6.45	71.19%
	6.45	71.19%	6.45	71.19%

3 Reserves and Surplus

	31.03.2012	31.03.2011
	₹ million	₹ million
Surplus/(Deficit) in the statement of Profit and Loss		
Balance as per last financial statements	(71.92)	(67.83)
(Loss) for the Current Year	(3.52)	(4.09)
Balance at the end of the year	(75.44)	(71.92)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



4	Provisions	Long-term		Short-term	
		31.03.2012 ₹ million	31.03.2011 ₹ million	31.03.2012 ₹ million	31.03.2011 ₹ million
	Provision for employee benefit				
	Provision for Gratuity (Refer Note no.16)	0.95	0.46	0.04	-
	Provision for Leave Encashment	1.30	0.76	0.17	-
		2.25	1.22	0.21	-
5	Short-term Borrowings			31.03.2012	31.03.2011
				₹ million	₹ million
	Inter Corporate Deposit from related party (Unsecured)			3.30	9.10
				3.30	9.10
6	Other Current Liabilities				
	Share Application Money pending Allotment (Received from holding company, Spice Energy Pvt. Ltd. Refer Note below)			498.20	445.14
	Sundry Creditors for Expenses			5.50	8.46
	Other Liabilities			0.75	0.58
				504.45	454.18

As per the authorisation letter received from the holding company - Spice Energy Pvt. Ltd, money advanced by them to the Company are to be utilised towards its right entitlement and also against renunciation in the proposed right issue of the Company. Accordingly the same have been shown in share application money.(Also Refer Note no. 24 below)

7 Capital and other commitments

- Estimated amount of contract remaining to be executed on capital account net of advances paid as at 31/03/2012 : Nil and as at 31/03/2011 : Nil
- For commitment relating to lease arrangements, please Refer Note 19 below.

8 Contingent Liabilities:

Disputed dues of Income tax due to non/late deposit of TDS for the assessment years 2003-04 to 2006-07: ₹ 0.73 million (Previous year - ₹ 1.07 million)

9 Tangible Fixed Assets

Particulars	Land	Furniture & Fixtures	Office Equipments	Computer	Total	₹ million
						Previous year
Gross Block						
As at 01.04.2011	85.50	0.24	0.52	0.92	87.18	76.31
Additions during the year	22.92	-	0.04	0.07	23.03	10.90
Sales/(discarded) during the year	-	0.01	-	0.19	0.20	0.03
As at 31.03.2012	108.42	0.23	0.56	0.80	110.01	87.18
Depreciation						
As at 01.04.2011	-	0.06	0.27	0.32	0.65	0.22
Provided during the year	-	0.02	0.09	0.16	0.27	0.44
On Sale/adjustment	-	-	-	0.03	0.03	0.01
As at 31.03.2012	-	0.08	0.36	0.45	0.89	0.65
Impairment Loss						
As at 01.04.2011	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
As at 31.03.2012	-	-	-	-	-	-
Net Block						
As at 01.04.2011	85.50	0.18	0.25	0.60	86.53	76.09
As at 31.03.2012	108.42	0.15	0.20	0.35	109.12	86.53

Depreciation and Amortisation for the year 0.27
Less: Transferred to Preoperative expenses pending allocation (0.27)
Depreciation & Amortisation as per Profit and Loss Account -

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



10 Intangible Fixed Assets	Current year ₹ million	Previous year ₹ million
Goodwill		
Gross Block		
As at 01.04.2011	30.00	30.00
Additions during the year	-	-
As at 31.03.2012	30.00	30.00
Amortisation		
As at 01.04.2011	-	-
Charge for the year	-	-
As at 31.03.2012	-	-
Net Block		
As at 01.04.2011	30.00	30.00
As at 01.04.2012	30.00	30.00

11 Capital work in Progress

The Company is in the process of setting up the Thermal Power Project of 3x660 MW i.e. 1980 MW capacity in Tamilnadu. As such the related expenses incurred during the current year as per details below are considered as pre operative expenses pending capitalization (included under Capital Work in Progress) and will be apportioned to the assets on completion of the project:

Particulars	As on 31.03.2012 (₹ million)	As on 31.03.2011 (₹ million)
Opening Balance	191.93	139.71
Less: Reversal of expenses pertaining to previous years	-	0.07
Add: Expenditure incurred during the current year	-	-
Salaries and Perquisites	19.07	14.67
Staff Welfare Expenses	0.01	0.03
Legal & Professional Fees	14.91	22.84
Travelling & Conveyance Expenses	2.21	4.51
Telephone / Internet Expenses	0.60	0.40
Auditors' Remuneration	0.22	0.22
Advertisement	0.01	-
Rent and Compensation	3.23	3.77
Vehicle Running Expenses	0.38	0.30
Repairs and Maintenance	0.01	0.22
Electricity Expenses	0.21	0.31
Printing & Stationery	0.41	1.50
Miscellaneous Expenses	1.02	1.56
Loss/Discard in Sale of Assets	0.15	0.01
Finance Cost	1.19	1.51
Depreciation & Amortisation	0.27	0.44
Total	43.90	52.29
Less : Other Income	-	-
Less : Exchange Rate Difference Gain (net)	0.55	-
Less: Liabilities Written back	1.15	-
Net Expenses for the year	42.20	52.29
Closing Balance	234.13	191.93
	(i - ii + iii)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012



	Long Term		Short Term	
	31.03.2012 ₹ million	31.03.2011 ₹ million	31.03.2012 ₹ million	31.03.2011 ₹ million
12 Loans and Advances				
a Capital Advances				
Secured Considered good	-	4.54	-	-
Unsecured Considered good	149.67	167.50	-	-
	149.67	172.04	-	-
b Security Deposit				
Secured Considered good	-	-	-	-
Unsecured Considered good	1.79	1.49	-	0.09
	1.79	1.49	-	0.09
c Other Loans & Advances				
Unsecured Considered goods				
Advance Income Tax including TDS (net of Provision)	-	-	0.02	0.02
Prepaid Expenses	-	-	0.10	0.44
	-	-	0.12	0.46
Total (a+b+c)	151.46	173.53	0.12	0.55
13 Cash and Cash Equivalents			31.03.2012	31.03.2011
			₹ million	₹ million
Balances with Banks in Current Account			0.48	0.61
Cash on Hand			0.06	0.03
			0.54	0.64
14 Other Income				
Bad debts written off recovered			-	0.04
Interest on income tax refund/TDS written off recovered			-	0.01
			-	0.05
15 Other Expenses			31.03.2012	31.03.2011
			₹ million	₹ million
Advertisement Expenses			0.07	0.15
Auditors' Remuneration			0.72	1.11
Business Promotion Expenses			0.05	0.12
Postage, Telephone & Telex			0.08	0.11
Printing and Stationery			0.40	0.11
Legal and Professional Charges			1.23	1.23
Interest on TDS			0.34	0.25
Right Issue Expenses			0.26	0.68
Secretarial Service Charges			0.20	0.23
Miscellaneous Expenses			0.17	0.15
			3.52	4.14

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



16 Disclosure of “Employee Benefits” as per Accounting Standard 15 are as follows:

Defined Benefits Plans

Gratuity

Actuarial Assumptions

	<u>2011-12</u>	<u>2010-11</u>
Discount Rate (Per Annum)	8.25%	8.25%
Rate of increase in compensation levels	5%	5%
Expected average remaining lives of the employees (in no of years)	12	13
Attrition	2%	2%

Particulars

Change in Present Value of Obligation

	<u>₹ million 2011-12</u>	<u>₹ million 2010-11</u>
I		
Present value of defined benefits obligation as at the beginning of the year	0.46	0.23
Interest Cost	0.06	0.03
Current Service Cost	0.23	0.20
Benefits Paid	-	-
Actuarial (Gain) / loss on obligation	0.24	(-)
Present value of defined benefits obligation as at the end of the year	0.99	0.46
II		
Amount recognised in the Balance Sheet		
Liability at the end of the year	0.99	0.46
Fair Value of Plan Assets at the end of the year	-	-
Difference	0.99	0.46
Unrecognised Past Service Cost	-	-
Unrecognised Transitional Liability	-	-
Amount recognised in the Balance Sheet	0.99	0.46
III		
Expenses recognised in the Pre-operative Expenses		
Current Service Cost	0.23	0.20
Past Service Cost	-	-
Interest Cost	0.06	0.03
Expected Return on Plan Assets	-	-
Recognition of Transitional Liability	-	-
Net Actuarial (Gain)/Loss Recognised in the year	0.24	(-)
Total expenses recognised in the Preoperative Expenses	0.53	0.23
IV		
Balance Sheet Reconciliation		
Liability at the beginning of the year	0.46	0.23
Expenses as above	0.53	0.23
Employers' Contribution	-	-
Amount recognised in the Balance Sheet	0.99	0.46
V		
Experience Adjustment		
Experience adjustment on liability {loss/(gain)}	0.24	0.02

In assessing the Companies Post retirement liabilities, the Company monitors mortality assumptions and uses up to date mortality tables the base being the LIC 1994-96 ultimate tables.

The estimates of future salary increase, considered in actuarial valuation take account of inflation seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

17 Segment Reporting :

The Group is in the process of setting up Power Project in the state of Tamilnadu, which in the context of AS-17 on 'Segment Reporting', constitutes single operating segment.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



18 Related Party Transactions as per Accounting Standard – 18:

A. List of Related Parties

- 1) Holding Company:**
Spice Energy Pvt. Ltd.
- 2) Enterprises over which key management personnel and relatives of such personnel exercise significant influence**
(Parties with whom the Company has entered into transactions during the year)
Sovinchem Industries Pvt. Ltd.
- 3) Key Management Personnel :**

Deep Rastogi (upto 11.02.2011)	Director
Gagan Rastogi (w.e.f 11.02.2011)	Director
D. Sundararajan	Managing Director & CEO

B. Transactions with Related Parties

₹ million

Particulars	Holding Company		Enterprise in which key management personnel and their relatives exercise significant influence	
	2011-12	2010-11	2011-12	2010-11
Loans Taken	-	26.65	-	-
Share Application Money Received	53.06	28.83	-	-
Adjustment of Loan taken into Share Application Money	-	416.30	-	-
Temp. Loans Repaid	-	-	5.80	-
Temp. Loans Taken	-	-	-	9.10
Interest Paid	-	-	1.19	1.22
Closing Balance:	-	-	-	-
Share Application Money Pending Allotment	498.20	445.14	-	-
Loan Payable	-	-	3.30	9.10

19 Disclosure as required by Accounting Standard -19 are as follows:

The company has taken office premises under lease and license agreements against refundable interest free deposit. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The obligation towards non-cancellable leases are as under:

Lease Obligation	31.03.2012 ₹ million	31.03.2011 ₹ million
Not later than one year	-	0.55

Total lease payments recognised in the pre operative expenses during the period was ₹ 3.23 million (Previous Year : ₹ 3.77 million)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



20 Earnings Per Share (EPS):

Particulars	31.03.2012 ₹ million	31.03.2011 ₹ million
Net Loss as per Profit and Loss Account (in ₹)	(3.52)	(4.09)
Weighted average number of equity shares (par value of ₹10/- each)	9.06	9.06
Earnings per share (Face value of ₹ 10/- each)- Basic and Diluted (in ₹)	(0.39)	(0.45)

21 Deferred Tax:

Particulars	Opening as on 01.04.2011	Adjustments during the year	Closing as on 31.03.2012
Deferred Tax assets			
Unabsorbed Depreciation	0.19	0.17	0.36
Unabsorbed Losses	16.22	1.95	18.17
Employee Benefits	0.38	(0.38)	-
Total	16.79	1.74	18.53
Deferred Tax Liability			
Depreciation	0.03	(0.03)	-
Total	0.03	(0.03)	-
Net Deferred Tax Asset	16.76	1.77	18.53

Deferred tax Asset has not been recognized considering the principle of virtual certainty as per Accounting Standard -22 'Accounting for Taxes on Income'.

- 22 In the opinion of the management, the realizable value of Current Assets, Loans and Advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities are adequately made.

23 Going Concern

Though the Company's net worth has been substantially eroded and the Company has been incurring cash losses, the management is of the strong view that the Company would turnaround with the completion of rights issue and the power project getting operational. The Company's present assets are adequate to meet the Company's liabilities. The Promoter is also committed to provide necessary funding to meet the Company's liabilities and has also paid ₹ 498.20 million as share application money. Accordingly, the accounts have been drawn under the going concern assumption.

24 Proposed Right Issue of the Company

The Company had filed Draft Letter of Offer to the Security Exchange Board of India (SEBI) for its proposed right issue on August 17, 2010. SEBI gave final observation vide letter dated February 8, 2011 but did not allow adjustment of Unsecured Loan brought in by the promoters against their Rights entitlement. The Company went on appeal to Securities Appellate Tribunal (SAT) and SAT vide its order dated June 6, 2011 allowed adjustment of funds brought in by the promoters against their entitlement and also against renunciations in the right issue. Subsequent to the SAT order, the Company filed Final Letter of Offer for Rights Issue at par on June 17, 2011 with SEBI for raising ₹ 589 million.

SEBI vide its letter No. CFD/DIL/ISSUES/SP/RG/OW/3382/2012 dated February 7, 2012 informed our Merchant Banker that, as Cals Refineries Ltd.(Cals), a group Company, with a Common Promoter has been directed not to issue any equity shares or alter their capital structure in any manner till further directions in this regard, the Company is not satisfying the eligibility criteria as provided in Regulation 4(2)(a) and 4(2)(b) of the ICDR regulations and hence is not eligible to proceed with the Rights Issue till directions against Cals are in force. The Company filed an appeal to SAT on March 26, 2012 against the aforesaid direction of SEBI. The order of SAT is awaited. In

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**



the meanwhile, the Board has approved increase in amount of right issue upto ₹ 900 million. The Company intends to go ahead with right issue on receiving favourable order from SAT or when Cals is exonerated from the charges whichever is earlier.

- 25 The Ministry of Corporate Affairs, Government of India vide circular No. 2/2011 has granted a general exemption to companies under section 212(8) whereby section 212(1) shall not apply if the conditions mentioned in the above referred circular are fulfilled. The details as required under condition (iv) of the circular in respect of subsidiary are given below:

Particulars	₹ million
Share Capital	0.10
Reserves & Surplus	(0.04)
Total Assets	0.07
Total Liabilities	0.01
Details of investment	-
Turnover	-
Profit/(Loss) before Taxation	(0.01)
Provision for Taxation	-
Profit/(Loss) after Taxation	(0.01)
Proposed Dividend	-

26 **Particulars of Derivative Instruments as at March 31, 2012 :**

- i) No derivative instruments are acquired for hedging purposes.
- ii) No derivative instruments are acquired for speculation purposes
- iii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are :
 - Capital advance of USD 0.10 million (previous year USD 0.10 million)

27 Previous year figures have been regrouped and rearranged wherever necessary.

28 Figures are rounded off to the million.

For and on behalf of the Board of Directors

S. R. Dakhera
VP (Accounts & Commercial)

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

P. Srinivasan
Director

S. Parab
Director

Place : Mumbai.
Date : 09.04.2012.

Persons / Companies constituting group coming within the definition of “group” for the purpose of Regulation 3 (1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

1. Mr. Deep Kumar Rastogi.
2. Mr. Gagan Deep Kumar Rastogi.
3. Mr. Vishal Deep Kumar Rastogi.
4. Cals Refineries Limited.
5. Spice Energy Pvt. Ltd.
6. SRM Exploration Pvt. Ltd.
7. SRM Branding Solutions Pvt. Ltd.
8. Nyra Holdings Pvt. Ltd. (earlier known as Spice Refineries Pvt. Ltd.)
9. Team India Motor Racing Pvt. Ltd.
10. India One Hotels Pvt. Ltd.
11. Spice Exploration Pvt. Ltd.
12. SRM Energy Tamilnadu Pvt. Ltd.
13. BND Gas Pvt. Ltd.
14. DGV Investments Pte Limited, Singapore.
15. Spice Oil Gas Pvt. Ltd.
16. Metropolitan Gas Pvt. Ltd.
17. Norita Resources Ltd., Hong Kong.
18. Any company/entity promoted by any of the above.

To,
The Members,
SRM Energy Limited

SUB.:- EMAIL ID DETAILS

Ref. Govt. Circular no.17/2011 dt.21.4.2011

Sir/Madam,

The Ministry of Corporate Affairs has taken 'Green Initiatives in the Corporate Governance' by allowing paperless compliances by the Companies after considering sections 2, 4, 5 and 81 of the Information Technology Act, 2000 for legal validity of compliances under the Companies Act through electronic mode. The Information Technology Act, 2000 permits service of documents etc. in electronic mode.

Section 53 of the Companies Act, 1956 provides service of documents under 'Certificate of Posting' as one of the accepted mode of service which has been followed by your Company so far. However, the Department of Posts has recently discontinued the postal facility under 'Certificate of posting' vide their letter dated 23.02.2011.

Keeping in view above, it is hereby clarified by the Ministry of Corporate affairs that a company would have complied with Section 53 of the Companies Act; if the service of document has been made through electronic mode, provided the company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholders to register their e-mail address and change therein from time to time with the Company.

Therefore, you are requested to provide us your E-MAIL details for speedy exchange of informations. Kindly provide us the following details. **You can also confirm the same on following email address(es):-**

1. **investor_relation@srmenergy.in**
2. **Datamatics Financial Services Ltd., Mumbai – 400093**
Tel. No.: 66712151 Fax No.: 66712161 Email: investorsqry@dfssl.com

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Registration of E-mail id with the Company

The Company Secretary
SRM Energy Limited
601, Pressman House,
70-A, Nehru Road, C.T.S No.76 & 87,
Vile Parle (East), Mumbai-400099.

Please register my/our email id with the company as mentioned here in below for serving documents through electronic mode to me/us. I/we hereby submit the required details. In case of any change in it, I/we will forward you the same.

NAME	
DP ID & CLIENT ID	
FOLIO NO. (s) (in case of physical holding)	
EMAIL ID	

Signature(s) of the Shareholder*_____

* If shares are held jointly first shareholder's sign on the aforesaid slip is essential.

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REGD. & ADMIN OFFICE: 601, PRESSMAN HOUSE, 70A, NEHRU ROAD, C.T.S. NO. 76& 87, VILE PARLE (EAST), MUMBAI – 400 099 TEL. NO. 6741 8901 & 2 , FAX : 6741 8900

PROXY

I/We _____ of _____ in the district of _____ being a Member/Members of the above named Company, hereby appoint _____ of _____ in the district of _____ of failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Friday, September 28, 2012 at 11.00 a.m. at The Banquet Hall, Hotel Atithi, 77A & B, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai - 400099.

Signed this _____ day of _____ 2012.

Signature : _____

Affix
Re. 1.00
Revenue
Stamp

Reference Folio No. /Client ID No. _____

No. of shares..... _____

This form is to be used *in favour / *against of the resolution. Unless otherwise instructed the proxy will act as he thinks fit.

* Strike out which over is not desired.

Note : The Proxy must be returned so as to reach the Registered Office of the Company, SRM Energy Limited 601, Pressman House, 70A, Nehru Road, Near Orchid Hotel, Vile Parle –East, Mumbai-99, not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

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REGD. & ADMIN OFFICE: 601, PRESSMAN HOUSE, 70A, NEHRU ROAD, C.T.S. NO. 76& 87, VILE PARLE (EAST), MUMBAI – 400 099 TEL. NO. 6741 8901 & 2 , FAX : 6741 8900

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Name of the Shareholder (In BLOCK LETTERS) _____

Member's Folio No./Client ID No. _____

Name of the Proxy (In BLOCK LETTERS) _____

(To be filled if the proxy attends instead of the member)

No of Shares held _____

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company to be held on Friday, September 28, 2012 at 11.00 a.m. at The Banquet Hall, Hotel Atithi, 77A & B, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai-400099

SIGNATURE OF THE ATTENDANCE MEMBER / PROXY

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at entrance, duly signed.
2. Shareholder / Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the Meeting.

BOARD OF DIRECTORS

Mr. D. Sundararajan	Managing Director & CEO
Mr. P. Srinivasan	Non-Executive Independent Director
Mr. Sudarshan K. Parab	Non-Executive Independent Director
Mr. Gagan Rastogi	Director
Mr. Bantval Srinivasa Rao	Director (Resigned on September 27, 2011)

COMPANY SECRETARY

Mrs. Sanjeevlata Samdani

BANKERS

AXIS BANK LTD.

AUDITORS

M/s Haribhakti & Co.
Chartered Accountants, Mumbai

REGISTERED & ADMIN OFFICE

601, Pressman House, 70A,
Nehru Road, C.T.S. No. 76 & 87,
Vile Parle (East), Mumbai - 400 099.
Tel. No.: +91-22-67418901 / 02
Fax : +91-22-67418900

REGISTRAR & SHARE TRANSFER AGENTS

Datamatics Financial Services Ltd.,
Plot No. B - 5, Part B Cross Lane, MIDC,
Andheri - East, Mumbai - 400 093.
Tel. No.: +91-22-66712151 / 56
Fax : +91-22-66712161

CONTENTS	
	Page Nos.
Notice	1-2
Directors' Report	3-7
Certificate	8
Management Discussion and Analysis	9-12
Corporate Governance Report	13-20
Auditors' Report	21
Annexure to the Auditors' Report	22-25
Balance Sheet	26
Statement of Profit & Loss Account	27
Cash Flow Statement	28
Notes to Financial Statements	29-40
Statement Pursuant to Section 212(3)	41
Auditors' Report on Consolidated Financial Statements	42-43
Consolidated Balance Sheet	44
Consolidated Statement of Profit & Loss Account	45
Consolidated Cash Flow Statement	46
Notes to Consolidated Financial Statements	47-57
Persons Constituting Group	58
Letter to Shareholders	59
Proxy Form	61

If undelivered, please return to :

SRM ENERGY LTD.

REGD. & ADMIN OFFICE:
601, PRESSMAN HOUSE, 70A,
NEHRU ROAD, C.T.S. NO. 76& 87,
VILE PARLE (EAST), MUMBAI – 400 099