



SRM ENERGY LIMITED

**26th Annual Report
2012-13**

BOARD OF DIRECTORS

Mr. D. Sundararajan	Managing Director & CEO
Mr. Sudarshan K. Parab	Director
Mr. Gagan Rastogi	Director
Mr. Jayaram Shetty	Director (Appointed w.e.f. October 18, 2013)
Mr. Srinivasan Parthasarathy	Director (Resigned on August 01, 2013)

COMPANY SECRETARY

Mrs. Sanjeevlata Samdani

BANKERS

AXIS BANK LTD.

AUDITORS

M/s Haribhakti & Co.,
Chartered Accountants, Mumbai

REGISTERED & ADMIN OFFICE

54, 5th Floor, Bajaj Bhawan,
226, Nariman Point,
Mumbai-400 021.
Tel. No. : +91-22-66168901 / 8902
Fax : +91-22-66168900

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 / 2156
Fax : +91-22-66712161

CONTENTS	
	Page Nos.
Notice	1-3
Directors Report	4-7
Certificate	8
Management Discussion and Analysis	9-12
Corporate Governance Report	13-19
Auditors' Report	20
Annexure to the Auditors' Report	21-23
Balance Sheet	24
Profit & Loss Account	25
Cash Flow Statement	26
Notes to Financial Statement	27-40
Statement Pursuant to Section 212(3)	41
Auditors' Report on Consolidated Accounts	42-43
Consolidated Balance Sheet	44
Consolidated Profit & Loss Account	45
Consolidated Cash Flow Statements	46
Notes to Financial Statement of Consolidated Accounts	47-58
Letter to Shareholders	59
Proxy Form	61

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of SRM Energy Limited will be held on Monday, December 09, 2013 at 12.00 noon at Kilachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai-400020 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2013 together with Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Gagan Deep Kumar Rastogi 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

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Jayaram Shetty, who was appointed as an Additional Director of the Company by the Board of Directors and who hold office upto the date of this Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 159 of the Articles of Association of the Company, and in respect of whom the Company has received notice in writing from a member of the Company expressing his intension of proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT in supersession of all the earlier resolutions passed and pursuant to the provisions, of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the confirmation of the above resolution, the Authorised Share Capital of the Company be increased from ₹ 11,30,00,000/- (Rupees Eleven Crores Thirty Lacs) divided into 1,13,00,000 (One Crore Thirteen Lacs) Equity Shares of ₹ 10/- (Rupees ten) to 15,00,00,000/- (Rupees Fifteen Crores) divided into 150,00,000 (One Crore Fifty Lacs) Equity Shares of ₹ 10/- (Rupees ten) each.

"RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

- V. The Authorised Share Capital of the Company is ₹ 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of ₹ 10/- (Rupees ten) each."

By Order of the Board
For SRM Energy Limited

Place: Mumbai,
Dated: October 18, 2013.

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 from Monday, December 02, 2013 to Monday, December 09, 2013 (both days inclusive).
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. Gagan Deep Kumar Rastogi**

He is a Bachelor of Science in business administration from Boston University - School of Management, Boston, USA. He is a part of Rastogi Family which established Chemipex International group involved in trading, marketing, distribution and consultancy services dating back to the year 1980. He is involved in trading and marketing of mineral fibers between Russia, India and Sri Lanka and supplying raw materials for low-cost roofing products to various clients in India and Sri Lanka.

- **Mr. Jayaram Shetty**

He is a Post Graduate in Human Resource Management from Tata Institute of Social Sciences and in Administrative Management from JBIMS. He is Managing Director of VCG Consulting Group for the last 10 years, effectively contributed as an Organization Development Partner in Multinational organization and Indian Organisations.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO.4

The Board of Directors of the Company had appointed Mr. Jayaram Shetty as an additional Director in its Meeting held on October 18, 2013. In accordance with Section 260 of the Companies Act, 1956 and the Article 159 of the Articles of Association of the Company, Mr. Jayaram Shetty would hold office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intension to propose Mr. Jayaram Shetty as a candidature for the office of Director together with requisite deposit as required by law. Brief resume of Mr. Jayaram Shetty, nature of their expertise in specific functional areas and the name of companies in which they hold directorship and memberships/ chairmanship of the Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided under the Corporate Governance. Mr. Jayaram Shetty may be deemed to be concerned or interested in the resolution relating to their respective appointment.

ITEM NO.5

The Company, in order to meet the requirement of funds for trading activities and conducting further feasibility studies for the power projects and to strengthen its financial position, is required to generate long term resources by issuing new securities. It is, therefore, deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 11.30 crores to Rs. 15 crores and for that purpose, the Memorandum of Association of the Company is proposed to be suitably altered.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the authorised share capital and for the alteration of capital clause of the Memorandum of Association of the Company.

The Board of Directors accordingly recommends the resolutions for the approval of the Members.

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

By Order of the Board
For SRM Energy Limited

Place: Mumbai,
Dated: October 18, 2013.

Sanjeevlata Samdani
Company Secretary



REPORT OF THE DIRECTORS

The Directors present herewith the Twenty Sixth Annual Report together with the Audited Standalone Accounts of the Company for the year ended March 31, 2013.

FINANCIAL RESULTS (Standalone)

₹ in Millions

Description	Year Ended 31-03-2013	Year Ended 31-03-2012
Other Income	-	-
Total Revenue	-	-
Loss before exceptional and extraordinary items and tax	(3.28)	(3.50)
Exceptional Items	-	-
Loss before extraordinary items and tax	(3.28)	(3.50)
Extra-ordinary Items	-	-
Loss before Tax	(3.28)	(3.50)
Tax Expense	-	-
Loss for the year	(3.28)	(3.50)

EFFECT OF SCHEME OF ARRANGEMENT :

As mentioned in the Annual Report for 2011-12, for the speedy implementation of the power project of the Company, the Board of Directors in their meeting held on May 22, 2012 had approved the Scheme of Arrangement (the '**Scheme**') under Section 391 to 394 of the Companies Act, 1956, for Hive off of "Cuddalore Power Division" to SRM Energy Tamilnadu Private Limited (SETPL), a wholly owned subsidiary of the Company with effect from April 01, 2012 (the "**Appointed Date**"). The shareholders of the Company had also approved the said Scheme in the Court Convened meeting held on September 28, 2012. The Hon'ble Bombay High Court had approved the said Scheme vide its order dated September 3, 2013.

In accordance with the said Scheme, the Cuddalore Power Division of the Company has been transferred to its Wholly Owned Subsidiary, SRM Energy Tamilnadu Pvt. Ltd. (SETPL) with effect from April, 1, 2012 (the "**Appointed Date**"). The orders of the High Court were filed with the Registrar of Companies, Mumbai on October 11, 2013 (the '**Effective date**'). In terms of the Scheme all the assets and liabilities of the Cuddalore Power Division of the Company at their respective Book Values as on 01.04.2012 and also all consents, approvals, sanctions, licenses, contracts pertaining to the Cuddalore Power Division of the Company have been transferred to SETPL. The transaction for the period from 1st April, 2012 to 31st March 2013 of the Cuddalore Power Division are deemed to have been carried on by the Company for and in trust and are treated as transactions of SETPL.

ALLOTMENT OF EQUITY SHARES BY SRM ENERGY TAMILNADU PVT. LTD.

As per the terms of the Scheme, the net consideration was satisfied by SETPL to the Company by allotment of 13,10,000 equity shares of ₹ 10 each, credited as fully paid up to the Company and payment of the balance amount of ₹ 27,151/- on October 18, 2013.

OPERATIONS :

The Company is in the process of setting up Thermal Power Projects at various locations more particularly in Maharashtra, Eastern India and Tamilnadu. The project at Tamilnadu is consisting of 3X660 MW i.e. 1980 MW capacity is being set up by the Wholly Owned Subsidiary SRM Energy Tamilnadu Pvt. Ltd. As such there are no other operations at present and the related expenses incurred during the current period are considered as pre operative expenses pending allocation to the power project.

As informed in the annual report of the last year, the paucity of funds, resulting from the Company not being able to proceed with the Proposed Rights issue, due to reasons beyond its control, has considerably slowed down the progress of the project. In addition, considering the prevailing power industry scenario in the country coupled with the slower pace of growth of the country as a whole, prospective investors have deferred their decisions on investments, which has further compounded the problems.

During the period the Company has received the necessary CRZ clearances for laying of the underground Sea Water Pipelines and overhead Coal Conveyors from the Ministry of Environment and Forests (MOEF) (IA Division) and also from the National Highways Authority of India, Ministry of Transports, Govt. of India.

The Company proposes to induct financial / strategic investor into the subsidiary to take care of the equity requirements. Subsequently, significant portion of the debt requirements is proposed to be met through loans from the Chinese Banks Consortium. For meeting the domestic debt requirements, the Company proposes to mandate one of the leading banks/ financial institutions.

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. Jayaram Shetty has been appointed as the additional Director on the Board of your Company with effect from October 18, 2013. As per the provisions of Section 260 of the Companies Act, 1956 Mr. Jayaram Shetty will hold office up to the date of the ensuing Annual General Meeting of the Company. Your Company has received the notice under section 257 of the Companies Act, 1956 together with the requisite deposit from a shareholder, in respect of Mr. Jayaram Shetty, proposing his appointment as the Director on the Board of the Company. The Resolution seeking approval of the members for their appointment as Director have been incorporated in the Notice Convening the Annual General Meeting.

Mr. Srinivasan Parthasarathy, Director of the Company resigned from the Board on August 01, 2013. 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. Gagan Deep Kumar Rastogi retires by rotation at the ensuing Annual General Meeting and being eligible, offer 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 are 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. However, a general exemption has been granted by the Ministry vide its General Circular No. 2/2011, dated - February 08, 2011 under section 212(8) of the Companies Act, 1956 for not attaching the said details.

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 exemption.

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, 2013 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 holding and subsidiary companies 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 holding company and of the subsidiary company concerned and a note to the above effect will be included in the annual report of the holding 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 the Securities and Exchange Board of India (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 2012-13 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 2013-14 will be within the limit prescribed under Section 224 (1-B) of the Companies Act,1956. The Board of Directors recommends their reappointment.

AUDITORS' OBSERVATIONS

Though the Company's networth has been substantially eroded and the Company has been incurring Cash Losses, the management is of strong view that the Company would turnaround with power project of the Wholly Owned Subsidiary getting operational. The Company also intends to restart the projects in Maharashtra and Eastern India. The Company's present assets are adequate to meet the liabilities. The promoters are also committed to provide necessary funding to meet the liabilities and have provided 2.42 million as unsecured loan till March 31, 2013. Accordingly, the accounts have been prepared on going concern basis.

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. 21 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: October 18, 2013.

Chairman

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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, 2013 as stipulated in Clause 49 of the Agreements of the said Company with stock exchanges in India.

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 Agreements.

On the basis of representation 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, 2013 no investor grievances are 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.

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

D.C.TANNA
Proprietor

Place: Mumbai,
Dated: October 18, 2013.

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 2013 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, and the steps taken or proposed to be taken to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit committee:
 - i) significant changes in internal control systems 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.

D. Sundararajan
Managing Director & CEO

Place: Mumbai,
Dated: October 18, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS :

The following management's discussion and analysis ("MDA") focuses on significant factors that affected SRM Energy and its subsidiary SRM Energy Tamilnadu Private Limited ("SRM" or the "Company") during the relevant period and to the date of this report. It contains a review and analysis of the financial results for the relevant period, identifies business risks that the Company faces and comments on the financial resources required for the development of its business.

FORWARD-LOOKING STATEMENTS:

The MDA 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:

During the Year 2012, the Global Economy registered a growth of 3.2% against the growth rate of 3.9% registered in the previous year on account of the continued Eurozone crisis and lower spending coupled with fiscal tightening by many developed countries. Among the Asian Countries China registered a growth of 7.8% against 9.3% in the previous year. The Indian economy registered a worst ever performance during the year ended March 2013 growing by just 5% against 6.5% in the previous year with current account deficit (CAD) of 4.8% against 4.2% in the previous year.

INDIAN POWER SECTOR:

It is an admitted fact that, an efficient power supply system is one of the main components of nation's economic growth leading to betterment of quality of life of its citizens. Assured availability of quality power at a reasonable cost apart from catering to economic development also enhances the competitiveness of the industrial sector leading to enhanced employment generation and per capita income. The economic growth of the country is closely linked to the growth of the power industry and as such it is imperative that all steps are taken to augment the capacity of power industry both in generation and transmission to achieve the desired growth rate of 8-9%.

As per the Planning Commission, a capacity addition of 88,537 MW has been planned from conventional sources for the 12th Five Year Plan with an investment of over Rs.15 lac crores in the Power Sector alone. In order to sustain growth of over 8%, India needs to increase its energy supplies by 4 times and an increase in power generation to about 8,00,000 MW by 2030-2031, which would mean capacity addition of around 20000 MW every year.

India had an installed capacity of 223,344 MW as on March 31, 2013, out of which Thermal Energy comprising of Coal, Gas and Diesel contributed 151,530 MW or 67.8% , followed by Hydro Power at 39491 MW or 17.7% and the other sources such as Nuclear and Renewable Energy contributed 32322 MW or 14.5% of the total generation capacity. Out of the total Thermal Capacity, Coal alone contributed 130221 MW or 58.1% of the total generation capacity (source: CEA Reports). During FY 2012-13 alone, the capacity addition was to the tune of 20623 MW, which was contributed by Thermal, Hydro and other sources as under:

Thermal - 20121 MW

Hydro - 501 MW

Even after significant capacity additions, many parts of the country still face substantial power cuts and per capita power consumption of the country at 879 units as on March 31, 2012, is one of the lowest among countries such as USA (11920 units), China (3494 units), Russia (6018 units) Malaysia (3214 units) and Brazil (2286 units). For the financial year ended March 2013, India faced a Peak Deficit of 12159 MW i.e. 9%. The Southern region faced the maximum deficit of 18.5%. In addition as per the 2011 census only around 55% of the rural households had access to electricity (source: Energy Statistics 2013, Ministry of Statistics)

In the recent past the growth of the power sector in India has slowed down considerably on account of land acquisition hassles, coal shortages etc. In addition the Transmission and Distribution Losses of more than 25% are also a cause for concern. Further since the projects invariably require huge amount of funding, raising of resources to meet such needs is also becoming a cause for concern for the industry.

Realising the importance of the Power sector the Govt. of India had taken a number of steps in the recent past to address the problems of the industry. Some of the measures proposed by the Govt. include meeting the stipulated demand for electricity through power generation using a mix of various energy sources including renewable energy, importing fuel to meet the short supply, improving better availability of old power plants by undertaking renovation and modernisation etc. In addition the Govt. had also undertaken financial restructuring of the ailing state distribution boards during the last year.

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 were not able to pass on the burden of such increased costs, which led to slow down in many projects. However, in June 2013, the Cabinet Committee on Economic Affairs (CCEA) has also allowed pass through for the costlier imported coal costs. This will enable hastening the power projects implementation and is also expected to attract further investments in the sector.

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.

HIVE OFF:

As mentioned in the Annual Report for 2011-12, for the speedy implementation of the power project of the Company, the Board of Directors in their meeting held on May 22, 2012 had approved the Scheme of Arrangement (the "**Scheme**") under Section 391 to 394 of the Companies Act, 1956, for Hive off of "Cuddalore Power Division" to SRM Energy Tamilnadu Private Limited (SETPL), a wholly owned subsidiary of the Company with effect from April 01, 2012 (the "**Appointed Date**"). The shareholders of the Company had also approved the said Scheme in the Court Convened meeting held on September 28, 2012. The Hon'ble Bombay High Court had approved the said Scheme vide its order dated September 3, 2013.

In accordance with the said Scheme, the Cuddalore Power Division of the Company has been transferred to its Wholly Owned Subsidiary, SRM Energy Tamilnadu Pvt. Ltd. (SETPL) with effect from April, 1, 2012 (the "**Appointed Date**"). The orders of the High Court were filed with the Registrar of Companies, Mumbai on October 11, 2013, (the "**Effective date**"). In terms of the Scheme all the assets and liabilities of the Cuddalore Power Division of the Company at their respective Book Values as on 01.04.2012 and also all consents, approvals, sanctions, licenses, contracts pertaining to the Cuddalore Power Division of the Company have been transferred to SETPL. The transaction for the period from 1st April, 2012 to 31st March 2013 of the Cuddalore Power Division are deemed to have been carried on by the Company for and in trust and are treated as transactions of SETPL.

The Company proposes to induct financial / strategic investor into the subsidiary to take care of the equity requirements. Subsequently, significant portion of the debt requirements is proposed to be met through loans from the Chinese Banks Consortium. For meeting the domestic debt requirements, the Company proposes to mandate one of the leading banks / financial institutions.

PROJECT AT CUDDALORE:

As stated in the last Annual Report, the paucity of funds, resulting from the Company not being able to proceed with the Proposed Rights issue, due to reasons beyond its control, has considerably slowed down the progress of the project. Considering the prevailing power industry scenario in the country coupled with the slower pace of growth of the country as a whole, prospective investors have deferred their decisions on investments, which has further compounded the problems.

The Company's applications for allotment of Govt. land entrapped in the project site are in advanced state of process with the authorities concerned and it is expected that the necessary allotments will be received shortly.

During the period the Company has received the necessary CRZ clearances for laying of the underground Sea Water Pipelines and overhead Coal Conveyors from the Ministry of Environment and Forests (MOEF) (IA Division) and also from the National Highways Authority of India, Ministry of Transports, Govt. of India.

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. The policies will be reviewed periodically and corrective actions taken wherever required, especially considering the volatility in currency movements. The Company will be exposed to Currency Risks both during the project implementation stage and operations. 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 operations, the Company will be exposed to currency as well as price risks since major portion of coal requirement is proposed to be met through imports.

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 transactions are properly authorised, accounted for and reported. Regular internal audits by an external Audit Firm gives more teeth to the internal control systems. 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, THREATS, RISKS AND CONCERNS:

Opportunities:

- a) Though the Per Capita power consumption has grown from 671.9 units in 2006-07 (end of the 10th

five year plan) to 879.22 units in 2011-12 (end of 11th five year plan), there still exists a huge gap between demand and supply in the country.

- b) According to the CEA, 88537 MW capacity addition is envisaged in the 12th five year plan out of which Thermal Power, Hydro power and other sources will constitute 72340 MW, 10897 MW and 5300 MW respectively, thus underlying the importance of Coal based generation.
- c) As per the planning commission estimates, the investments in the sector during the 12th five year plan is estimated in excess of Rs.15 lac crores, a major portion of which is expected from the private sector.
- d) Financial restructuring of the Distribution Companies (DISCOMS) was undertaken in the last year by the Govt. and the Finance Minister in his budget for 2013-14 has assured to strengthen the same. This will lead to better purchasing power for the DISCOMS and enable increased prices for the generators in the long run.
- e) The pass through mechanism for costlier imported coal, allowed by the CCEA in June 2013, is expected to compensate, the generators who are predominantly dependent on imported coal to meet their requirements.
- f) The Southern Region of the Country, where the project is coming up currently faces peak deficit of over 18%.

Threats, Risks and Concerns:

- a) Power Projects face major land acquisition hassles, coupled with stringent regulatory mechanism, leading to delays in obtaining clearances required for the project.
- b) Shortages/ delays in supply of Main and Balance of plant equipments.
- c) Exchange rate fluctuations the Indian Rupee has considerably depreciated against all major currencies thus increasing the project costs and funding requirements.
- d) Volatility in the international prices of coal leading to increased cost of imported coal coupled with unavailability of domestic coal.
- e) India has historically failed to meet its target for the sector. Against initial estimated capacity addition of 78000 MW for the 11th five year plan (which was subsequently revised downward to around 62000 MW in midterm review), the capacity addition during the plan period was only around 56000 MW.
- f) Considering the huge amount of funds required and the gestation period for the projects, financing of power projects is always a constraint.
- g) Lack of availability of skilled manpower.

OUTLOOK:

In spite of the fact that the installed capacity has grown considerably during the last five year plan period, many parts of the country still face substantial power shortages and blackouts as the consumption has grown at a faster pace. Several initiatives have been taken by the Govt. of India to encourage flow of more investments into the 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. Further initiatives such as imported coal cost pass through, extension of income tax benefits by one more year etc. are likely to attract more investments in the sector.

CORPORATE GOVERNANCE REPORT

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. Composition and category of Directors is as follows:

Name	Position
Mr. D. Sundararajan	Managing Director & CEO
Mr. Gagan Deep Rastogi	Promoter Director
Mr. Sudarshan K. Parab	Non-Executive Independent Director
Mr. Jayaram Shetty (2013)	Non-Executive Independent Director (Appointed w.e.f. October 18, 2013)
Mr. Srinivasan Parthasarathy	Non-Executive Independent Director (Resigned on August 01, 2013)

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. Gagan Rastogi	2	Yes	Nil	Nil
Mr. Sudarshan K. Parab	5	Yes	1	1
Mr. Srinivasan Parthasarathy (Resigned on August 01, 2013)	4	Yes	Nil	Nil
Mr. Jayaram Shetty (Appointed w.e.f. October 18, 2013)	N.A.	N.A.	N.A.	N.A.

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 as follows: April 09, 2012, May 22, 2012, July 25, 2012, October 19, 2012 and January 07, 2013.

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 reconstituted 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 (Resigned on August 01, 2013) |
| Mr. Jayaram Shetty | - | Member (Appointed w.e.f. October 18, 2013) |
- 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. The minutes of Audit Committee are placed before the Board.

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. The dates on which the meetings were held are as follows: April 09, 2012, July 25, 2012, October 19, 2012 and January 07, 2013.

B. Shareholders' and investors' grievance committee

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

Mr. D Sundararajan	-	Chairman
Mr. Sudarshan K. Parab	-	Member
Mr. Srinivasan Parthasarathy	-	Member (Resigned on August 01, 2013)
Mr. Jayaram Shetty	-	Member (Appointed w.e.f. October 18, 2013)

Terms of Reference: The Committee, inter-alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. This committee also deals the matters related to share transfer. 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 17 times. The dates on which the meetings were held are as follows: April 03, 2012, April 12, 2012, May 09, 2012, May 16, 2012, June 13, 2012, June 22, 2012, August 17, 2012, September 13, 2012, September 21, 2012, September 27, 2012, October 12, 2012, October 23, 2012, November 06, 2012, December 14, 2012, December 19, 2012, December 24, 2012, January 21, 2013.

C. Remuneration Committee

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

Mr. Sudarshan K. Parab	-	Chairman
Mr. Gagan Rastogi	-	Member
Mr. Srinivasan Parthasarathy	-	Member (Resigned on August 01, 2013)
Mr. Jayaram Shetty	-	Member (Appointed w.e.f. October 18, 2013)

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 has decided not to draw 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, 2013, to Whole Time Directors- Rs. Nil.

The non-executives Directors have opted not to take the sitting fees for the Board Meeting.

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, 2013, the company has only one wholly owned subsidiary Company viz. "SRM Energy Tamilnadu Private Limited".

The Minutes of the subsidiary company as well as statement of significant transactions and arrangements entered into by the unlisted subsidiary company is placed before the Board Meeting of the Company 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, 2013 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 24 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 exchanges 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 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:

Year	AGM	Location	Date	Time
2009-10	23rd AGM	Killachand Hall, IMC Building, IMC Marg, Church gate, Mumbai - 400020	May 17, 2010	11:30 a.m.
2010-11	24th AGM	The Banquet Hall, Hotel Atithi, 77A & B, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai - 400099	July 11, 2011	12.00 noon
2011-12	25th AGM	The Banquet Hall, Hotel Atithi, 77A & B, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai - 400099	September 28, 2012	11.00 a.m.
2011-12	Court convened Meeting	The Banquet Hall, Hotel Atithi, 77A & B, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai - 400099	September 28, 2012	11.30 a.m.

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.
2009-10	23rd AGM	N.A.
2010-11	24th AGM	N.A.
2011-12	Court convened Meeting	Pursuant to Sections 391 to 394 of the Companies Act, 1956 (the "Act"), regarding the Scheme of Arrangement between SRM Energy Limited and SRM Energy Tamilnadu Private Limited.
2011-12	25th AGM	N.A.

d. Extraordinary General Meetings (EGM)

No EGM was held during the last financial year.

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

On 18.05.2012 the following resolution(s) was passed through postal ballot during the last financial year.

Sl. No.	Particulars	Type of Resolution
1.	U/s 81(1A) for issue of Equity Shares on Right Basis.	Special Resolution
2.	Adjustment of the Share Application Money Received from the Promoter.	Special Resolution

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 2012- 2013)

Date and Time : December 09, 2013 at 12.00 noon.

Venue : Killachand Hall, IMC Building, IMC Marg, Church gate, Mumbai - 400020

2. Financial Calendar (Tentative and subject to change)

Financial Results for the Quarter ending June 30, 2013	on August 01, 2013
Financial Results for the Quarter ending September 30, 2013	on October 18, 2013
Financial Results for the Quarter ending December 31, 2013	on or before February 14, 2014
Financial Results for the Quarter ending March 31, 2014	on or before June 30, 2014
Annual General Meeting	on or before September 2014

3. Books closure date Monday, December 02, 2013
to
Monday, December 09, 2013
(both days inclusive).
4. Listing of Equity Shares Bombay Stock Exchange
5. (a) Stock Code: BSE Code-523222
- (b) Demat ISIN Numbers ISIN No. INE 173J01018
In NSDL/CDSL for Equity Shares:

6. Stock Market Data:

Months	Bombay Stock Exchange (BSE) (In Rs.)		Volume (No. of Shares)
	Month's High Price	Month's Low Price	
April 2012	18.90	16.00	1970
May 2012	17.00	15.40	20639
June 2012	16.80	13.35	2171
July 2012	13.90	12.06	968
August 2012	13.25	10.20	3,066
September 2012	11.95	9.20	4,662
October 2012	10.51	7.84	8,884
November 2012	11.97	9.00	7,424
December 2012	10.90	7.68	26,004
January 2013	9.45	7.00	7,872
February 2013	9.06	6.72	10,301
March 2013	9.03	7.40	310

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 : 022-66712151-2156
 Fax : 022-66712161

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, 2013

Categories	No. of Shares	%
Non Resident Indians/OCB	9097	0.10
Financial Institutions	0	0.00
Mutual Funds/UTI	305700	3.37
Bodies Corporate	6714870	74.12
Resident Individuals	2030333	22.41
Total	9060000	100.00

10. Investors' Correspondence

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

For shares held in physical form

Datamatics Financial Services Ltd,
 Plot No.B-5, Part B Cross Lane,
 MIDC, Andheri-East,
 Mumbai - 400093.
 Phone : 022-66712151-2156
 Fax : 022-66712161

For shares held in Demat form

To the depository Participant

B. Any Query on Annual Report

SRM Energy Limited,
 Regd. & Admin Office:
 54, 5th Floor, Bajaj Bhawan,
 226, Nariman Point,
 Mumbai - 400 021.

INDEPENDENT AUDITORS' REPORT

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, 2013, 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

The 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, 2013;
- (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:

- (a) Note 3 and 4 of the financial statements, regarding the reasons for restatement of the financial statements consequent upon Demerger of Cuddalore Power Division of the Company.

- (b) Note 29 of the financial statements. As stated therein, the Company's networth has been substantially eroded, However, the accompanying financial statements have been prepared on a going concern basis, after giving due considerations to all matters more fully explained in the aforesaid note.

Our opinion is not qualified in respect of the matter stated in (a) and (b) above.

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, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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
Firm Registration No.103523W

Atul Gala

Partner

Membership No. 048650

Place: Mumbai,
Date: October 18, 2013.

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, 2013]

- (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 off by the Company during the year.
- (ii) The Company did not hold 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 interest free loan from a party covered in the register maintained under Section 301 of the Companies Act, 1956 amounting to ₹ 277.00 million, out of which loan amounting to ₹ 274.58 is transferred to its wholly owned subsidiary as per the scheme of demerger. The balance amount of ₹ 2.42 million is considered as maximum amount outstanding during the year and the year-end balance.
- (c) In our opinion and according to the information and explanations given to us, terms and conditions for such interest free loan are not, prima facie, prejudicial to the interest of the Company.
- (d) The said loan is repayable on demand.
- (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 weaknesses in aforesaid internal control system of the Company.
- (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
- (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, maintenance of cost records is considered as applicable only upon commencement of commercial operations.
- (ix) (a) According to the information and explanations given to us, The Company is generally regular in depositing with appropriate authorities undisputed statutory dues of income-tax and other material statutory dues as applicable, with the appropriate authorities.
- (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 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	0.73	A.Y 2003-04 to 2006-07	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 no funds raised on short-term basis have been used for long-term investment.
- (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
Firm Registration No.103523W

Atul Gala
Partner

Membership No. 048650

Place: Mumbai,
Date: October 18, 2013.



BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.		As at 31.03.2013		As at 31.03.2012
			₹ million		₹ million
Equity and Liabilities					
Shareholder's Funds					
Share Capital	5	90.60		90.60	
Reserves and Surplus	6	<u>(78.67)</u>	11.93	<u>(75.39)</u>	15.21
Non-current Liabilities					
Long-term Provisions	7	-	-	<u>2.25</u>	2.25
Current Liabilities					
Short-term Borrowings	8	2.42		3.30	
Other Current Liabilities	9	0.36		504.43	
Short-term Provisions	7	-	2.78	0.21	507.94
TOTAL			<u>14.71</u>		<u>525.40</u>
Assets					
Non-current Assets					
Fixed Assets					
(a) Tangible Assets	10	-		109.12	
(b) Intangible Assets	11	-		30.00	
(c) Capital Work-in-Progress	12	1.08	1.08	234.13	373.25
Non-current Investments	13		0.10		0.10
Non-current Investments					
Suspense account	14		13.10		-
Long-term Loans and Advances	15		-		151.46
			<u>14.28</u>		<u>524.81</u>
Current Assets					
Cash and Cash Equivalents	16		0.40		0.47
Short-term Loans & Advances	15		0.03		0.12
			<u>0.43</u>		<u>0.59</u>
TOTAL			<u>14.71</u>		<u>525.40</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
Firm Registration No. 103523W

For and on behalf of the Board of Directors

Atul Gala
Partner
Membership No. 048650

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Place : Mumbai,
Date : 18.10.2013.

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V.P. Finance & CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the year ended 31.03.2013 ₹ million	For the year ended 31.03.2012 ₹ million
REVENUE			
Revenue From Operations			
Other Income		-	-
	Total Revenue	-	-
EXPENSES			
Other Expenses	17	3.28	3.50
	Total Expenses	3.28	3.50
Loss before exceptional and extraordinary items and tax		(3.28)	(3.50)
Exceptional Items		-	-
Loss before extraordinary items and tax		(3.28)	(3.50)
Extra-ordinary Items		-	-
Loss before Tax		(3.28)	(3.50)
Tax Expense			
1) Current		-	-
2) Deferred		-	-
		-	-
Loss for the year		(3.28)	(3.50)
Earnings Per Equity Share (₹)	26		
Basic		(0.36)	(0.39)
Diluted		(0.36)	(0.39)
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
Firm Registration No. 103523W

For and on behalf of the Board of Directors

Atul Gala
Partner
Membership No. 048650

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Place : Mumbai,
Date : 18.10.2013.

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V.P. Finance & CFO



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31.03.2013 ₹ million	For the year ended 31.03.2012 ₹ million
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(3.28)	(3.50)
ADJUSTMENTS FOR		
Interest and Finance Expenses	-	-
Interest Income	-	-
CWIP Written off	0.99	-
Sundry Balances Written off	0.02	-
OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES	(2.27)	(3.50)
ADJUSTMENT FOR		
Increase/(Decrease) in Other Current Liabilities	(0.21)	(2.80)
Increase/(Decrease) in Short-term Provisions	-	0.21
Increase/(Decrease) in Long-term Provisions	-	1.03
Decrease/(Increase) in Short-term Loans and Advances	(0.01)	0.11
Decrease/(Increase) in Long-term Loans and Advances	-	(0.30)
CASH (OUTFLOW) / GENERATED FROM OPERATIONS	(2.49)	(5.25)
Income Tax Refund/(Paid)	-	-
NET CASH (OUTFLOW) / GENERATED FROM OPERATING ACTIVITIES (A)	(2.49)	(5.25)
(B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets including CWIP and Capital Advances	-	(41.24)
Proceeds from Sale of Fixed Assets	-	0.02
Purchase of Non-current Investments in Subsidiary Company	-	-
Purchase of Current Investments	-	-
NET CASH USED IN INVESTMENT ACTIVITIES (B)	-	(41.22)
(C) CASH FLOW FROM FINANCE ACTIVITIES		
Share Application Money Received	-	53.06
Proceeds from Long-term Borrowings	-	-
Proceeds from Short-term Borrowings	2.42	-
Repayment of Short-term Borrowings	-	(5.80)
Interest and Finance Charges Paid	-	(0.88)
NET CASH FROM FINANCIAL ACTIVITIES (C)	2.42	46.38
(D) NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(0.07)	(0.09)
(E) CASH & CASH EQUIVALENTS - OPENING BALANCE	0.47	0.56
Less: Transferred to SETPL as per Scheme of Arrangement (Refer note no. -4)	-	-
(F) CASH & CASH EQUIVALENTS - CLOSING BALANCE	0.40	0.47

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103523W

For and on behalf of the Board of Directors

Atul Gala
Partner
Membership No. 048650

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Place : Mumbai,
Date : 18.10.2013.

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V.P. Finance & CFO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 in various parts of India particularly in Maharashtra and Eastern India.

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.

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 projects 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 projects. 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 to ascertain 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 investments. 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 assets 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, else recognized in the Statement of Profit and Loss.

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 capitalised, if related to project, else reconganised in the Statement of Profit and Loss in the period in which the service is rendered.

Employee benefits under defined benefit plans, such as gratuity, which fall due for payment 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 Company's obligations recognized in the Balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Leave Encashment are provided based on actuarial valuation made using projected unit method at the end of the financial year

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

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 Statement of Profit and Loss 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 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.

xiii Taxation

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of The Income Tax Act, 1961

Deferred tax resulting from “timing differences” between book and taxable profit is measured using the tax rates and laws that have been enacted or substantively enacted as on 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.

3 RESTATEMENT OF ACCOUNTS

The Board of Directors of the Company had approved the financials in their meeting held on 10th May 2013 and subsequently on the same day the auditors had also given their opinion on the same and issued their report thereon. In view of the orders of the Hon'ble Bombay High Court dated 3rd September 2013, (which was filed with the Registrar of Companies on 11th October 2013- the Effective date) approving the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for hive off of the Cuddalore Power Division to SRM Energy Tamilnadu Pvt. Ltd. (SETPL), a Wholly Owned Subsidiary of the Company with effect from 1st April 2012 (the "Appointed Date"), the Accounts have now been restated in the current year to give effect to the Scheme and are approved by the Board of Directors in their meeting held on October 18, 2013.

4 SCHEME OF ARRANGEMENT

- 4.1 In terms of the Scheme, all the properties, assets, consents, approvals, sanctions, licenses, contracts pertaining to the Cuddalore Power Division of the Company have been transferred to SETPL with effect from 1st April, 2012, the Appointed date and up to and including the Effective date on which the Cuddalore Power Division of the Company was duly transferred to SETPL as provided therein. The transaction for the period from 1st April, 2012 to 31st March, 2013 of the Cuddalore Power Division of the Company are deemed to have been carried on by the Company for and in trust and are treated as transaction of SETPL.
- 4.2 Accordingly all the assets and liabilities of Cuddalore Power Division of the Company at book value as on 01.04.2012 along with increase or decrease thereafter were transferred to and vested in SETPL. The book value of such assets and liabilities as on 31.03.2013 are as under :

₹ million			
Particulars	Book value as on 01.04.2012	Transactions Total from 01.04.2012 to 31.03.2013	Total transferred & vested in SETPL as on 31.03.2013
Assets related to Cuddalore Power Project			
Freehold Land	108.42	5.56	113.98
Other Tangible assets – movable (net)	0.70	(0.14)	0.56
Intangible assets – Goodwill	30.00	-	30.00
Capital Work-in-progress - Pre-operative expenses incurred for project pending capitalization	232.06	35.92	267.98
Capital Advances: paid for procurement of Land & to EPC Contractor	149.67	(5.21)	144.46
Demerger Expenses Recoverable	-	0.67	0.67
Security Deposit paid for Mumbai & Chennai office	1.79	-	1.79
Other advances – prepaid expenses	0.10	(0.09)	0.01
Imprest at Chennai	-	0.01	0.01
Advance to Sundry Creditors & Staff	-	0.05	0.05
Current Investments - HDFC Mutual Fund	-	0.41	0.41
Total Assets	522.75	37.17	559.92
Liabilities related to Cuddalore Power Project			
Short-term Borrowings – Inter Corporate Deposit from Sovinchem Industries Pvt., Ltd.	3.30	(3.30)	-
Loan from Subsidiary Company -SRM Energy Tamilnadu Pvt. Ltd.	-	106.40	106.40
Fund Received from holding Company – Spice Energy Pvt. Ltd. for the Cuddalore Power Project	498.20	(223.62)	274.58

Unsecured Loan from Director – Mr. Gagan Rastogi for the Cuddalore Power Project	-	160.20	160.20
Sundry Creditors for expenses	3.61	(3.15)	0.46
Provision for Expenses	1.36	0.02	1.38
TDS/Professional Tax Payable	0.69	(0.30)	0.39
Provision for Gratuity & Leave Encashment	2.46	0.92	3.38
Total Liabilities	509.62	37.17	546.79
Net Consideration	13.13	-	13.13

- 4.3 The net consideration is to be satisfied by SETPL by allotment of 1.31 million Equity Shares of ₹ 10/- each, credited as fully paid up and pay to the Company an amount of ₹ 27151/- towards balance consideration as per the Scheme. Accordingly, the Company has booked ₹ 13.10 million under Non Current Investment Suspense Account being the aggregate face value of equity shares to be received from SETPL and ₹ 27151/- is booked under Current Assets.
- 4.4 In view of completion of proceedings and approvals in respect of Scheme referred to above, necessary effect of the same has been given in these financial statements.

5 SHARE CAPITAL

	31.03.2013		31.03.2012	
	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

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
		31.03.2013	-
	31.03.2012	-	-
	31.03.2011	-	-
	31.03.2010	-	-
Issued pursuant to the Scheme of Amalgamation	31.03.2009	6.00	60.00

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

	31.03.2013		31.03.2012	
	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%

e Terms / rights attached to equity shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

6 RESERVES AND SURPLUS

	31.03.2013	31.03.2012
	₹ million	₹ million
Surplus/(Deficit) in the statement of Profit and Loss		
Balance as per last financial statements	(75.39)	(71.89)
Loss for the Current year	(3.28)	(3.50)
Balance at the end of the year	(78.67)	(75.39)

7 PROVISIONS

	Long-term		Short-term	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	₹ million	₹ million	₹ million	₹ million
Provision for employee benefit				
Provision for Gratuity	-	0.95	-	0.04
Provision for Leave Encashment	-	1.30	-	0.17
	-	2.25	-	0.21

8 SHORT TERM BORROWINGS

	31.03.2013	31.03.2012
	₹ million	₹ million
Inter Corporate Deposit from related party (Unsecured)	-	3.30
Spice Energy Private Limited (Unsecured & repayable on demand)	2.42	-
SRM Energy Tamilnadu Pvt. Ltd (Unsecured & repayable on demand)	-	-
	2.42	3.30

9 OTHER CURRENT LIABILITIES

Share Application Money pending Allotment (Received from Holding Company, Spice Energy Pvt. Ltd)	-	498.20
Sundry Creditors for Expenses	0.28	3.79
Provision for Expenses	0.07	1.70
Other Liabilities	0.01	0.74
	0.36	504.43

10 TANGIBLE FIXED ASSETS

₹ million

Particulars	Land	Furniture & Fixtures	Office Equipments	Computer	Total	Previous year
Gross Block						
As at 01.04.2012	108.42	0.23	0.56	0.80	110.01	87.18
Additions during the year	-	-	-	-	-	23.03
Sales/(discarded) during the year	-	-	-	-	-	0.20
Less: Transferred as per Scheme of Arrangement (refer note no.4)	108.42	0.23	0.56	0.80	110.01	-
As at 31.03.2013	-	-	-	-	-	110.01
Depreciation						
As at 01.04.2012	-	0.08	0.36	0.45	0.89	0.65
Provided during the year	-	-	-	-	-	0.27
On Sale/adjustment	-	-	-	-	-	0.03
Less: Transferred as per Scheme of Arrangement (refer note no.4)	-	0.08	0.36	0.45	0.89	-
As at 31.03.2013	-	-	-	-	-	0.89
Impairment Loss						
As at 01.04.2011	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
As at 31.03.2013	-	-	-	-	-	-
Net Block						
As at 01.04.2012	108.42	0.15	0.20	0.35	109.12	109.12
As at 31.03.2013	-	-	-	-	-	-

Depreciation and Amortisation for the year

Less: Transferred to Preoperative expenses pending allocation

Depreciation & Amortisation as per Profit and Loss Account

Current year ₹ million	Previous year ₹ million
---------------------------	----------------------------

- 0.27

- 0.27

- -

11 INTANGIBLE FIXED ASSETS

Current year ₹ million	Previous year ₹ million
---------------------------	----------------------------

Goodwill
Gross Block

As at 01.04.2012

30.00 30.00

Additions during the year

- -

Less: Transferred as per Scheme of Arrangement (refer note no.4)

30.00 30.00

As at 31.03.2013

- -

Amortisation

As at 01.04.2012

- -

Charge for the year

- -

As at 31.03.2013

- -

Net Block

As at 01.04.2012

30.00 30.00

As at 31.03.2013

- -



12 CAPITAL WORK IN PROGRESS

The Company is in the process of setting up the Thermal Power Projects in various parts of the Country, particularly in Maharashtra, Eastern India and Tamilnadu (Cuddalore). 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. During the year, the pre operative expenses as on 01.04.2012 related to Cuddalore Power Project have been transferred to the subsidiary company SRM Energy Tamilnadu Pvt. Ltd. as per the Scheme (Refer note no. 4).

Particulars	As at 31.03.2013	As at 31.03.2012
	(₹ million)	(₹ million)
i) Opening Balance	234.13	191.92
Less: Transferred as per Scheme of Arrangement (refer note no.4)	232.06	-
Less: Written off during the year	0.99	-
Add: Expenditure incurred during the current year		
Salaries and Perquisites	-	19.07
Staff Welfare Expenses	-	0.01
Legal & Professional Fees	-	14.91
Travelling & Conveyance Expenses	-	2.21
Telephone / Internet Expenses	-	0.60
Auditors' Remuneration (Refer Note no. 20 below)	-	0.22
Advertisement	-	0.01
Rent and Compensation	-	3.23
Vehicle Running Expenses	-	0.38
Repairs and Maintenance	-	0.01
Electricity Expenses	-	0.21
Printing & Stationery	-	0.41
Miscellaneous Expenses	-	1.02
Loss/Discard in Sale of Fixed Assets	-	0.15
Finance Cost	-	1.19
Depreciation & Amortisation	-	0.28
Total	-	43.91
Less : Dividend Income	-	-
Less : Profit on Sale of Fixed Assets	-	-
Less : Exchange Rate Difference Gain (net)	-	0.55
Less: Liabilities Written back	-	1.15
iii) Net Expenses for the year	-	42.21
Closing Balance (i - ii + iii)	1.08	234.13

13 NON CURRENT INVESTEMENT

	31.03.2013	31.03.2012
	₹ million	₹ 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 NON CURRENT INVESTEMENT SUSPENSE ACCOUNT

1.31 million (Previous year nil) Equity Shares to be issued by SRM Energy Tamilnadu Pvt. Ltd.(SETPL) of ₹ 10 each fully paid up as per Scheme of Arrangement (refer note no.4). The same is considered as "Non Current Investment Suspense account" as the process of allotment of shares by SETPL, is underway.

13.10	-
13.10	-

15 LOANS AND ADVANCES

	Long Term		Short Term	
	31.03.2013 ₹ million	31.03.2012 ₹ million	31.03.2013 ₹ million	31.03.2012 ₹ million
a Capital Advances				
Secured Considered good	-	-	-	-
Unsecured Considered good	-	149.67	-	-
	-	149.67	-	-
b Security Deposit				
Secured Considered good	-	-	-	-
Unsecured Considered good	-	1.79	-	-
	-	1.79	-	-
c Other Loans & Advances				
Unsecured Considered good				
Amount recoverable from Subsidiary - SRM Energy Tamilnadu Pvt. Ltd. as per Scheme of Arrangement (refer note no.4)	-	-	0.03	-
Advance Income Tax including TDS (net of Provision)	-	-	-	0.02
Prepaid Expenses	-	-	-	0.10
Advance to Sundry Creditors for Expenses	-	-	-	-
	-	-	0.03	0.12
Total (a+b+c)	-	151.46	0.03	0.12

16 CASH AND CASH EQUIVALENTS

	31.03.2013 ₹ million	31.03.2012 ₹ million
Balances with Banks in Current Account	0.38	0.46
Cash on Hand	0.02	0.01
	0.40	0.47

17 OTHER EXPENSES

Advertisement Expenses	0.10	0.07
Auditors' Remuneration (Refer Note no. 20 below)	0.13	0.72
Business Promotion Expenses	0.20	0.05
Postage, Telephone & Telex	0.05	0.08
Printing and Stationery	0.16	0.40
Legal and Professional Charges	1.20	1.22
Interest on TDS	-	0.34
Right Issue Expenses	0.04	0.26
Secretarial Service Charges	0.23	0.19
Sundry Balances Written Off	0.02	-
CWIP Written off	0.99	-
Miscellaneous Expenses	0.16	0.17
	3.28	3.50

18 CAPITAL AND OTHER COMMITMENTS

- i) Estimated amount of contract remaining to be executed on capital account net of advances paid as at 31/03/2013 : Nil (Previous year: Nil)

19 CONTINGENT LIABILITIES

- 19.1 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 - ₹ 0.73 million)
- 19.2 There has been an instance of non-compliance of Section 295 of Companies Act in 2007-08 for which compounding application has been filed with Company Law Board

20 AUDITORS' REMUNERATION (Refer Note no 12 and 17 above)

	31.03.2013 ₹ million	31.03.2012 ₹ million
Audit Fees (including limited review)	0.12	0.34
Certification and Other Fees	-	0.58
Out of Pocket Expenses	0.01	0.02
Total	0.13	0.94

21 EXPENDITURE IN FOREIGN CURRENCY

Travelling Expenses	0.04	0.20
---------------------	------	------

22 DISCLOSURE OF "EMPLOYEE BENEFITS" as per Accounting Standard 15 are as follows:

Defined Benefits Plans

Gratuity

	2012-13	2011-12
Actuarial Assumptions		
Discount Rate (Per Annum)	8.00%	8.25%
Rate of increase in compensation levels (Per Annum)	5%	5%
Expected average remaining lives of the employees (in no of years)	11	12
Attrition Rate	2%	2%

Particulars	₹ million 2012-13	₹ million 2011-12
-------------	----------------------	----------------------

I Change in Present Value of Obligation

Present value of defined benefits obligation as at the beginning of the year	0.99	0.46
Transferred to SRM Energy Tamilnadu Pvt. Ltd. as per the Scheme of Arrangement (refer note no.4)	(0.99)	-
Interest Cost	-	0.06
Current Service Cost	-	0.23
Benefits Paid	-	-
Actuarial (Gain) / loss on obligation	-	0.24
Present value of defined benefits obligation as at the end of the year	-	0.99

II Amount recognised in the Balance Sheet

Liability at the end of the year	-	0.99
Fair Value of Plan Assets at the end of the year	-	-
Difference	-	0.99
Unrecognised Past Service Cost	-	-
Unrecognised Transitional Liability	-	-
Amount recognised in the Balance Sheet	-	0.99

III Expenses recognised in the Pre-operative Expenses

Current Service Cost	-	0.23
Past Service Cost	-	-
Interest Cost	-	0.06
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

IV Balance Sheet Reconciliation

Liability at the beginning of the year	0.99	0.46
Transferred to SRM Energy Tamilnadu Pvt. Ltd. as per the Scheme of Arrangement (refer note no.4)	(0.99)	
Expenses as above	-	0.53
Employers' Contribution	-	-
Amount recognised in the Balance Sheet	-	0.99

V Disclosures as required under Para 120(n):

Particulars	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Present value of defined benefit obligation	-	0.99	0.46	0.23	0.16
Fair Value of Plan Assets	-	-	-	-	-
Surplus / (Deficit) in the Plan	-	(0.99)	(0.46)	(0.23)	(0.16)
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.

23 SEGEMENT REPORTING

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

24 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.
- 3) **Key Management Personnel :**
Gagan Rastogi 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		Enterprises where key management personnel & their relatives exercise significant influence	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Share Application Money Received	-	53.07	-	-
Share Application Money transferred to Unsecured Loan	498.20	-	-	-
Loan transferred to SRM Energy Tamilnadu Pvt. Ltd. as per the Scheme of Arrangement (refer note no.4)	498.20	-	3.30	-
Temp. Loan Received	2.42	-	-	-
Temp. Loans repaid	-	-	-	5.80
Interest Paid	-	-	-	1.19
Closing Balance:				
Share Application Money pending allotment	-	498.20	-	-
Loan Payable	2.42	-	-	3.30

Note: Please refer note no. 4 for transactions with wholly owned subsidiary -SRM Energy Tamilnadu Pvt. Ltd. as per the Scheme of Arrangement.

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

The Company had taken office premises under lease and license agreements against refundable interest free deposit. As per the Scheme of Arrangement (refer Note 4) the said leases have been transferred to the subsidiary SRM Energy Tamilnadu Pvt. Ltd. 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	31.03.2013 ₹ million	31.03.2012 ₹ million
Not later than one year	-	-
Later than one year but not later than five years	-	-

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

26 Earnings Per Share (EPS):

Particulars	31.03.2013 ₹ million	31.03.2012 ₹ million
Net Loss as per Profit and Loss Account (in ₹)	(3.28)	(3.50)
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 ₹)	(0.36)	(0.39)

27 Deferred Tax:

Particulars	Opening as on 01.04.2012	Adjustments during the year	Closing as on 31.03.2013
Deferred Tax assets			
Unabsorbed Depreciation	0.36	-	0.36
Unabsorbed Losses	18.16	0.99	19.15
Total	18.52	0.99	19.51
Deferred Tax Liability			
Depreciation	-	-	-
Total	-	-	-
Net Deferred Tax Asset	18.52	0.99	19.51

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

- 28** 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:

Particulars	₹ million	
	As at 31.03.2013	As at 31.03.2012
Principal amount remaining unpaid as at end of the year	-	0.56
Interest due thereon as at end of the year	-	-
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 period but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at end of the year	-	-
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.	-	-

29 Particulars of Derivative Instruments as at March 31, 2013 :

- 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 nil (previous year USD 0.10 million)
- 30** 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.

29 Going Concern

Though the Company's net worth has been substantially eroded and the Company has been incurring Cash Losses, the management is of strong view that that the Company would turnaround with power project of the Wholly Owned Subsidiary getting operational. The Company also intends to restart the projects in Maharashtra and Eastern India. The Company's present assets are adequate to meet the liabilities. The Promoters are also committed to provide necessary funding to meet the liabilities and have provided ₹ 2.42 million as unsecured loan till March 31, 2013. Accordingly, the accounts have been drawn under the going concern assumption. However, there is a material uncertainty based in the above facts that may cast significant doubt on the Company's ability to continue as a Going Concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

30 Previous year figures have been regrouped and rearranged wherever necessary. However, the previous year figures are not comparable since it includes figures of the Cuddalore Power Division, which has been since hived off to Company's Wholly Owned Subsidiary, as per the Scheme of Arrangement approved by the Hon'ble Bombay High Court.

31 Figures are rounded off to the million.

For and on behalf of the Board of Directors

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V. P. Finance & CFO

Place: Mumbai,
Date: 18.10.2013.

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, 2013
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, 2013 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) (0.69) (0.01)

For and on behalf of the Board of Directors

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V. P. Finance & CFO

Place : Mumbai,
Date : 18 October 2013.

INDEPENDENT AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SRM ENERGY LIMITED

To the Board of Directors of SRM Energy Limited

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, 2013, 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 mentioned in the 'Other Matter' paragraph 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, 2013;
- (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:

- (a) Note 2 of the financial statements, regarding the reasons for restatement of the financial statements consequent upon Demerger of Cuddalore Power Division of the Company.
- (b) Note 24 of the consolidated financial statements. As stated therein, the Company's net worth has been substantially eroded, however, the accompanying financial statements have been prepared on a going concern basis after giving due considerations to all matters more fully explained in aforesaid note

Our opinion is not qualified in respect of the matter stated in (a) and (b) above.

Other Matter

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of ₹ 559.29 million as at March 31, 2013, total expenditure of ₹ 0.69 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 in so far as it relates to the amounts included in respect of the subsidiary 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
Firm Registration No.103523W

Atul Gala
Partner
Membership No. 048650

Place : Mumbai,
Date : October 18, 2013.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.		As at 31.03.2013 ₹ million		As at 31.03.2012 ₹ million
Equity and Liabilities					
Shareholder's Funds					
Share Capital	3	90.60		90.60	
Reserves and Surplus	4	<u>(79.41)</u>	11.19	<u>(75.44)</u>	15.16
Non-current Liabilities					
Long-term Provisions	5	<u>3.17</u>	3.17	<u>2.25</u>	2.25
Current Liabilities					
Short-term Borrowings	6	543.60		3.30	
Other Current Liabilities	7	2.59		504.45	
Short-term Provisions	5	<u>0.21</u>	<u>546.40</u>	<u>0.21</u>	<u>507.96</u>
	TOTAL		<u>560.76</u>		<u>525.37</u>
Assets					
Non-current Assets					
Fixed Assets					
(a) Tangible Assets	8	114.54		109.12	
(b) Intangible Assets	9	30.00		30.00	
(c) Capital Work-in-Progress	10	<u>269.06</u>	<u>413.60</u>	<u>234.13</u>	373.25
Long-term Loans and Advances	11		<u>145.26</u>		<u>151.46</u>
			<u>558.86</u>		<u>524.71</u>
Current Assets					
Cash and Cash Equivalents	12		<u>0.44</u>		0.54
Current Investments	13		<u>0.41</u>		-
Short-term Loans & Advances	11		<u>1.05</u>		<u>0.12</u>
			<u>1.90</u>		<u>0.66</u>
	TOTAL		<u>560.76</u>		<u>525.37</u>
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
Firm Registration No. 103523W

For and on behalf of the Board of Directors

Atul Gala
Partner
Membership No. 048650

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Place : Mumbai,
Date : 18.10..2013.

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V. P. Finance & CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the year ended 31.03.2013 ₹ million	For the year ended 31.03.2012 ₹ million
REVENUE			
Revenue From Operations		-	-
Other Income		-	-
Total Revenue		<u>-</u>	<u>-</u>
EXPENSES			
Other Expenses	14	<u>3.98</u>	<u>3.52</u>
Total Expenses		<u>3.98</u>	<u>3.52</u>
Loss before exceptional and extraordinary items and tax		<u>(3.98)</u>	<u>(3.52)</u>
Exceptional Items		-	-
Loss before extraordinary items and tax		<u>(3.98)</u>	<u>(3.52)</u>
Extra-ordinary Items		-	-
Loss before Tax		<u>(3.98)</u>	<u>(3.52)</u>
Tax Expense		-	-
1) Current		-	-
2) Deferred		-	-
Loss for the year		<u>(3.98)</u>	<u>(3.52)</u>
Earning Per Equity Share (₹)	21		
Basic		<u>(0.44)</u>	<u>(0.39)</u>
Diluted		<u>(0.44)</u>	<u>(0.39)</u>
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
Firm Registration No. 103523W

For and on behalf of the Board of Directors

Atul Gala
Partner
Membership No. 048650

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Place : Mumbai,
Date : 18.10.2013.

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V. P. Finance & CFO



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	For The Year Ended 31.03.2013 ₹ million	For The Year Ended 31.03.2012 ₹ million
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(3.98)	(3.52)
ADJUSTMENTS FOR		
Pre-Operative Exps Written off	0.99	-
Sundry Balances Written off	0.02	-
OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES	(2.97)	(3.52)
ADJUSTMENT FOR		
Increase/(Decrease) in Other Current Liabilities	(3.61)	(2.79)
Increase/(Decrease) in Short-term Provisions	-	0.21
Increase/(Decrease) in Long-term Provisions	0.92	-
Decrease/(Increase) in Short-term Loans and Advances	0.71	0.11
Decrease/(Increase) in Long-term Loans and Advances	(0.80)	(0.30)
CASH (OUTFLOW) / GENERATED FROM OPERATIONS	(5.75)	(6.29)
Income Tax Refund/(Paid)	-	-
NET CASH (OUTFLOW) / GENERATED FROM OPERATING ACTIVITIES (A)	(5.75)	(6.29)
(B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets including CWIP and Capital Advances	(36.00)	(40.21)
Proceeds from Sale of Fixed Assets	-	0.02
Purchase of Current Investments	(0.41)	-
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(36.41)	(40.19)
(C) CASH FLOW FROM FINANCE ACTIVITIES		
Share Application Money Received	-	53.06
Proceeds from Short-term Borrowings	269.02	-
Repayment of Short-term Borrowings	(226.92)	(5.80)
Interest and Finance Charges Paid	(0.03)	(0.88)
NET CASH FROM FINANCIAL ACTIVITIES (C)	42.07	46.38
(D) NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(0.10)	(0.10)
(E) CASH & CASH EQUIVALENTS - OPENING BALANCE	0.54	0.64
(F) CASH & CASH EQUIVALENTS - CLOSING BALANCE	0.44	0.54

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103523W

For and on behalf of the Board of Directors

Atul Gala
Partner
Membership No. 048650

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Place : Mumbai,
Date : 18.10.2013.

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V. P. Finance & CFO

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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.

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.

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 **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.

x **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 Statement of Profit & Loss.

xi **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 capitalised if related to project else recongnised in the Statement of Profit & Loss in the period in which the service is rendered.

Employee benefits under defined benefit plans, such as gratuity which fall due for payment 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 Company's obligations recognized in

the Balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Leave Encashment are provided based on actuarial valuation made using projected unit method at the end of the financial year. Actuarial gains and losses are recognized immediately in the Statement of Profit & Loss.

xii **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.

xiii **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 Statement of Profit & Loss on a straight-line basis over the lease term.

xiv **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.

xv **Taxation**

- (i) Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of The Income Tax Act, 1961.
- (ii) Deferred tax resulting from “timing differences” between book and taxable profit is measured using the tax rates and laws that have been enacted or substantively enacted as on 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.
- (iii) 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.

xvi **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.

xvii **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.

xviii **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 **Restatement of Accounts**

The Board of Directors of the Company had approved the financials in their meeting held on 10th May 2013 and subsequently on the same day the auditors had also given their opinion on the same and issued their report thereon. Pursuant to the orders of the Hon'ble Bombay High Court dated 3rd September 2013, (which was filed with the Registrar of Companies on 11th October 2013- the Effective date) approving the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for hive off of the Cuddalore Power Division to SRM Energy Tamilnadu Pvt. Ltd. (SETPL), with effect from 1st April 2012 (the "Appointed Date"), the Accounts have now been restated in the current year to give effect to the Scheme and are approved by the Board of Directors in their meeting held on October 18, 2013.

3 **Share Capital**

	31.03.2013		31.03.2012	
	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
	31.03.2013	-	-
	31.03.2012	-	-
	31.03.2011	-	-
	31.03.2010	-	-
	31.03.2009	6.00	60.00

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

	31.03.2013		31.03.2012	
	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%

e Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

4 Reserves and Surplus

	31.03.2013	31.03.2012
	₹ million	₹ million
Surplus/(Deficit) in the statement of Profit and Loss		
Balance as per last financial statements	(75.44)	(71.92)
(Loss) for the Current Year	(3.98)	(3.52)
Balance at the end of the year	(79.41)	(75.44)

5 Provisions

	Long Term		Short Term	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	₹ million	₹ million	₹ million	₹ million
Provision for employee benefit				
Provision for Gratuity (Refer Note no.16)	1.44	0.95	0.04	0.04
Provision for Leave Encashment	1.73	1.30	0.17	0.17
	3.17	2.25	0.21	0.21

6 Short-term Borrowings

	31.03.2013	31.03.2012
	₹ million	₹ million
Inter Corporate Deposit from related party (Unsecured)	-	3.30
Loan From Directors (Unsecured & repayable on demand)	266.60	-
Spice Energy Private Limited (Unsecured & repayable on demand)	277.00	-
	543.60	3.30

7 Other Current Liabilities

Share Application Money pending Allotment (Received from holding Company, Spice Energy Pvt. Ltd.)	-	498.20
Sundry Creditors for Expenses	1.76	3.80
Provision for Expenses	0.43	1.70
Other Liabilities	0.40	0.75
	2.59	504.45

8 Tangible Fixed Assets

₹ million

Particulars	Land	Furniture & Fixtures	Office Equipments	Computer	Total	Previous year
Gross Block						
As at 01.04.2012	108.42	0.23	0.56	0.80	110.01	87.18
Additions during the year	5.56	-	0.07	0.02	5.65	23.03
Sales/(discarded) during the year	-	-	0.03	-	0.03	0.20
As at 31.03.2013	113.98	0.23	0.60	0.82	115.63	110.01
Depreciation						
As at 01.04.2012	-	0.08	0.36	0.45	0.89	0.65
Provided during the year	-	0.02	0.06	0.15	0.23	0.27
On Sale/adjustment	-	-	0.03	-	0.03	0.03
As at 31.03.2013	-	0.10	0.39	0.60	1.09	0.89
Impairment Loss						
As at 01.04.2012	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
As at 31.03.2013	-	-	-	-	-	-
Net Block						
As at 31.03.2013	113.98	0.13	0.21	0.22	114.54	
As at 01.04.2012	108.42	0.15	0.20	0.35	109.12	109.12

Depreciation and Amortisation for the year	0.23
Less: Transferred to Preoperative expenses pending allocation	(0.23)
Depreciation & Amortisation as per Statement of Profit & Loss	-

9 Intangible Fixed Assets

	Current year ₹ million	Previous year ₹ million
Goodwill		
Gross Block		
As at 01.04.2012	30.00	30.00
Additions during the year	-	-
As at 31.03.2013	30.00	30.00
Amortisation		
As at 01.04.2012	-	-
Charge for the year	-	-
As at 31.03.2013	-	-
Net Block		
As at 01.04.2013	30.00	30.00
As at 01.04.2012	30.00	30.00

10 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, besides evaluating opportunities in Maharashtra and Eastern India. 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:

Particular	As on 31.03.2013 ₹ million	As on 31.03.2012 ₹ million
i Opening Balance	234.13	191.93
Add: Expenditure incurred during the current year	-	-
Salaries and Perquisites *	18.06	19.07
Staff Welfare Expenses	0.07	0.01
Legal & Professional Fees	11.02	14.91
Travelling & Conveyance Expenses	1.55	2.21
Telephone / Internet Expenses	0.47	0.60
Auditors' Remuneration	0.23	0.22
Advertisement	0.03	0.01
Rent and Compensation	3.29	3.23
Vehicle Running Expenses	0.49	0.38
Repairs and Maintenance	0.02	0.01
Electricity Expenses	0.22	0.21
Printing & Stationery	0.59	0.41
Miscellaneous Expenses	0.70	1.02
Loss/Discard in Sale of Assets	-	0.15
Finance Cost	0.12	1.19
Depreciation & Amortisation	0.23	0.27
Total	37.09	43.90
Less : Dividend Income	0.02	-
Less : Exchange Rate Difference Gain (net)	0.34	0.55
Less: Liabilities Written back	0.81	1.15
Less: Pre-Operative Exps W/off	0.99	-
ii Net Expenses for the year	34.93	42.20
Closing Balance	(i+ii) 269.06	234.13

*includes Leave Encashment ₹ 0.46 million (current year) and ₹ 0.71 million (previous year)

11 Loans and Advances

	Long Term		Short Term	
	31.03.2013 ₹ million	31.03.2012 ₹ million	31.03.2013 ₹ million	31.03.2012 ₹ million
a Capital Advances				
Secured Considered good	-	-	-	-
Unsecured Considered good	144.46	149.67	-	-
	144.46	149.67	-	-

b Security Deposit				
Secured Considered good				
Unsecured Considered good	0.80	1.79	0.99	-
	0.80	1.79	0.99	-
c Other Loans & Advances				
Unsecured Considered goods				
Advance Income Tax including TDS (net of Provision)	-	-	-	0.02
Demerger Expenses Recoverable			-	
Prepaid Expenses	-	-	0.02	0.10
Loans and advances to Employees	-	-	0.01	-
Advance to Sundry Creditors	-	-	0.04	-
	-	-	0.06	0.12
Total (a+b+c)	145.26	151.46	1.05	0.12
12 Cash and Cash Equivalents			31.03.2013	31.03.2012
			₹ million	₹ million
Balances with Banks in Current Account			0.41	0.48
Cash on Hand			0.03	0.06
			0.44	0.54
13 Current Investment				
Balance in Liquid Funds			0.41	-
			0.41	-
14 Other Expenses			31.03.2013	31.03.2012
			₹ million	₹ million
Advertisement Expenses			0.10	0.07
Auditors' Remuneration			0.13	0.72
Business Promotion Expenses			0.20	0.05
Postage, Telephone & Telex			0.05	0.07
Printing and Stationery			0.16	0.40
Legal and Professional Charges			2.21	1.23
Interest on TDS			-	0.34
Right Issue Expenses			0.04	0.26
Secretarial Service Charges			0.23	0.19
Demerger Expenses			0.67	-
Sundry Balances Written off			0.02	-
Pre Operative exps Written off			-	-
Miscellaneous Expenses			0.17	0.17
			3.98	3.52
15 Capital and other commitments				
i) Estimated amount of contract remaining to be executed on capital account net of advances paid as at 31/03/2013 : Nil and as at 31/03/2012 : Nil				
ii) For commitment relating to lease arrangements, please Refer Note 19 below.				

16 Contingent Liabilities:

- 16.1 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 - ₹ 0.73 million)
- 16.2 There has been an instance of non-compliance of Section 295 of Companies Act in 2007-08 for which compounding application has been filed with Company Law Board :

17 Disclosure of "Employee Benefits" as per Accounting Standard 15 are as follows:

Defined Benefits Plans

Gratuity
Actuarial Assumptions

	2012-2013	2011-12
Discount Rate (Per Annum)	8.00%	8.25%
Rate of increase in compensation levels	5%	5%
Expected average remaining lives of the employees (in no of years)	11	12
Attrition	2%	2%

Particulars

₹ million 2012-13	₹ million 2011-12
----------------------	----------------------

Change in Present Value of Obligation

I Present value of defined benefits obligation as at the beginning of the year	0.99	0.46
Interest Cost	0.11	0.06
Current Service Cost	0.30	0.23
Benefits Paid	-	-
Actuarial (Gain) / loss on obligation	0.08	0.24
Present value of defined benefits obligation as at the end of the year	1.48	0.99

II Amount recognised in the Balance Sheet

Liability at the end of the year	1.48	0.99
Fair Value of Plan Assets at the end of the year	-	-
Difference	1.48	0.99
Unrecognised Past Service Cost	-	-
Unrecognised Transitional Liability	-	-
Amount recognised in the Balance Sheet	1.48	0.99

III Expenses recognised in the Pre-operative Expenses

Current Service Cost	0.30	0.23
Past Service Cost	-	-
Interest Cost	0.11	0.06
Expected Return on Plan Assets	-	-
Recognition of Transitional Liability	-	-
Net Actuarial (Gain)/Loss Recognised in the year	0.08	0.24
Total expenses recognised in the Preoperative Expenses	0.49	0.53

IV Balance Sheet Reconciliation

Liability at the beginning of the year	0.99	0.46
Expenses as above	0.49	0.53
Employers' Contribution	-	-
Amount recognised in the Balance Sheet	1.48	0.99

V Disclosures as required under Para 120(n):

Particulars	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Present value of defined benefit obligation	1.48	0.99	0.46	0.23	0.16
Fair Value of Plan Assets	-	-	-	-	-
Surplus / (Deficit) in the Plan	(1.48)	(0.99)	(0.46)	(0.23)	(0.16)
Experience adjustment on liability {loss/(gain)}	0.05	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.

18 Segment Reporting :

The Group is in the process of setting up Thermal Power Projects in Tamilnadu, Maharashtra and Eastern India, which in the context of AS-17 on ' Segment Reporting', constitutes single operating segment.

19 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 :**
Gagan Rastogi Director
D. Sundararajan Managing Director & CEO

B. Transactions with Related Parties

₹ million

Particulars	Holding Company		Key Management Personnel		Enterprise in which key management personnel and their relatives exercise significant influence	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Share Application Money Received	9.80	53.06	-	-	-	-
Share Application Money transferred to unsecured loan	508.00	-	-	-	-	-
Loans Repaid	245.20	-	-	-	3.30	5.80
Loans Taken	14.20	-	266.60	-	-	-
Interest Paid	-	-	-	-	0.10	1.19
Closing Balance:	-	-	-	-	-	-
Share Application Money Pending Allotment	-	498.20	-	-	-	-
Loan Payable	277.00	-	266.60	-	-	3.30

20 **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	31.03.2013	31.03.2012
	₹ million	₹ million

Not later than one year

-

-

Total lease payments recognised in the pre operative expenses during the period was ₹ 3.29 million (Previous Year : ₹ 3.23 million)

21 **Earnings Per Share (EPS):**

Particulars	31.03.2013	31.03.2012
	₹ million	₹ million
Net Loss as per Statement of Profit & Loss (in ₹)	(3.98)	(3.52)
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 ₹)	(0.44)	(0.39)

22 **Deferred Tax:**

Particulars	Opening as on 01.04.2012	Adjustments during the year	Closing as on 31.03.2013
Deferred Tax assets			
Unabsorbed Depreciation	0.36	0.06	0.42
Unabsorbed Losses	18.17	1.00	19.17
Total	18.53	1.06	19.59
Deferred Tax Liability			
Depreciation	-	-	-
Total	-	-	-
Net Deferred Tax Asset	18.53	1.06	19.59

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

23 In the case of capital advances amounting to ₹ 53 million paid to two parties, the Company has initiated Arbitration proceedings and is confident of recovering the advances paid. As such 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.

24 **Going Concern**

Though the Company's net worth has been substantially eroded and the Company has been incurring Cash Losses, the management is of strong view that that the Company would turnaround with Cuddalore power project getting operational. The Company also intends to restart the projects in Maharashtra and Eastern India. The Company's present assets are adequate to meet the liabilities. The Promoters are also committed to provide necessary funding to meet the liabilities and have provided ₹ 543.60 million as unsecured loan till March 31, 2013. Accordingly, the accounts have been drawn under the going concern assumption. However, there is a material uncertainty based in the above facts that may cast significant doubt on the Company's ability to continue as a Going Concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

- 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	(0.06)
Total Assets	106.44
Total Liabilities	106.44
Details of investment	-
Turnover	-
Profit/(Loss) before Taxation	(0.02)
Provision for Taxation	-
Profit/(Loss) after Taxation	(0.02)
Proposed Dividend	-

26 Particulars of Derivative Instruments as at March 31, 2013 :

- 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

D. Sundararajan
Managing Director & CEO

Gagan Rastogi
Director

Sanjeevlata Samdani
Company Secretary

Sridhar Krishnan
V. P. Finance & CFO

Place : Mumbai,
Date : 18.10 2013.

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 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 information's. Kindly provide us the following details. **You can also confirm the same on following email address(s):-**

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

I hereby submit the required details. In case of any change in it, I will forward you the same.

E-MAIL DETAILS

NAME	
FOLIO NO.(s)	
ADDRESS	
EMAIL ID	

Signature

THIS PAGE IS KEPT BLANK

 **SRM Energy** **SRM ENERGY LIMITED**

REGD. & ADMIN OFFICE : 54, 5TH FLOOR, BAJAJ BHAWAN, 226, NARIMAN POINT, MUMBAI 400 021
TEL. NO. 66168901 / 2 • FAX : 66168900

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 Sixth Annual General Meeting of the Company to be held on Monday, December 09, 2013 at 12.00 noon at Killachand Hall, IMC Building, IMC Marg, Church gate, Mumbai -400020.

Signed this _____ day of _____ 2013.

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 54, 5TH FLOOR, BAJAJ BHAWAN, 226, NARIMAN POINT, MUMBAI 400 021 not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.



CUT HERE

 **SRM Energy** **SRM ENERGY LIMITED**

REGD. & ADMIN OFFICE : 54, 5TH FLOOR, BAJAJ BHAWAN, 226, NARIMAN POINT, MUMBAI 400 021
TEL. NO. 66168901 / 2 • FAX : 66168900

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 Sixth Annual General Meeting of the Company to be held on Monday, December 09, 2013 at 12.00 noon at Killachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai-400020.

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.

CUT HERE



BOOK-POST

If undelivered, please return to :

DATAMATICS FINANCIAL SERVICES LTD.

UNIT:- SRM ENERGY LIMITED

Plot No.B-5, Part B Cross Lane, MIDC,

Andheri-East, Mumbai- 400 093.

Tel. No.: +91-22-66712151 / 2156