

**SOUTHERN ENERGY DEVELOPMENT  
CORPORATION LTD.**

**ANNUAL REPORT 2009 - 2010**

# SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.

## **Board of Directors**

K Srinivasan  
V Ramesh  
K Raghunandan  
K Balasubramanian

## **Secretary**

M C Gokul

## **Bankers**

ICICI Bank Ltd.  
Indian Bank  
HDFC Bank  
State Bank of India

## **Auditors**

Jagannathan & Sarabeswaran  
Chartered Accountants  
35 Luz Avenue  
Mylapore  
Chennai 600 004

## **Registered Office**

'Parry House'  
43 Moore Street  
Chennai 600 001

## **Power Plant**

Nallur  
Tiruvarur District  
Tamilnadu

## **SOUTHERN ENERGY DEVELOPMENT CORPORATION LIMITED**

### **REPORT OF THE DIRECTORS**

Your Directors have pleasure in presenting the twenty-fifth Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March 2010.

### **OPERATIONS**

The Company has successfully completed 10 successful years of operation. During this period the Company has generated an aggregate of 383.76 MU of power and has achieved an overall Plant Load Factor of 88%. Operated the Engines for 80647 hrs and achieved an overall Plant Availability Factor of 92%. During these years, the Company has consistently kept a track record of high dividend payoffs to its shareholders.

The Company in Feb 2009 bought back its shares thereby reducing the total Share Capital.

During the year, the following were the highlights in operations

- The company recorded the highest sale of power of Rs.1398 lakhs ever since inception of the plant.
- the Company had started wheeling of power to TPI
- The Company had signed the new gas supply agreement with ONGC valid for a period of ten years at APM price which was very crucial for the Company's continuation of business.
- The Company has obtained approval from TNEB for re-adjustment of the pending energy and
- installed the ABT metering arrangement.

Income from sale of power during the year was Rs. 1398 lakhs as against Rs.1224 lakhs in the previous year. Total income was Rs.1568 lakhs (previous year Rs.1332 lakhs). PAT for the year was at Rs. 510.47 lakhs, which has increased by 22% when compared to the last year.

The Company generated 399.91 Lakhs units of power during the year as against 408.28 Lakhs units of power generated previous year. The company continues to support the society and as a part of its CSR activities during the year, has reconstructed lavatories in the local Panchayath Union School at Nallur. The industrial relations remain cordial.

## APPROPRIATIONS

<b>Available for Appropriation</b>	<b>Rs. '000s</b>
Profit after tax	51047
Add : Balance brought forward from previous year	61,761
<b>Total</b>	<b>112808</b>
<b>Recommended appropriations</b>	
Transfer to General Reserve	5105
Dividend (Recommended)	34501
Dividend tax	5730
Balance carried forward	<b>67472</b>

## DIVIDEND

A dividend of Rs. 75/- per equity share of Rs. 10/- each has been recommended by the Board.

## DIRECTORS

During the year Mr. K Srinivasan retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

## AUDITORS

M/s Jagannathan & Sarabeswaran, Chartered Accountants and Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

## MISCELLANEOUS

There are no particulars to be disclosed under Section 217(2A) of the Companies Act, 1956 in respect of the particulars of employees and under Section 217(2)(e) of the Companies Act, 1956 in respect of conservation of energy, technology absorption and research and development. There was no foreign exchange earnings and outgo during the year.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- in the preparation of the Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2010 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed;

- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period;
- proper and sufficient care has been taken 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;
- the financial statements have been prepared on a going concern basis.

### **ACKNOWLEDGEMENTS**

The Board records its appreciation for the support received from ONGC, TNEB, Government Departments, banks, suppliers, customers and employees.

**On behalf of the Board**

Chennai  
26<sup>th</sup> April 2010

**s/d**  
**K Srinivasan**  
**Director**

**s/d**  
**V Ramesh**  
**Director**

**SOUTHERN ENERGY DEVELOPMENT CORPORATION LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS**

1. We have audited the attached Balance Sheet of M/s. SOUTHERN ENERGY DEVELOPMENT CORPORATION LIMITED as at 31 March 2010 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) 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;
  - (ii) 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;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 31<sup>st</sup> March 2010;
  - (b) in the case of the Profit and Loss Account, of the profit 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.



For JAGANNATHAN & SARABESWARAN  
Chartered Accountants

A handwritten signature in black ink, appearing to read "S. Balasubramanian", written over a horizontal line.

(S. BALASUBRAMANIAN)

PARTNER

M. NO. F 7415

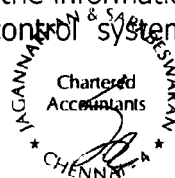
Place: CHENNAI  
Date: 26.04.2010

**SOUTHERN ENERGY DEVELOPMENT CORPORATION LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS**

Referred to in paragraph 3 of our report of even date:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has disposed off Fixed Assets, of minor value.
- (ii) (a) The inventory of stores and spare parts has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (iii) (b) The procedures of physical verification of inventory of stores and spare parts followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory of stores and spare parts. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iv) (a) The company has neither granted / taken loans from companies covered in the register maintained under section 301 of the Companies Act 1956.
- (b) As loans have neither been granted to / taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 the question of rate of interest and other terms and conditions being prejudicial to the interest of the company does not arise.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size



of the company and the nature of its business with regard to purchases of stores and spare parts, gas, fixed assets and with regard to the sale of energy. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

- (vi) (a) According to the information and explanations given to us, we are of the opinion that there have been no transactions during the year that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us and in view of observation in (v) (a) above, the question of examining whether the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time does not arise.
- (vii) The company has not accepted deposits from public. Hence the question of compliance with the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under with regard to the deposits accepted from the public does not arise.
- (viii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
- (x) (a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, electricity turn-over tax, excise duty and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, electricity turn-over tax and excise duty were in arrears, as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable other than that mentioned in schedule 12 notes on accounts point no 2.
- (xi) The company does not carry accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.



- (xii) During the year, the Company had no repayment obligation towards any dues to banks or financial institutions.
- (xiii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion, the company is not a chit fund or a *nidhi*/ mutual benefit fund/society. Therefore, the provisions of clauses 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- (xv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvii) The company has not raised any terms loans during the year.
- (xviii) 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.
- (xix) During the year, the company has not made any allotment of shares.
- (xx) During the year, the company has not issued any debentures.
- (xxi) During the year, the company has not raised money by public issue.
- (xxii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.



For JAGANNATHAN & SARABESWARAN  
Chartered Accountants

A handwritten signature in black ink, appearing to read "S. Balasubramanian".

(S. BALASUBRAMANIAN)

PARTNER

M. No. F 7415

Place: CHENNAI  
Date: 26.04.2010

<b>SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.</b>		
<b>BALANCE SHEET AS AT 31ST MARCH 2010</b>		
	Schedule	Rs in '000s
	No.	As at 31.03.2010
		As at 31.03.2009
<b>SOURCES OF FUNDS</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Capital	1	4,600
Reserves and Surplus	2	157,160
<b>TOTAL</b>		<b>161,760</b>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Gross Block		164,789
Less: Depreciation		163,449
Net Block	3	1,340
<b>INVESTMENTS</b>	4	177,223
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	5	
Inventories		3,972
Sundry Debtors		19,740
Cash and Bank Balances		564
Loans and Advances		3,319
		27,595
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>	6	
Current Liabilities		44,398
<b>NET CURRENT ASSETS</b>		<b>(16,803)</b>
		<b>161,760</b>
		<b>150,944</b>
Notes on Accounts	10 - 12	
For Jagannathan & Sarabeswaran Chartered Accountants		
<b>S. Balasubramanian</b> Partner <b>M No : F7415</b>		<b>K. Srinivasan</b> Director
		<b>V Ramesh</b> Director
Chennai 26th April 2010		<b>M C Gokul</b> Secretary

<b>SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.,</b>			
<b>PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010</b>			
		<b>Rs (000)</b>	
	<b>Schedule</b>	<b>For the Year</b>	<b>For the Year</b>
	<b>No.</b>	<b>ended 31.3.2010</b>	<b>ended 31.03.2009</b>
<b>INCOME</b>			
Energy sales		139,764	122,358
Other Income	7	17,098	10,815
		<b>156,862</b>	<b>133,173</b>
<b>EXPENDITURE</b>			
Raw material consumed		39,701	48,954
Wheeling & transmission Charges		10,179	2,645
Employee cost	8	5,135	4,747
Other costs	9	24,095	13,451
Depreciation		17,805	16,907
Provision for Bad & Doubtful debts			73
		<b>96,915</b>	<b>86,777</b>
<b>PROFIT BEFORE TAX</b>		59,947	46,396
Less: Provision for Taxation - Current Tax		8,900	4,305
- Fringe benefit Tax		-	100
<b>PROFIT AFTER TAX</b>		51,047	41,991
Add: Unappropriated profit from Previous year		61,761	56,679
Profit available for appropriation		<b>112,808</b>	<b>98,670</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		5,105	10,000
Interim dividend paid on equity shares		-	-
Final Dividend proposed on equity shares		34,501	23,000
Dividend tax			
- On Interim dividend		-	-
- On Final dividend		5,730	3,909
		-	-
		<b>40,231</b>	<b>26,909</b>
Balance carried over to Balance sheet		67,472	61,761
		<b>112,808</b>	<b>98,670</b>
Earnings per Share - Basic and Diluted ( Rs. ) - Face Value Rs. 10		<b>110.97</b>	<b>84.01</b>
Notes on Accounts		<b>10 - 12</b>	
For Jagannathan & Sarabeswaran Chartered Accountants			
<b>S.Balasubramanian</b> Partner M No : F7415		<b>K. Srinivasan</b> Director	<b>V Ramesh</b> Director
Chennai 26th April 2010		<b>M C Gokul</b> Secretary	

**SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.,****Cash Flow Statement**

For the year ended March 31, 2010

Rs (000)

	Current Year 31.3.2010	Current Year 31.3.2010	Previous Year 31.3.2009	Previous Year 31.3.2009
<b>A. Cash flow from operating activities</b>				
Net Profit before tax and extraordinary items		59947		46396
Depreciation	17805		16907	
Interest and Finance charges	0		0	
(Profit)/Loss on sale of Fixed assets	0		0	
Interest and Dividend received	(8496)		(10685)	
Reversal of Income Tax Provision	(211)		0	
Previous years' liabilities written back	0			
		9098		6222
Operating Profit before working capital changes		69045		52618
<b>Adjustments for :</b>				
Trade and other receivables	(81)		(9569)	
Trade payables	(7871)		4891	
Inventories	305	(7647)	718	(3959)
Cash generated from Operations		61398		48659
Direct Taxes paid	(8652)		(4685)	
Previous years' liabilities written back	0			
<b>Net Cash Flow from Operating activities after extraordinary items</b>		<b>52746</b>		<b>43974</b>
<b>B. Cash Flow from Investing activities</b>				
Purchase of Investments	(36049)		(224251)	
Sale of Investments	0		211464	
Purchase of Fixed Assets	(70)		(1714)	
Receipt of Loans given to third parties	0		0	
Inter Corporate deposit Paid	0		(50000)	
Sale of Fixed assets	0		0	
Dividend received	8244		8874	
Interest received	252		1811	
<b>Net Cash in Investing activities</b>		<b>(27623)</b>		<b>(53816)</b>
<b>C: Cash Flow from Financing activities</b>				
<b>Borrowings</b>				
Repayments on borrowings				
Loans repayt	0		0	
Buyback of shares	0		(21817)	
Inter Corporate deposit received back	0		0	
Interest paid	0		50000	
Dividend paid	(26909)		(23402)	
Net cash used in financing activities		(26909)		4781
<b>Net increase/ ( decrease ) in cash and cash equivalents</b>		<b>(1786)</b>		<b>(5061)</b>
Cash and cash equivalents opening balance:				
cash and bank balances	2350		7411	
Cash and cash equivalents closing balance:				
cash and bank balances	564		2350	
		(1786)		(5061)

Per our Report of even date

For Jagannathan &amp; Sarabeswaran

Chartered Accountants

**S.Balasubramanian**

Partner

M No : F7415

**K. Srinivasan**

Director

**V Ramesh**

Director

**M C Gokul**

Secretary

Chennai

26th April 2010

<b>SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.</b>		
		(Rs. in 000's)
	<b>As at</b>	<b>As at</b>
	<b>31.03.2010</b>	<b>31.03.2009</b>
<b><u>SCHEDULE 1</u></b>		
<b><u>SHARE CAPITAL</u></b>		
AUTHORISED		
1250000 ( Previous Year - 1250000 ) equity shares of Rs. 10 each	12,500	12,500
600000 ( Previous year - 600000) - 13% redeemable cumulative Preference Shares @ Rs. 100 each	60,000	60,000
	72,500	72,500
<b><u>ISSUED CAPITAL</u></b>		
1200040 ( Previous year 1200040 ) - equity shares of Rs 10 each	12,000	12,000
600000 ( Previous year 600000 ) 13% redeemable cumulative preference shares @ Rs 100 each	60,000	60,000
	72,000	72,000
<b><u>SUBSCRIBED AND PAID UP</u></b>		
500040 equity shares of Rs 10 each fully paid		
<b>Less:Shares bought back</b>	4,600	4,600
40032 shares of Rs 10 each have been bought back at a price of Rs 545 per share from the share holders pursuant to the offer for buy-back of shares made during the FY 08-09		
Of this, the Holding company M/s Carborundum Universal Ltd. held 389908 shares- (Prev year 389908)		
	4,600	4,600

SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.					
	Rs (000)				
	31.03.2010	Deductions	Additions		1.4.2009
<b>SCHEDULE 2</b>					
<b>RESERVES AND SURPLUS</b>					
General reserve	29,288	-	5,105		24,183
Capital Redemption Reserve	60,400	-	-		60,400
	89,688	-	5,105		84,583
Profit and Loss account	67,472	45,336	51,047		61,761
	157,160	45,336	56,152		146,344





**SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.**

Rs (000)

<b>SCHEDULE 5</b>	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
<b>Current Assets, Loans and Advances</b>		
<b>Inventories</b>		
Stores and Spare Parts ( at lower of cost and net realisable value )	3,972	4,277
<b>Sundry Debtors [ Unsecured ]</b>		
<b>Over six months</b>		
Considered Good	-	-
Considered Doubtful	-	73
	-	73
Less : Provision for Bad and Doubtful Debts	-	(73)
	-	-
<b>Others</b>		
Considered Good	19,740	19,863
	19,740	19,863
	19,740	19,863
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	7	8
<b>Bank balances</b>		
In Current A/C- with banks	168	97
In Current A/C- with other banks	389	373
- In term deposit account-Other banks	-	1,872
	564	2,350
<b>LOANS AND ADVANCES</b>		
<b>( Unsecured considered good )</b>		
Advances recoverable in cash or in Kind or for value to be received	1,276	1,074
Deposits	1,472	1,472
Advance Payments of Income Tax / Fringe Benefit Tax	19,545	14,472
Less: Provision for Taxation / Fringe Benefit Tax	18,974	13,864
	571	608
<b>TOTAL LOANS AND ADVANCES</b>	<b>3,319</b>	<b>3,154</b>
<b>SCHEDULE 6</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	4,167	12,039
Proposed Dividend (incl Dividend Distribution Tax)	40,231	26,909
	44,398	38,948

<b>SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD</b>		<b>Rs (000)</b>
	<b>For the Year ended 31.3.2010</b>	<b>For the Year ended 31.03.2009</b>
<b>SCHEDULE 7</b>		
<b>OTHER INCOME</b>		
Gain on switchover of mutual fund investments	468	-
Gain on redemption of mutual fund investments	-	377
Loss on redemption of mutual fund investments	-	(105)
Dividend (Gross from companies)	2,642	2,578
Dividend (Gross from Mutual funds)	5,133	6,024
Interest (Gross)	252	1,811
Miscellaneous Income	509	130
Provision no longer required	8,021	
Provision for doubtful debts/advances no longer required written back	73	
	<b>17,098</b>	<b>10,815</b>
<b>SCHEDULE 8</b>		
<b>EMPLOYEE COST</b>		
Salaries and Wages	4,106	3,732
Contribution to Provident and other funds	370	436
Welfare expenses	659	579
<b>TOTAL</b>	<b>5,135</b>	<b>4,747</b>
<b>SCHEDULE 9</b>		
<b>OTHER COSTS</b>		
Consumption of stores	13,498	4,973
Rates and taxes	684	313
Insurance	1,149	1,448
Repairs **		
Machinery	1,052	42
Buildings	87	100
	<b>1,139</b>	<b>142</b>
Auditors remuneration		
- Audit Fee	40	30
- For Tax Audit	10	10
- Other services	10	10
Travel and Conveyance	911	815
Freight, Delivery and Transport charges	57	25
Advertising and Publicity	33	51
Loss on sale of assets	-	-
Printing, Stationery and communication	645	93
General Service charges	1,579	2,391
Management Fees	2,400	2,692
Miscellaneous expenses	1,867	420
Bad Debts	73	38
Legal Expenses	-	-
	-	-
	<b>24,095</b>	<b>13,451</b>
	-	-

## SCHEDULE 10

### QUANTITATIVE PARTICULARS AS ON 31.03.2010

#### 1 CAPACITY, GENERATION AND TURNOVER

		31.03.2010	31.03.2009
INSTALLED CAPACITY	UNITS	43,800,000	43,800,000
( Based on available number of hours)	HOURS	8,760	8,760
ACTUAL UNITS GENERATED	UNITS	39,991,788	40,828,128
ACTUAL SALES NET OF WHEELING CHARGES AND INTERNAL CONSUMPTION	UNITS	35,052,405	31,921,075
ACTUAL SALES NET OF WHEELING CHARGES AND INTERNAL CONSUMPTION ( Refer Note No 13)	Rs.thousands	139,764	122,358

#### 2. RAW MATERIAL CONSUMPTION

		31.03.2010	31.03.2009
GAS CONSUMPTION ( Cubic Metre )		9,086,227	9,336,301
GAS CONSUMPTION VALUE	Rs.thousands	39,701	48,954

#### 3. CONSUMPTION OF STORE AND SPARES

	2009-10		2008-09	
	%	(Rs 000)	%	(Rs 000)
Imported	0		0	
Indigenous	100	13,498	100	4,973
<b>Total</b>		<b>13,498</b>	<b>100</b>	<b>4,973</b>

4. Expenditure in Foreign currency : (Rs in ' 000s)

Nil

Nil

## **SCHEDULE 11**

### **Accounting Policy**

i.) The Company maintains its accounts on accrual basis under the historical cost convention.

#### **ii) Fixed Assets and Depreciation**

Fixed assets are valued at Historical cost inclusive of freight, duties and taxes and all directly attributable expenses related to acquisition, installation, erection and commissioning.

Depreciation on Fixed Assets has been calculated on straight line basis based on useful life of the assets or at rates specified for similar method under Schedules XIV of the Companies Act, 1956, whichever is higher. According to the Company's management, the useful life of assets is ascertained as 10 years ending 31.3.2010 in line with the guaranteed life of the project.

The depreciation rates followed for different categories of assets are given below :

<b>Category of Assets</b>	<b>Rate of Depreciation</b>
Building	10%
Plant and Machinery - Normal	10%
Plant and Machinery - Continuous Process	10%
Furniture	10%
Computer	16.21%
Assets costing less than Rs. 5000	100%

In respect of assets acquired during the years subsequent to the year of commencement of production, depreciation has been provided on pro-rata basis with reference to date of acquisition and on the basis of balance period of the life of the project. Depreciation on assets sold is calculated upto date of sale.

#### **iii) Borrowing Costs**

Borrowing costs are capitalised as part of qualifying fixed asset till the date assets are put into use. All other borrowing costs are charged to Revenue.

#### **iv ) Inventories**

Stores and spares are valued at lower of cost and net realisable value.

#### **v) Investments**

Long term investments are valued at cost. The diminution, if any, in the value of investments stated at cost, is not recognised unless such diminution is considered permanent.

#### **vi ) Revenue Recognition**

- a) Revenues are recognised and expenses are accounted on their accrual with necessary provisions for all known liabilities and assets.
- b) Sales represents units generated and fed into the TNEB Grid and to the extent of credit given by TNEB in the respective user company's electricity bills and the units sold to TNEB.
- c) Dividend Income on Investments are accounted for when the right to receive the payment is established.

d) Investment gain / loss are recognised at the time of sale / redemption thereof.

#### **vii ) Retirement Benefits**

Contribution to secure retirement benefits in respect of Provident and Superannuation funds based on applicable statutes are charged to Revenue.

In respect of Gratuity benefits to employees, the same is funded through SBI LIFE INSURANCE

Super Annuation benefit to Staff have been contributed to LIC through holding company

Leave encashment benefit which is on retirement only to eligible employees is ascertained on the basis of actuals and provided for

#### **viii ) Miscellaneous Expenditure**

Preliminary expenses have been carried forward and is amortised over a period of five years from the date of commencement of commercial production.

#### **ix) Foreign Currency Transactions & Balances**

Transactions in Foreign currencies are accounted for in rupee terms at the relevant applicable exchange rates on the date of transactions. Foreign currency liabilities are converted at the year end rates and the resultant gain/loss, if any, are recognised accordingly in the accounts.

**SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD**

**SCHEDULE 12  
NOTES ON ACCOUNTS**

(Rs. in 000's)

<b>Notes to Balance Sheet</b>		<b>31.03.2010</b>	<b>31.03.2009</b>
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL
2	Contingent Liabilities: Claims against the Company not acknowledged as debt Electricity Tax on consumption & duty on generation demanded by Tamilnadu Electricity Board Less Amount of RS.11680 thousands Deposited in the High Court	35040	35040
3	Debtors include due by Holding Company Maximum amount due at any time during the year	9523 9735	5420 5748
4	No dues are pending to Small scale Industrial Undertaking Units (Previous year - Nil	NIL	NIL
<b>Notes on profit and loss account</b>			
5	Amount charged to revenue by way of depreciation of assets on straight line basis thereby bringing the value of all assets have become NIL ,except the land value as the project period has ended with 31.3.10	17805	16907
6	Decrease in cost of gas consumption this year was due to supplier agreeing to waive the demand for the price revision on the supply of natural gas	39701	48954
7	Provision no longer required credited to P&L a/c, Rs 8094 thousands consists of the following : a.) The provision made for the price escalation payable to ONGC in the earlier years on natural gas supply ,Rs 7883 thousands written back b) Provision for Income tax made reversed as under due to completion of IT assessment for the years concerned FY 03-04 - AY 04-05 - Rs 40 thousands FY 06-07 AY 07-08 Rs 170 thousands		
8	Prior to 1.1.09, wheeling charges to TNEB was adjusted in the number of units generated. From 1.1.09, the same is being paid to TNEB as transmission charges, scheduling & system operating charges . and wheeling charges wheeling and transmission charges pd during FY 09-10,was for 12 months FY 08-09 was for 3 months i.e. from 1.1.09 to 31.3.09	10179	2645
9	Contribution to Superannuation fund are funded with Life Insurance Corporation of India.	194	175
10	Deferred Taxes	NIL	NIL
11	Value of Imports on CIF basis:	NIL	NIL
12	Interest and finance charges on fixed loans	NIL	NIL
13	Segmental Disclosure : The company has only one segment of business viz. Power Generation and Distribution		
14	<b>Note on banked electrical energy with TNEB</b>  Units generated by the company are wheeled to the users thro' TNEB grids. Consequent to the Restricts and Control (R&C) measures imposed by TNEB, the credit for the wheeled power could not be availed by the users fully, there by resulting in 408770 units pending as banked energy with TNEB. The company has taken up the matter with TNEB for payment of Rs 899.039 thousands  The Sales revenue for the current year includes Rs 899039 being accrued portion of banked energy		
15	<b>Gratuity fund with SBILIFE Insurance as on 31.03.2010</b>	550	482
	Paid during the year 2008-09	482	482
	Provision required	68	
	Provision made		81
	Provision available	81	
	<b>So provision made during FY 09-10</b>	<b>NIL</b>	
<b>General</b>			
16	A new agreement was entered into with ONGC for supplies of natural gas w.e.f.9.12.09. The new agreement is valid for a period of 10 years		

**SEDCO**

Rs. In thousand

15 a. The Company has adopted the revised Accounting Standard 15(Revised) on Employee Benefits effective from .....	
b. The details of actuarial valuation in respect of Gratuity liability in respect of Company at 31st March 2010 are given below :	
i. Projected benefit obligation as at beginning of the year	408
Service cost	55
Interest cost	33
Actuarial (Gains) / Losses	54
Benefits paid	-
Projected benefit obligation as at end of the year	550
ii. Fair value of plan assets as at beginning of the year	487
Expected return on plan assets	39
Contributions	-
Benefits paid	-
Actuarial loss on plan assets	5
Fair value of plan assets as at end of the year	531
iii. <u>Amount recognised in the balance sheet :</u>	
Projected benefit obligation at the end of the year	550
Fair value of the plan assets at the end of the year	531
(Liability) / Asset recognised in the Balance sheet	(19)
iv. <u>Cost of the defined plan for the year :</u>	
Current service cost	55
Interest on obligation	33
Expected return on plan assets	39
Net actuarial (gains) / losses recognised in the year	49
Net cost recognised in the Profit and Loss account	98
v. <u>Assumptions :</u>	
Discount rate	8%
Expected rate of return	8%
<i>Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.</i>	

In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets.

**SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.**

**SCHEDULE 12 Contd.**

- 17 RELATED PARTY DISCLOSURES  
a. LIST OF RELATED PARTY AS PER AS 18

**SUBSIDIARIES - Para 3(a)**

**FELLOW SUBSIDIARIES**

- a CUMI America Inc., USA  
b Net Access (India) P Ltd.  
c Sterling Abrasives Ltd  
d CUMI Australia Pty Ltd., Australia  
e CUMI International Limited, Cyprus  
f CUMI Middle East FZE, Ras Al Khaimah, UAE  
g CUMI Canada Inc , Canada  
h OAO Volzhsky Abrasives Works, Russia  
i Foskor Zirconia (Pty) Ltd, South Africa  
j CUMI Fine Materials Limited

**HOLDING COMPANY**

Carborundum Universal Ltd.

**INVESTING PARTY IN RESPECT OF WHICH THE REPORTING ENTERPRISE IS AN**

**ASSOCIATE : PARA 3(b)**

NIL

**b. Transactions with Related Parties**

(Rs. in 000's)

	Fellow Subsidiaries	Holding company	Total 31.03.2010	Fellow Subsidiaries	Holding company	Total 31.03.2009
Income from Sales	-	86,705	86,705	-	60,089	60,089
Management service expenses	-	2,647	2,647	-	2,692	2,692
Medical Insurance premium	-	108	108	-	111	111
Mediclaim premium refund	-	-	-	-	-	-
Dividend Income from	-	2,449	2,449	-	2,449	2,449
Dividend Paid to	-	19,495	19,495	-	12,400	12,400
Inter corporate deposit paid & received	-	-	-	-	50,000	50,000
Interest received	-	113	113	-	1,658	1,658
Advance received & adjusted against sales Invoices from CUMI	-	13,648	13,648	-	2,500	2,500
Debtors	-	9523	9,523	-	5420	5,420

**18 Notes to Earnings per Share**

Information relevant for Earnings per share [EPS] - Accounting Standard 2C

- a. There are no potential equity shares and hence the basic and diluted EPS are the same  
b. Numerator: The company has only one class of equity share, hence the profit after tax and preference dividend, if any is used for computation of EPS without any adjustment.  
c. Denominator: Weighted average number of equity shares arrived at after adjusting the time factor

	31.03.2010 Nos	31.03.2009 Nos
No. of Equity shares at the beginning	460,008	500,040
No. of Equity shares at the end of the year	460,008	460,008
Weighted average No. of Equity Shares	460,008	499,821

**19** Previous year figures have been regrouped wherever necessary to conform to current year's classification.

Signatories to Schedules 1 to 12

For Jagannathan & Sarabeswaran  
Chartered Accountants

**S.Balasubramanian**  
Partner  
M No : F7415

Chennai  
26th April 2010

**K. Srinivasan**  
Director

**V Ramesh**  
Director

**M C Gokul**  
Secretary

**SOUTHERN ENERGY DEVELOPMENT CORPORATION LTD.**

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	12425
Balance Sheet Date	31.3.2010
Status Code	18

II. Capital raised during the year:

Public Issue	NIL
Bonus Issue	NIL
Rights Issue	NIL
Private Placement	NIL

III. Position of mobilisation and deployment of funds:

	(Rs. in 000's)
Total Liabilities	161,760
Total Assets	161,760

**Sources of Funds**

Paid up Capital	4,600
Reserves & Surplus	157,160
Unsecured Loans	
	<b>161,760</b>

**Application of Funds**

Net Fixed Assets	1340
Investments	177223
Net Current Assets	-16803
Miscellaneous Expenditure	
	<b>161760</b>

IV. Performance of the Company :

Turnover	156862
Total Expenditure	96915
Profit before Tax	59947
Profit after Tax	51047
Earnings Per Share	110.97

**Dividend % :**

Preference	Nil
Equity	750%

V. Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)

Item Code No. (ITC Code): 999300.1

Product Description : Generation of Electricity

For Jagannathan & Sarabeswaran  
Chartered Accountants

**S. Balasubramanian**  
Partner  
M No : F7415

Chennai  
26th April 2010

**K. Srinivasan**  
Director

**V Ramesh**  
Director

**M C Gokul**  
Secretary