

TARINI INFRASTRUCTURE LTD.
D-2, AMAR COLONY, LAJPAT NAGAR-IV
NEW DELHI

EIGHTH ANNUAL REPORT

2011-2012

STATUTORY AUDITOR

VCG & CO.
CHARTERED ACCOUNTANTS
203, KUSAL BAZAR, 32-33,
NEHRU PLACE, NEW DELHI-110019

TARINI INFRASTRUCTURE LIMITED

Registered office: D-2, First Floor, Amar Colony, Lajpat Nagar - IV, New Delhi - 110024

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of **TARINI INFRASTRUCTURE LIMITED** will be held on Saturday, September 29, 2012 at 10.00 A.M. at its Registered Office at D-2, First Floor, Amar Colony, Lajpat Nagar - IV, New Delhi - 110024 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the Year ended 31st March' 2012 and the Balance Sheet as on that Date, together with the Report of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Mr. Vellore Subramanian Saravanan who is retiring by rotation and being eligible, offers himself to be re-appointed.
3. To appoint **M/s. V C G & CO.**, Chartered Accountants, New Delhi, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.
4. To appoint **M/s BANSAL MANISH & CO.**, Company Secretaries, New Delhi as Secretarial Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

Date: 03.09.2012
Place: New Delhi

By Order of the Board


Deepak Gupta
(Company Secretary)

NOTES (forming part of the Notice):

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.

TARINI INFRASTRUCTURE LIMITED

Registered office: D-2, First Floor, Amar Colony, Lajpat Nagar - IV, New Delhi - 110024

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Eighth Annual Report and Audited Accounts for the year ended March 31st, 2012.

OPERATIONS & FUTURE PROSPECTS:

During the year the company has achieved the Turnover of Rs. 6,67,37,748/- from the sale of electricity to GUVNL from its 3 MW Damanganga Small Hydro Project I in Gujarat

The company envisages a fruitful year ahead as the 2.65 MW Daman Ganga Small Hydro Power Project II shall also be commissioned by end of January 2013 earning valuable additional revenue of approx. 55 / 60 Lakhs per month by the sale of electricity to the Gujarat Urja Vikas Nigam (GUVNL), Govt. of Gujarat . The additional revenue will be utilized for future growth and remedies of your company.

The Company is poised to further expand and strengthen its hydro business avenues in Gujarat by way of taking up implementation of 4.5 MW Sabarmati HEP in Gujarat by beginning of year 2013 (Subject to statutory clearances). The Memorandum of Understanding (MOU) has already been signed for this prestigious project with the Govt. of Gujarat and the Detailed Project Report (DPR) has been complied and submitted to the concerned Govt. Dept. for approval.

On the Transmission & Distribution (T&D) front, the company, has been successfully in joining hands with world renowned Isolux Group (Spain) execution of major T&D Projects in Mozambique and Tanzania. The projects are in final negotiation stage.

DIVIDEND:

Your Directors didn't recommend any dividend for the financial year 2011-12.

FIXED DEPOSITS:

During the year under report, your Company did not accept any deposits from the public in terms of Section 58A of the Companies Act, 1956.

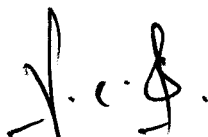
DIRECTORS:

In accordance with the Article 107 of the Articles of Association of the Company read with section 255/256 of the Companies Act, 1956, Mr. Vellore Subramanian Saravanan retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment to the office of the Directors on the Board of your Company.

STATUTORY AUDITORS:

The Auditors Report along with Accounts and their Notes are self-explanatory and do not require any further explanation or clarification.

The Auditors of the Company *M/s. V C G & CO.*, Chartered Accountants, New Delhi, retire at the ensuing Annual General Meeting and have given their consent for re-appointment. A certificate under Section 224(1) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.



COST AUDITOR:

As required under the Companies Act, the Company has appointed **M/S HMVN & ASSOCIATES** as the Cost Auditors for its Power Generation units "Daman Ganga- I (3MW) and Daman Ganga- II (2.6MW) for the year 2011-12.

SECRETARIAL AUDITORS:

Towards the good gesture and strict adherence to the timely compliances and commitment for excellence, the Board of Directors of your Company appointed **M/S BANSAL MANISH & CO.**, Company Secretaries, New Delhi as Secretarial Auditors of the Company.

CORPORATE GOVERNANCE & SOCIAL RESPONSIBILITY:

Your Company was basically in the business of Generation of hydro power and erection of Electric transmission lines and substation along with the consulting business in hydro power projects. It has started to develop corporate culture with the aim towards achieving social responsibilities. Your company being environment conscious and concerned towards global warming has decided to stay in generation of electricity through renewable energy resources only. Small and medium Hydro Projects being the focus of the company contributes towards green energy or called renewable clean energy i.e. power without any pollution. Even during the construction phase of Daman Ganga Power plants your company took adequate measures not to cut any trees and achieved an impossible feat of not cutting even a single tree for such a large scale project.

PARTICULARS OF EMPLOYEES:

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the operation of the Company. During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended by the Company's (Amendment) Act, 1988 and hence no particulars are required to be disclosed in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO:

As the Company is not carrying out any manufacturing activities, the issues relating to conservation of energy and technology absorption are not quite relevant to its functioning.

| | <u>2011-12</u> | <u>2010-11</u> |
|----------------------------------|----------------|----------------|
| Foreign Exchange earning (Rs.) - | NIL | NIL |
| Foreign Exchange outgo (Rs.) - | NIL | NIL |

INDUSTRIAL RELATIONS:

The industrial relation during the year under reporting at all levels remained cordial. Your Directors' applaud the excellent contribution and efforts made by employees of the Company.



DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirmed the following in respect of the Audited Annual Accounts for the financial year ended on 31st March, 2012:

- (i) That in preparation of the annual accounts, the applicable accounting standards has been followed.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on 31st march, 2012 and the profit of the Company for the year ended on that date.
- (iii) That the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing and detecting frauds and other irregularities.
- (iv) The annual accounts have been prepared on a "going concern" basis.

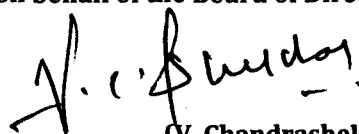
ACKNOWLEDGEMENT:

Your Directors' wish to place on record their appreciation for the assistance and co-operation that your Company received from the Company's bankers, advisor, customer and all others whose continued support has been a source of strength to the Company. Your Directors also wish to place on record their sincere appreciation for the devotion and dedicated efforts put in by the employees at all levels.

Date: 03.09.2012

Place: New Delhi

For and on behalf of the Board of Directors



(V. Chandrashekhar)
Chairman

VCG & Co.

Chartered Accountants

AUDITORS' REPORT

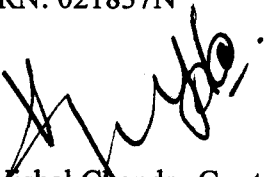
TO THE MEMBERS OF TARINI INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of TARINI INFRASTRUCTURE LIMITED as at March 31, 2012 and also the Profit & Loss statement and 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. These standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 the 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 annex hereto a statement for the year ended March 31, 2012 on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure to in paragraph 3 above, we state that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 these books;
 - c) the Balance Sheet, Profit & Loss statement and Cash Flow statement referred to in this report, are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Profit & Loss statement and Cash Flow statement referred to in this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;



- e) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant accounting policies and notes thereon, 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:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Profit and Loss statement, of the profit of the company for the year ended March 31, 2012.
 - iii) in the case of Cash Flow statement of the cash flows of the company for the year ended March 31, 2012.

For V C G & Co.
Chartered Accountants
FRN: 021837N


(Vishal Chandra Gupta)
M. No. 92908
Partner



New Delhi, September 3, 2012

VCG & Co.

Chartered Accountants

(Annexure referred to in paragraph 3 of the Auditors' report to the Members of Tarini Infrastructure Limited on the financial statements for the year ended March 31, 2012)

- 1 a) The Company is maintaining fixed assets records to show full particulars including quantitative details and situation of fixed assets.
b) According to the explanations and information given to us, the fixed assets are periodically verified by the management.
c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the company during the year
- 2 a) As per information and explanations provided to us, the company does not have any inventory, therefore, the provisions of clauses 4(ii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 3 a) According to the information and explanations given to us, the company has granted interest free loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act, 1956. The amount aggregating to Rs.62.27 Lacs was outstanding at the year end from 3 persons (Maximum amount during the year Rs. 62.27 Lacs from 3 persons). In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
b) According to the information and explanations given to us, the company has taken Interest free loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act, 1956. The amount aggregating to Rs. 104.93 Lacs was outstanding at the year end from 5 persons (Maximum amount during the year Rs. 230.02 Lacs from 5 persons). In our opinion, the terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company. In respect of the aforesaid loan, there is no stipulation on the period within which such loan is repayable.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, services and fixed assets and with regard to sale of goods / services. Further on the basis of our examination and according to the information and explanation given to us, we have neither come across nor have been informed of any instance or major weaknesses in the aforesaid internal control system.
- 5 a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of Companies Act, 1956 and exceeding rupees five lakhs in respect of any party during the year. As explained by the management these transactions have been made at prevailing market prices at the relevant time.



- 6 In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public. Consequently, the provisions of section 58A and 58AA of the Companies Act, 1956 the Companies (Acceptance of deposits) Rules, 1975 are not applicable.
- 7 In our opinion, the Company has internal audit system during the year commensurate with its size and its business.
- 8 We have broadly reviewed the books of account relating to material, labour and other items of cost 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.
- 9
 - a) According to the records of the company and information and explanation given to us, the Company, during the year, has generally been regular in depositing the undisputed statutory dues with the appropriate authorities. There are no undisputed statutory dues as referred to above as of March 31, 2012 outstanding for the period of more than six months from the date they became payable.
 - b) As on March 31, 2012 according to the information and explanations given to us, and records of the company, there were no disputed amounts payable in respect of Income-tax, wealth tax, sales tax, service tax, customs duty and excise duty and cess matters that have not been deposited by the company.
- 10 The Company does not have accumulated losses at the end of the financial year March 31, 2012. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2012 and in the immediately preceding financial year.
- 11 *According to the records of the company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions and banks during the year. The dues comprising principal amounting to Rs. 338.62 Lacs became due and unpaid for the full year and interest amounting to Rs 126.23 Lacs became due and unpaid for 3 months as at March 31, 2012.*
- 12 According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, paragraph 4(xii) of the order is not applicable.
- 13 In our opinion, as the company is not a chit fund/ nidhi / mutual benefit fund / societies. Therefore, paragraph 4(xiii) of the order is not applicable.
- 14 In our opinion, as the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, paragraph 4(xiv) of the order is not applicable.
- 15 According to the information and explanations given to us, company has not given any guarantees for loans taken by other companies from banks or financial institutions. Therefore, paragraph 4(xv) of the order is not applicable.
- 16 According to the information and explanations given to us, the term loans taken have been applied for the purpose for which they were raised.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that short term funds have not been used during the year to finance long term investments.
- 18 The company has not made any preferential allotment of shares during the year.
- 19 The Company has not issued any debentures during the year.



- 20 The Company has not raised money by way of public issue during the year.
- 21 Based upon the audit procedures performed and the information & explanations given to us, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2012.

For V C G & Co.
Chartered Accountants
FRN: 021837N

(Vishal Chandra Gupta)
M. No. 093908
Partner

New Delhi, September 3, 2012





TARINI

Tarini Infrastructre Limited

Cash Flow Statement for the year ended March 31, 2012

(Amount in Rs.)

| Particulars | As at March 31,2012 | As at March 31,2011 |
|--|------------------------|------------------------|
| A. Cash flow from Operating Activities | | |
| Profit after Tax | 429,143 | 257,521 |
| Adjustments for: | | |
| Depreciation | 19,343,461 | 17,333,499 |
| Interest expenses | 22,768,060 | 11,495,870 |
| Interest income | (372,505) | (957,798) |
| Operating profit before working capital changes | 42,168,159 | 28,129,092 |
| Working Capital Changes | | |
| Decrease/(Increase) in current assets | (5,685,029) | 27,056,137 |
| Increase/(Decrease) in current liab | (6,378,250) | (2,486,821) |
| Cash flow from Operating Activities (A) | 30,104,880 | 52,698,408 |
| B. Cash flow from Investing Activities | | |
| Purchase of fixed assets | (580,625) | (367,994,484) |
| Capital expenditure pending allocation | (17,244,911) | 319,638,363 |
| Investment purchase | 6,800,000 | (17,388,999) |
| Interest Income | 372,505 | 957,798 |
| Increase in pre-operative Exp | (2,796,175) | (103,680) |
| Cash flow from Investing Activities (B) | (13,449,206) | (64,891,002) |
| C. Cash flow from Financing Activities | | |
| Proceeds from issue (including share premium, net of issue expenses) | - | 73,737,430 |
| Proceeds from Share Application Money pending allotment | - | 20,064,000 |
| Proceeds/(Repayment) of secured Loan | 4,157,314 | (35,021,689) |
| Proceeds/(Repayment) of unsecured Loan | (840,535) | (31,761,952) |
| Interest exp | (22,768,060) | (11,495,870) |
| Cash flow from Financing Activities (C) | (19,451,281) | 15,521,919 |
| Net Increase In Cash & Cash Equivalents (A+B+C) | (2,795,607) | 3,329,325 |
| Opening cash & cash equivalents | 4,259,672 | 930,347 |
| Closing cash & cash equivalents | 1,464,065 | 4,259,672 |

As per our report of even date attached.

For V C G & CO.

Chartered Accountants

FRN - 021837N

(Vishal Chandra Gupta)

Partner

Membership No. 093908

New Delhi

Date: September 3, 2012



FOR AND ON BEHALF OF THE BOARD

V. Chandrashekar
Vakamulla Chandrashekar
Managing Director

V. Anu Naidu
V. Anu Naidu
Director

Deepak Gupta
Deepak Gupta
Company Secretary



TARINI

TARINI INFRASTRUCTURE LIMITED
Balance Sheet as at March 31, 2012

| (Amount in Rs.) | | | |
|--------------------------------------|----------------|----------------------|----------------------|
| Particulars | Note Reference | As at March 31, 2012 | As at March 31, 2011 |
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| Share capital | 2 | 259,900,000 | 259,900,000 |
| Reserve and surplus | 3 | 686,664 | 257,521 |
| | | 260,586,664 | 260,157,521 |
| 2 Non-current liabilities | | | |
| Long - term borrowings | 4 | 277,686,239 | 274,528,925 |
| Long-term provisions | 5 | 1,212,565 | 1,053,100 |
| Total non-current liabilities | | 278,898,804 | 275,582,025 |
| 3 Current liabilities | | | |
| Short-term borrowings | 4 | 11,266,359 | 15,999,401 |
| Other current liabilities | 6 | 98,524,248 | 99,090,496 |
| Short-term provisions | 5 | 118,785 | 1,197,745 |
| Total current liabilities | | 109,909,392 | 116,287,642 |
| Total | | 649,394,861 | 652,027,189 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| Fixed assets | | | |
| - Tangible assets | 7(a) | 333,174,322 | 351,937,158 |
| - Capital work in progress | 7(b) | 270,386,425 | 253,141,514 |
| Non - current investments | 8 | 10,596,000 | 17,396,000 |
| Long - term loans and advances | 9 | 11,067,794 | 17,580,892 |
| Other non - current assets | 10 | 4,353,455 | 1,557,280 |
| Total non-current assets | | 629,577,997 | 641,612,845 |
| 2 Current assets | | | |
| Trade Receivables | 11 | 7,826,583 | 3,826,367 |
| Cash and cash equivalents | 12 | 1,464,065 | 4,259,672 |
| Short - term loans and advances | 9 | 10,526,217 | 2,328,305 |
| Total current assets | | 19,816,864 | 10,414,344 |
| Total | | 649,394,861 | 652,027,189 |

Significant Accounting Policies (Refer Note 1) and various notes on Financial Statements are an integral part of Financial statements

As per our report of even date attached.

For V C G & CO.

Chartered Accountants

FRN - 021837N

(Vishal Chandra Gupta)

Partner

Membership No. 093908

New Delhi

Date: September 3, 2012



FOR AND ON BEHALF OF THE BOARD

Vakamulla Chandrashekhar
Managing Director

V. Anu Naidu
Director

Deepak Gupta
Company Secretary

**TARINI INFRASTRUCTURE LIMITED****Profit and loss statement for the year ended March 31, 2012**

| (Amount in Rs.) | | | |
|---|---------------------|----------------------|----------------------|
| Particulars | Note Reference | As at March 31, 2012 | As at March 31, 2011 |
| Income | | | |
| Revenue from operations | 13 | 66,737,748 | 54,575,338 |
| Other income | 14 | 372,505 | 26,740 |
| | | 67,110,253 | 54,602,078 |
| Expenditure | | | |
| Employee benefit expenses | 15 | 9,753,398 | 6,025,890 |
| Finance costs | 16 | 25,523,784 | 16,720,783 |
| Depreciation and amortization expense | 7(a) | 19,343,461 | 17,333,499 |
| Other expenses | 17 | 12,060,467 | 14,264,384 |
| | | 66,681,110 | 54,344,556 |
| Profit before tax | | 429,143 | 257,522 |
| Tax expense: | Current year | Previous year | |
| Current tax (MAT) | 118,785 | 47,745 | |
| Less: Credit Entitlement for MAT | (118,785) | (47,745) | - |
| Net profit for the year | | 429,143 | 257,522 |
| Earning per Equity Share of Rs 10 each | | | |
| Basic and Diluted (Rupees) | 18 | 0.05 | 0.03 |

Significant Accounting Policies (Refer Note 1) and various notes on Financial Statements are an integral part of Financial statements

As per our report of even date attached.

For V C G & CO.

Chartered Accountants

FRN - 021837N

(Vishal Chandra Gupta)

Partner

Membership No. 093908

New Delhi

Date: September 3, 2012



FOR AND ON BEHALF OF THE BOARD

Vakamulla Chandrashekhar

Vakamulla Chandrashekhar
Managing Director

V. Anu Naidu

V. Anu Naidu
Director

Deepak Gupta
Deepak Gupta
Company Secretary



TARINI INFRASTRUCTURE LIMITED

Note 1 - Significant Accounting Policies and Notes forming part of the financial statements

I. Background

Tarini Infrastructure Ltd (hereinafter referred to as "the Company") is engaged in the development of Hydro Power Projects and generation of electricity.

II. Significant accounting policies

A Basis of accounting and preparation of financial statements

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

B 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 and differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

C Fixed Assets

i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets during construction period included to the extent they relate to the period till such assets are ready to be put to use.

ii) Expenditure incurred on project/ asset during construction/ implementation is capitalized and apportioned to project/assets on commissioning.

D Depreciation

Depreciation on generating equipment and other related plant and machinery is provided as per "Differential Depreciation Approach" specified in CERC (Term and condition of tariffs), Regulation, 2009 @ 5.28% for the first 12 years of operation and remaining depreciation over balance useful life of the assets.

Depreciation on Roads is provided on straight line method @3.34% as specified in CERC (first amendment), Regulations, 2011.

Depreciation on all other asset is provided as straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.





TARINI

E Revenue recognition

Revenue from sale of electrical energy is accounted for on the basis of billing to Gujarat Urja Vikas Nigam Limited (GUVNL) in accordance with the Power Purchase Agreement (PPA) dated 20-01-2008 executed between the company and GUVNL.

i) Sale of Electricity

Basis of billable electricity to GUVNL which approximates the actual electricity transmitted.

ii) Interest

Revenue is recognized on a time proportion basis.

iii) Carbon Credit Rights(CCR):

Revenue is recognized as and when the CCR's are certified and sold and it is highly probable that the economic benefits will flow to the company being in renewable energy development. The project has been approved in list of CDM projects under clean development mechanisms and reduction in carbon emissions. Only 25% shall be given to the utility and 75% shall be available to the company as per power purchase agreement by national CDM authority, Ministry of Environment and Forest, Government of India.

F Investments

The Long-term investments are shown at cost which comprises of cost of acquisition and related expenses. Provision for diminution in value of investments is made only if in the opinion of the management such decline is other than temporary and is provided for each investment individually.

G Borrowing Costs

Interest and other costs in connection with the borrowing of funds are capitalized upto the date when such qualifying assets are ready for its intended use and other borrowing costs are charged to Profit and Loss account.

H Foreign Currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the date prevailing at the balance sheet date.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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I Retirement and other employee benefits

Provision for Gratuity is determined on arithmetical calculation done on actual basis and charged off to the Statement of profit and loss.

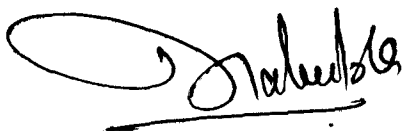
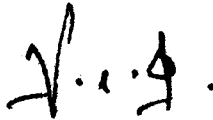

J Earnings per-share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

K Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and 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.





TARINI INFRASTRUCTURE LIMITED
Notes to the Financial Statements

(Amount in Rs.)

| | As at March 31,2012 | As at March 31,2011 |
|---|------------------------|------------------------|
| NOTE 2 - SHARE CAPITAL | | |
| Authorised | | |
| 2,60,00,000 (Previous year- 2,60,00,000) equity shares of Rs. 10 each | 260,000,000 | 260,000,000 |
| Issued, subscribed and fully paid up | | |
| 2,59,90,000 (Previous year- 2,59,90,000) equity shares of Rs. 10 each, fully paid | 259,900,000 | 259,900,000 |
| Total | 259,900,000 | 259,900,000 |

i. Of the issued subscribed and fully paid up capital following equity shares of 10 each were allotted as fully paid up without payment being received in cash.

- 12,78,700 (Previous year - 12,78,700) equity shares allotted to shareholders of erstwhile M/S Real value Promoters Pvt Ltd at par in lieu of consideration for work executed at Hydro Power Project pursuant to Agreement dated August 08,2008.

ii. The reconciliation of number of shares outstanding is set out below

| | As at March 31,2012 | As at March 31,2011 |
|---|------------------------|------------------------|
| Equity Shares | | |
| Number of outstanding shares at the beginning of the year | 25,990,000 | 25,990,000 |
| Shares issued/ bought back during the year | - | - |
| Number of outstanding shares as at the end of the year | 25,990,000 | 25,990,000 |

iii. The details of shareholders holding more than 5 percent shares

| Name of the Shareholder | As at March 31, 2012 | | As at March 31, 2011 | |
|--------------------------------------|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | Percentage held | No. of Shares | Percentage held |
| M/s Tarini International Limited | 8,436,000 | 32.46 | 8,436,000 | 32.46 |
| Mr. Vellore Subramanion Suresh | 7,994,903 | 30.76 | 7,994,903 | 30.76 |
| Mr. Vakamulla Chandrashekhar | 2,928,400 | 11.27 | 2,928,400 | 11.27 |
| Real Value Promoters Private Limited | 1,928,700 | 7.42 | 1,928,700 | 7.42 |

NOTE 3 - RESERVES AND SURPLUS

| | As at March 31,2012 | As at March 31,2011 |
|--|------------------------|------------------------|
| Surplus / (Deficit) - Balance in Statement of Profit and Loss | | |
| As per last Balance Sheet | 257,521 | - |
| Add: Transferred from Profit & Loss statement | 429,143 | 257,521 |
| Total | 686,664 | 257,521 |





TARINI INFRASTRUCTURE LIMITED
Notes to the Financial Statements

(Amount in Rs.)

NOTE 4 - BORROWINGS

| | As at 'March 31, 2012 | | As at 'March 31, 2011 | |
|--|-----------------------|-------------------|-----------------------|-------------------|
| | Long-term | Short-term | Long-term | Short-term |
| Secured | | | | |
| Loans repayable on demand | | | | |
| - From banks | - | - | 8,173,754 | - |
| Term loans | | | | |
| - From banks | 309,048,739 | - | 296,717,671 | - |
| | 309,048,739 | - | 304,891,425 | - |
| Unsecured | | | | |
| Loans and advances from related parties | - | 9,765,417 | - | 15,999,401 |
| Others | 2,500,000 | 1,500,942 | 3,500,000 | - |
| | 2,500,000 | 11,266,359 | 3,500,000 | 15,999,401 |
| Less:- Current maturities of long term debts | 33,862,500 | | 33,862,500 | |
| Total | 277,686,239 | 11,266,359 | 274,528,925 | 15,999,401 |

i. Details of Term Loans:

From Banks-

| Loan(Rs in Lacs) | Security | Interest | Repayment Terms |
|------------------|---|---|--|
| 2495.2 | Secured by way of hypothecation of Plant & machinery, Book debts, leased hold rights in land given by Government of Gujarat. The Loans are further secured by equitable mortgage of immovable property held by one of the shareholder and personnel guarantee of founder promoters. | 3% over base rate, presently 13.75%pa 16.75% | Repayable in 96 equal instalments payable on monthly basis started since 2008. |
| 376.3 | Secured by way of hypothecation of Projects assets, leased hold rights in land given by Government of Gujarat. The Loans are further secured by Equitable mortgage of immovable property held by one of the shareholder. | 3% over base rate, presently 13.75%pa 16.75% | Repayable in 96 equal instalments payable on monthly basis started since 2008. |

NOTE 5 - PROVISIONS

| | As at 'March 31, 2012 | | As at 'March 31, 2011 | |
|--|-----------------------|----------------|-----------------------|------------------|
| | Long-term | Short-term | Long-term | Short-term |
| Provision for employee benefits | | | | |
| - Gratuity | 1,212,565 | - | 1,053,100 | - |
| Others | | | | |
| - Taxation | - | 118,785 | - | 47,745 |
| - Warranties | - | - | - | 1,150,000 |
| Total | 1,212,565 | 118,785 | 1,053,100 | 1,197,745 |

NOTE 6 - OTHER CURRENT LIABILITIES

| | As at March 31, 2012 | As at March 31, 2011 |
|---|-------------------------|-------------------------|
| Other payables | | |
| - Current maturities of long term borrowings* | 33,862,500 | 33,862,500 |
| - Share application money pending allotment | 21,079,000 | 21,079,000 |
| - Interest accrued and due (bank loan) | 12,623,405 | 7,368,993 |
| - Taxes and other statutory dues | 103,710 | 724,279 |
| - Employee dues | 621,940 | 4,220,254 |
| - Others ¹ | 30,233,693 | 31,835,470 |
| Total | 98,524,248 | 99,090,496 |

*Current maturities include installment dues but not paid

¹Others include non trade payables

[Signature]



[Signature]

[Signature]

Notes to the Financial Statements



Note 7. (a). FIXED ASSETS

| Particulars | Gross carrying amount | | | | Depreciation | | | | Net carrying amount | |
|-----------------------------------|-----------------------|----------------|------------|---------------------|---------------------|-------------------|------------------|-------------------|---------------------|--------------------|
| | As at 31.03.2011 | Additions | Deductions | As at 31.03.2012 | As at 31.03.2011 | For the year | On deductions | As at 31.03.2012 | As at 31.03.2012 | As at 31.03.2011 |
| <u>TANGIBLE ASSETS</u> | | | | | | | | | | |
| Roads | 13,084,436 | - | - | 13,084,436 | 391,522 | 437,020 | - | 828,542 | 12,255,894 | 12,692,914 |
| Plant and equipment | | | | | | | | | | |
| - Generating equipment | 240,397,039 | 508,425 | - | 240,905,464 | 11,371,504 | 12,696,200 | | 24,067,704 | 216,837,760 | 229,025,535 |
| - Transmission line & sub-station | 114,388,605 | - | - | 114,388,605 | 5,410,926 | 6,039,718 | - | 11,450,644 | 102,937,961 | 108,977,679 |
| Office equipment | 29,120 | - | - | 29,120 | 7,627 | 1,383 | - | 9,010 | 20,110 | 21,493 |
| Furniture and fixtures | 245,536 | - | - | 245,536 | 37,947 | 15,542 | - | 53,489 | 192,047 | 207,589 |
| Vehicles | 154,662 | - | - | 154,662 | 54,834 | 14,694 | - | 69,528 | 85,134 | 99,828 |
| Others | | | | | | | | | | |
| - Computer | 627,728 | 72,200 | - | 699,928 | 315,507 | 107,024 | - | 422,531 | 277,397 | 312,221 |
| - Other Plant & machinery | 671,146 | - | - | 671,146 | 71,247 | 31,880 | - | 103,127 | 568,019 | 599,899 |
| Total Tangible Assets | 369,598,272 | 580,625 | - | 370,178,897 | 17,661,114 | 19,343,461 | - | 37,004,575 | 333,174,322 | |
| Previous year | 1,603,788 | 367,994,484 | - | 369,598,272 | 327,615 | 17,333,499 | - | 17,661,114 | 351,937,158 | 351,937,158 |

Footnotes :

1 Land admeasuring 4.8 Hectare for setting up the Captioned Hydro Power Project has been allotted by Government of Gujarat, on lease of 35 Years pursuant to the agreement dated August 27, 2007

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[Circular stamp: VEG & CO. New Delhi Chartered Accountants]



TARINI INFRASTRUCTURE LIMITED
Notes to the Financial Statements

(Amount in Rs.)


NOTE 7(b) - FIXED ASSETS - CWIP

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| CAPITAL WORK IN PROGRESS | | |
| Detailed engineering construction drawing | 1,505,935 | 1,505,935 |
| Civil designing & execution expenditure | 33,588,819 | 32,969,589 |
| Hydro Mechanical expenditure | 33,775,138 | 33,775,138 |
| Roads & civil construction work in progress | 1,297,892 | 1,297,892 |
| Electro mechanical/transmission/substation/power | 118,797,206 | 118,797,206 |
| Pre-operative expenditure pending allocation | 81,421,435 | 64,795,754 |
| Total | 270,386,425 | 253,141,514 |

NOTE 8 - NON CURRENT INVESTMENTS

| | As at March 31, 2012 | As at March 31, 2011 |
|---|-------------------------|-------------------------|
| Long Term Investments (Non - Trade) | | |
| Unquoted | | |
| B. Soilmec India Pvt Ltd | | |
| 335,000 (Previous year- 335,000) Equity shares of Rs. 10 each, fully paid-up | 3,350,000 | 3,350,000 |
| Venture Energy & Technologies Ltd | | |
| 723,900 (Previous year - 723,900) Equity shares of Rs. 10 each, fully paid-up | 7,239,000 | 7,239,000 |
| Venture Infrastructure Ltd | | |
| Share application money pending allotment* | - | 6,800,000 |
| Tarini Hydro Power Lethso Ltd | | |
| 1,000 (Previous year - 1,000) Equity shares of Rs. 7 each, fully paid-up | 7,000 | 7,000 |
| Total | 10,596,000 | 17,396,000 |

* Called back during the year

 P. e. g. Am.





TARINI INFRASTRUCTURE LIMITED
Notes to the Financial Statements

(Amount in Rs.)

NOTE 9 - LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

| | As at 'March 31, 2012 | | As at 'March 31, 2011 | |
|---|-----------------------|-------------------|-----------------------|------------------|
| | Long-term | Short-term | Long-term | Short-term |
| Security deposits | 113,500 | - | 113,500 | - |
| Loan and advances to related parties | - | 6,227,169 | 4,430,648 | 155,004 |
| Other loans and advances | | | | |
| - Advance tax | - | 166,530 | - | 47,745 |
| - Excise, Cenvat, Vat and other govt dues | - | 38,841 | - | 68,925 |
| - Dues from employees | - | 652,507 | - | 686,699 |
| - Other advances recoverable in cash or in kind or for the value to be received | | | | |
| - Secured | - | - | - | - |
| - Unsecured - considered good* | 10,954,294 | 3,441,170 | 13,036,744 | 1,369,932 |
| | 11,067,794 | 10,526,217 | 17,580,892 | 2,328,305 |
| Total | 11,067,794 | 10,526,217 | 17,580,892 | 2,328,305 |

*Includes prepaid expenses Rs 212,863 (Previous year Rs 11,345)

NOTE 10 - NON CURRENT ASSETS

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| Deffered expenditure | 3,110,495 | - |
| Increase in authorised capital expenditure | 1,136,000 | 1,420,000 |
| Preliminary expenses | 106,960 | 137,280 |
| Total | 4,353,455 | 1,557,280 |

NOTE 11 - TRADE RECEIVABLES

| | As at March 31, 2012 | As at March 31, 2011 |
|-----------------------------|-------------------------|-------------------------|
| Secured, considered good | - | - |
| Unsecured - considered good | 7826583 | 3826367 |
| Total | 7826583 | 3826367 |

NOTE 12 - CASH AND CASH EQUIVALENTS

| | As at March 31, 2012 | As at March 31, 2011 |
|---------------------|-------------------------|-------------------------|
| Balances with banks | 732,004 | 520,089 |
| Cash on hand | 732,061 | 3,739,583 |
| Total | 1,464,065 | 4,259,672 |





TARINI INFRASTRUCTURE LIMITED
Notes to the Financial Statements

(Amount in Rs.)

NOTE 13 - REVENUE FROM OPERATIONS

| | As at March 31, 2012 | As at March 31, 2011 |
|---------------------------------------|-------------------------|-------------------------|
| Sale of Electrical energy | 67,386,604 | 55,004,515 |
| Less: Discount on prompt payment | (511,937) | (405,843) |
| Less: Unscheduled interchange charges | (136,919) | (23,334) |
| Total | 66,737,748 | 54,575,338 |

NOTE 14 - OTHER INCOME

| | As at March 31, 2012 | As at March 31, 2011 |
|------------------|-------------------------|-------------------------|
| Interest income* | 372,505 | 26,740 |
| Total | 372,505 | 26,740 |

* Tax deducted at source Rs 1,077 (Previous year- Rs 1,112).

NOTE 15 - EMPLOYEE BENEFIT EXPENSES

| | As at March 31, 2012 | As at March 31, 2011 |
|------------------------|-------------------------|-------------------------|
| Salaries , wages etc | 9,412,164 | 4,793,572 |
| Gratuity | 159,465 | 645,580 |
| Staff welfare expenses | 181,769 | 586,738 |
| Total | 9,753,398 | 6,025,890 |

NOTE 16 - FINANCE COST

| | As at March 31, 2012 | As at March 31, 2011 |
|-----------------------|-------------------------|-------------------------|
| Interest expense | 22,768,060 | 11,495,870 |
| Other borrowing costs | 2,755,724 | 5,224,913 |
| Total | 25,523,784 | 16,720,783 |





TARINI INFRASTRUCTURE LIMITED
Notes to the Financial Statements

(Amount in Rs.)

NOTE 17 - OTHER EXPENSES

| | As at March 31, 2012 | As at March 31, 2011 |
|----------------------------------|-------------------------|-------------------------|
| Power and fuel. | 103,178 | 229,617 |
| Repairs | | |
| - Plant and machinery | 1,049,735 | 150,323 |
| - Other repair | 6,850 | - |
| Lease rent | 374,276 | 122,900 |
| Royalties | 4,440,933 | 3,620,725 |
| Insurance | 92,827 | 85,196 |
| Travelling & conveyance expenses | 1,208,536 | 1,200,764 |
| Telephone & internet expenses | 325,221 | 292,900 |
| Legal & professional charges | 694,812 | 2,212,315 |
| Site expenditure | 840,035 | 409,327 |
| Auditors' remuneration | | |
| - Audit fee | 193,025 | 220,600 |
| - Tax audit fee | 38,605 | - |
| Commission to directors | - | 3,300,000 |
| Inspection Charges | 999,049 | 771,070 |
| Preliminary expenses written off | 319,320 | 34,320 |
| Miscellaneous expenses | 1,374,065 | 1,614,328 |
| Total | 12,060,467 | 14,264,384 |

NOTE 18 - EARNING PER SHARE

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| Profit / (Loss) after tax as per profit and loss account (Rs.) | 429143 | 257522 |
| Weighted average number of Equity shares outstanding (Nos.) | 25990000 | 25990000 |
| Earnings per share - basic / diluted (face value - Rs. 10 per share) (Rs.) | 0.05 | 0.03 |





TARINI

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS:

19. The Company has obtained the concession from the Government of Gujarat to design, build, operate & maintain the project and sell power for a period of thirty five years from the date of signature of agreement i.e. 27.08.2007, after negotiation of terms and conditions with GUVNL
20. In the opinion of the management the balances shown under receivables, payables, loans and advances and other assets whether current or non current, have approximately the same realizable value as shown in the accounts. However these balances are subject to confirmations.
21. The Management is of the opinion that as at the balance sheet date, there are no indications of a material impairment in the value of fixed assets. Hence, the need to provide for an impairment loss does not arise.
22. There is no separate reportable segment in accordance with the requirements of Accounting Standard 17 'Segment Reporting' issued by the Companies (Accounting Standard) Rules, 2006 in view of company's activities during the year are generation of electrical energy, hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

23. Income Tax:

The Company is eligible for tax holiday under Section 80-IA of the Income tax Act, 1961. In view of unabsorbed depreciation in the initial years, the Company has not availed the tax holiday benefit up to accounting year 2011-12. The Company is liable to pay Income-tax for the year under the provisions of Section 115JB of the Income-Tax Act, 1961.

24. Preliminary Expenses :

Expenditure shall be amortized over a period of five years after commencement of commercial production. The company has set up a Branch office at south Africa of which registration expenses has been amortized over a period of 5 years. The operation of the Branch office at south Africa is yet to be commenced.

25. Contingent Liabilities not provided for

- Capital commitments - Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs.250 Lacs (Previous year Rs. 200 Lacs).
- Guarantee issued by company's banker in form of Bank Guarantee of Rs 2.60 Lacs (previous year Rs 2.60 lacs).
- Mortgage of lease hold rights of 4.8 hectare of land lease to the company at project site in Gujarat, by Government of Gujarat.

26. The company has not received any information from suppliers regarding their status under Micro, Small & Medium Enterprises Development Act, 2006.

27. The company has started generation of Electrical energy w.e.f. August 05, 2010. Therefore corresponding figures of previous year in the statement of profit and loss is not comparable.

28. Deferred tax provision has not been made in view of the availability of tax holiday u/s 80-IA of Income tax Act, 1961





TARINI

29. Subsidy eligibility:

The project is eligible for capital subsidy in accordance with the policy of Ministry of Non-conventional Energy Scheme (MNES), Government of India and the company has made an application for availment of the capital subsidy for its second plant - Rs 160 lacs (estimated) .

30. An amount of Rs. 2,027,390 (Previous year Rs 1,652,240), Year to date total amount - Rs. 3,679,630/- has not been accounted for, on account of dispute for determination of tariff charges between the company and Gujarat Urja Vikas Nigam Limited. The invoices have been raised under protest. The matter is pending before the Supreme Court.

31. Related Party Disclosures:

(a) Key Management Personnel

Mr. Vakmula Chandrashekhar
Mrs. Anu Naidu
Mr. Vellore Subramanian Suresh
Mr. V S Sarvanan

(b) Enterprises over which directors exercise significant influence / control

Tarini International Limited, Venture Infrastructure Limited, B.Soilmec India Private Limited, Venture Energy & Technologies Limited, Tarini Sugars & Distilleries Limited, Real Value Promoters Private Limited Tarini Overseas Mining and Operations Limited, Tarini Humanitarian Demining and Rehabilitation Works

| | | (Amount (Rs.)) | |
|-----|---|----------------|------------|
| (c) | Particulars | Mar-12 | Mar-11 |
| | Commission Paid | | |
| | a) Mr. Vakamulla Chandrashekhar | - | 1,650,000 |
| | b) Mrs. Vakamulla Anu Naidu | - | 1,650,000 |
| | | | |
| | Rent paid to Tarini International Ltd | 180,000 | - |
| | | | |
| | Closing Balance at the year end. | | |
| | <u>Payable</u> | | |
| | a) Mr. Vakamulla Chandrashekhar | 1,379,128 | 2,145,427 |
| | b) Mrs. Vakamulla Anu Naidu | 399,000 | 1,485,000 |
| | c) Mr. Vellore Subramanian Suresh | 5,391,243 | 3,591,243 |
| | Tarini International Limited | 1,822,575 | 11,760,730 |
| | B.Soilmec India Private Limited | 210,377 | (140,504) |
| | Venture Infrastructure Limited | 563,094 | (280,479) |
| | <u>Receivable</u> | | |
| | Venture Energy & Technologies Limited | 5,832,169 | 3,765,169 |
| | Tarini Sugars & Distilleries Limited | - | 14,500 |
| | Tarini Overseas Mining and Operations Ltd. | 231,500 | 231,500 |
| | Tarini Humanitarian Demining and Rehabilitation Works | 163,500 | 153,500 |

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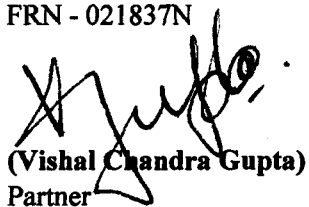
TARINI

32. Additional information pursuant to the provision of paragraph 3 and 4 of part II of schedule VI to the companies Act, 1956:

| Capacity and production (as certified by the management) | Actual Production | |
|--|-------------------|-----------|
| | 2011-12 | 2010-11 |
| Installed Annual Capacity- | 5600 KW | |
| SHPI under Generation | 3000 KW | 19.52 GWH |
| SHPII (Commercial production yet to come) | 2600 KW | 15.74 GWH |

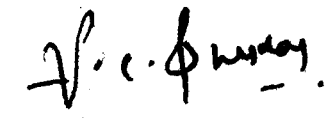
33. The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation as the revised schedule VI has come in to force with effect from April 1, 2011 with more disclosures and presentation in the financial statements


For V C G & CO.
Chartered Accountants
FRN - 021837N


(Vishal Chandra Gupta)
Partner

Membership No. 093908
New Delhi
Date: September 3, 2012




Vakamulla Chandrashekhar
Managing Director


V. Anu Naidu
Director


Deepak Gupta
Company Secretary