

*25th Annual Report
2011-2012*



The Silent Performer
XL ENERGY LTD.
An ISO 9001:2000 Certified Company



Board of Directors

Mr. Dinesh Kumar
Mr.K.Vasudeva Rao
Mr.Aneesh Mittal
Mrs.Ritu Lal Kumar
Mr.P.R.Vishnu

Mrs.Jyoti Khatri

Managing Director
Executive Director
Whole Time Director
Non Executive and Non-Independent Director
Non Executive and Independent Director

Company Secretary

Auditors

M/s. Satyanarayana & Company
Chartered Accountants
Secunderabad

Bankers to the Company

State Bank of India
Canara Bank
IDBI Bank Limited
The Federal Bank Limited
Vijaya Bank
State Bank of Hyderabad
ICICI Bank Limited
Bank of India
State Bank of Bikaner & Jaipur
State Bank of Mysore

Registered Office

C2, Pooja Plaza, VikramPuri
Secunderabad - 500 009, Andhra Pradesh

Factory

1. Jointing Kits Division

Shed No. 30 & 31
I.D.A., Mallapur, Hyderabad - 500 076

2. SPV Division

Shed No. 32, I.D.A.,
Mallapur, Hyderabad - 500 07

3. SMPS & CDMA Division:

Plot No. 198/A, I.D.A., Cherlapally,
Hyderabad - 500 051

4. Ethanol Division:

Plot Nos. B 8 to B 10, &
B 18 to B21, MIDC, Kushnoor
NANDED (District), Maharashtra

5. Fabcity :

Plot No. 36, Raviryal Village,
Fab-City (SEZ) India Pvt. Ltd.
Maheshwaram Mandal,
Ranga Reddy District AP

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NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of **XL ENERGY LIMITED** will be held on 4th February 2013 11.30 A.M at the Premises of the Company's plant at Plot No.198/A, IDA, Cherlapally, Hyderabad - 500051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2012, the Profit & Loss Account for the year ended on that date together with the Schedules and Annexure thereto and the reports of the Auditors' and the Board of Directors thereon
2. To appoint a Director in place of Mr. Aneesh Mittal, Director, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Mrs.Ritu Lal Kumar, Director, who retires by rotation and being eligible offers himself for re-appointment
4. To re-appoint M/s.Satyanarayana & Co, Chartered Accountants retiring auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in supersession to the earlier resolution(s) passed in this regard and in pursuance to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force, consent of the members of the Company be and is hereby accorded for re-appointment of Mr. Aneesh Mittal as Whole Time Director of the Company for a period of one year with effect from 26th October, 2012 i.e. 26.10.2012 to 25.10.2013 without remuneration.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized with requiring the approval of members, to alter or vary the terms and conditions of the said appointment, remuneration so as not to exceed the limits specified in Schedule - XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto, as may be agreed to between the Board and Mr. Aneesh Mittal."

6. **To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution.**

"RESOLVED THAT pursuant to the provisions of Section 257 read with the enabling provisions of the Articles of Association of the Company, Mr.Perumthottathil Ravindranathan Vishnu, who has been co-opted by the Board and who ceases to hold office at the commencement of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom, the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the company, liable to retire by rotation".

For and on behalf of the Board of
Directors of XL Energy Limited

Place: Secunderabad
Date: 11.01.2013

Dinesh Kumar
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
4. Register of Members/Register of Beneficiaries and Transfer Books of the Company will remain closed from 27.01.2013 to 04.02.2013 (both days inclusive)
5. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business set out above, is annexed hereto.
6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars Viz. M/s. Bigshare Services Pvt Ltd, G-10, Left Wing, Amrutha Ville Appt., Opp: Yashoda Hospital, Somajiguda, Rajbhavan Road, HYDERBAD - 500 082.
7. MEMBERS ARE REQUESTED TO UPDATE THEIR E-MAIL IDs WITH THE DEPOSITORIES.
8. Additional information on Directors being re-appointed as required under Clause 49 (IV) (G) of the listing agreement entered with the Stock Exchanges is given below:

At the ensuing 25th Annual General Meeting, Mr. Aneesh Mittal and Mrs. Ritu Lal Kumar Directors, retires by rotation and being eligible offers themselves for re-appointment.

Mr Aneesh Mittal, aged 50 years is the Whole time Director of the company and by qualification is a B.com Graduate. He has over 25 years of experience in the field of General Management. He is rendering valuable services from the inception of the Company in production.

Mrs. Ritulal Kumar, aged 47 years is a Graduate by qualification. Smt. Ritu Lal Kumar has been associated with the Company since its inception and with her experience in finance and accounts has been instrumental in computerizing the accounts and finance. Earlier she was on the Board and resigned on 25th July, 2002. To benefit from her experience, again she has been inducted to the Board on 21st September, 2002.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956,

Item # 5: Re-appointment of Mr. Aneesh Mittal, Whole Time Director

The existing tenure of Mr. Aneesh Mittal as Whole Time Director expired on 25th October 2012. Mr. Aneesh Mittal, since his tenure as Whole Time Director has rendered valuable services in production and factory management successfully with great dedication and commitment. Keeping in view of his vast experience in General management and production areas, Board in its meeting held on 14th November 2012 proposed to re-appoint him for a further period of one year w.e.f. 26th October 2012 i.e. 26.10.2012 to 25.10.2013 without remuneration.

The existing remuneration package which was earlier approved by members of Company is valid till 31st March 2011. Remuneration is waived by Mr. Aneesh Mittal, Director since the Company does not comply with the conditions as specified in Section II, of Part-II, Schedule XIII of Companies Act, 1956. Remuneration is proposed to be paid with retrospective effect (i.e. from April 2012 onwards) if the banks give an NOC for such remuneration and the Central Government gives an approval for the same and subject to compliance of provisions and limits specified in Schedule - XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto.

Board of Directors recommends the above resolution to the members for their approval.

None of the Directors except Mr. Aneesh Mittal, Mr. Dinesh Kumar and Smt. RituLal Kumar are concerned or interested in the proposed resolution

Item # 6: Appointment of Mr.Perumthottathil Ravindranathan Vishnu as a Director

Mr.Perumthottathil Ravindranathan Vishnu was appointed as an Additional Director on the Board of the Company w.e.f. 13th March, 2012 by the Board of Directors in their meeting held on 28th March, 2012. As per the provisions of Section 260 of the Companies Act, 1956, Mr.Perumthottathil Ravindranathan Vishnu ceases to hold office on the commencement of the 25th Annual General Meeting of the Company. Company has received a notice under Section 257 together with from a member proposing the candidature of Mr.Perumthottathil Ravindranathan Vishnu to the office of Director of the Company.

Mr. Vishnu Ravindranathan is a B.Tech (Electronic & Communication) graduate from ICFAI Tech, Hyderabad and comes with good managerial and business expertise. He has over half a decade of experience in Business Development and Marketing field and comes with an extensive knowledge in branding, marketing, corporate communication and negotiations. In order to benefit from his versatile experience in providing right management decision, Board of Directors proposes to induct him on the Board of Company. As per Section 257 of the Companies Act, 1956 approval of members is required for his appointment. Hence the above resolution is submitted to members for approval.

None of the Directors except Mr.Perumthottathil Ravindranathan Vishnu is concerned or interested in the proposed resolution.

He does not have directorships in other Public Companies and memberships in committees

**For and on behalf of the Board of
Directors of XL Energy Limited**

Place: Secunderabad
Date: 11.01.2013

**Dinesh Kumar
Managing Director**

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report of the Company together with the Audited statement of accounts for the financial year ended 31st March 2012:

1. Financial Results

Particulars	₹ Rs in Lacs	
	31st March 2012 (12 months)	31st March 2011 (15 months)
Income from Operations	372.97	16512.03
Less: Duties and Taxes	16.78	4.18
Net Income from Operations	356.19	16507.85
Other Income	26.05	83.98
Profit(+)/Loss(-) Before depreciation, Interest and Tax	(1076.93)	(17456.26)
Interest & Financial Charges	1015.39	8092.81
Depreciation	311.48	377.29
Extraordinary items	926.13	0.00
Profit(+)/Loss(-) Before Tax	(3329.15)	(25926.36)
Provision for Income Tax	0	0.00
Deferred Tax	1109.60	15291.62
Prior period adjustments	0	0.00
Profit(+)/Loss(-) After Tax	(2219.55)	(10634.74)
Dividend (%)	0	0.00
Equity Capital (Rs.)	227743970	227743970
Earnings per Share (Rs.)	-9.75	-74.76

During the year, your Company has achieved ₹ 372.97 lacs revenues as compared to previous year revenues of ₹ 16512.03lacs. The company has incurred a loss of ₹ 2219.55 lacs as against a loss of ₹ 10634.74 lacs for the previous year.

2. Dividend

Due to non availability of surplus, your Directors do not recommend any dividend for the year 2011-2012.

3. Corporate Debt Restructuring

The company could not execute the CDR package due to various reasons already explained in the previous year and the continuation of the same situation, the company's operations have substantially come down with both revenues and cash flows drying up, the company was unable to pay either interest or installments due to the banks as per the CDR package. There was a literal stalemate in the situation with the banks not offering further working capital facilities and the promoter not being able to induct fresh funds in the company. However, the promoters are pursuing various options for induction of a Strategic Partner who can work with the company for its revival.

4. Redemption of FCCB's

As against the outstanding balance of Foreign Currency Convertible Bonds (FCCB) of USD 4.2 Million as at the beginning of the year which was issued in October 2007 having a maturity period of 5 years and one day has matured and is due for redemption in October 2012. However, the FCCB's are not redeemed as on the date of signing of this balance sheet and the company is in negotiations with the Bond holder for rollover of the same for a further period of 5 years at the same terms and conditions and hence classified the same in the balance sheet as long term funds available with the company.

5. Subsidiary companies

The information as required under Section 212 of the Companies Act, 1956 is attached to this Annual Report.

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company is attached. The Consolidated Financial Statement has been prepared in accordance with Accounting Standards 21, 23 and 27 issued by The Institute of Chartered Accountants of India.

Ministry of Corporate Affairs issued a General Circular No. 2/2011 (No. 5/12/2007-CL-III) dated 8th February 2011 directing the requirement of seeking Central Government's exemption from attaching the balance sheet/s of the subsidiaries shall not apply to a company provided the conditions as stipulated in the aforesaid General Circular are complied with. Your company has complied with the necessary terms and conditions as per the aforesaid circular and hence only consolidated financial statements are attached herewith.

6. Certifications

Your company has automated state-of-the-art manufacturing facilities and sophisticated equipments to manufacture high quality telecom and energy products. Your company is an ISO 9001:2000 certified Company. It has a system driven process for manufacturing of various products and has a set of well defined quality process at every stage of production to ensure delivery of high quality products and services.

SPV modules are made as per ISO 9001:2000 international quality standards and are certified for UL, German TuV certification and IEC certification.

7. Conservation of Energy, Technology Absorption etc

As required by the Companies (Disclosure of particulars in the report of Directors) Rules, 1988, the relevant data relating to conservation of energy, technology absorption and other details are given in the prescribed format as annexure to this report.

8. Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibilities Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the Financial Year ended 31st March 2012, the applicable accounting standards have been followed and there are no material departures.
- (ii) that 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 financial year ended on 31st March 2012 and of the loss of the Company for that period;
- (iii) that 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March 2012 on a 'going concern' basis.

9. Directors

During the year under review, Mr.Rajiv Garg, Independent director resigned w.e.f. 16.02.2012 and Mr.Ashok Kumar Goyal resigned w.e.f. 13.04.2012. Mr.P.R.Vishnu has been appointed as an Independent Director of the Company w.e.f. 13.03.2012.

Mr.N.Prasad has been appointed as an Independent Director of the Company w.e.f 15.06.2012 and resigned from the Board w.e.f. 03.11.2012 due to other commitments.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Aneesh Mittal and Mrs.Ritu Lal Kumar Directors, retire by rotation at the ensuing 25th Annual General Meeting and being eligible have offered themselves for reappointment.

Mr. Aneesh Mittal, Whole Time Director term expired on 25th October 2012 and Board recommended for re-appointment for a period of 1 year w.e.f. 26th October 2012.

10. Auditors

M/s. Satyanarayana & Co, Chartered Accountants, the retiring auditors of the Company, are eligible for re-appointment. The requisite certificate to the effect that the re-appointment, if made, will be within the limit specified in Section 224 (1-B) of the Companies Act,

1956 has been received from them.

11. Particulars of Employees

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is as follows:

Name	Designation Nature of Duties	Remuneration (Gross)	Qualifications	Date of Commencement of Employment	Age in Years	Last Employment
Mr. Dinesh Kumar	Managing Director	NIL*	MBA	22.04.1999	46 Years	Business

Mr. Dinesh Kumar, Managing Director of the Company, who was drawing remuneration of ₹ 1,50,00,000 p.a. in earlier year had decided not to draw Remuneration for the fiscal year 2011-2012 since the company has not made any profits during the year.

12. Deposits

During the year under review your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

13. Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on Corporate Governance is enclosed herewith which forms part of the Annual Report.

A certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement is annexed to this Report.

14. Explanations to qualifications in Auditors Report

a) The Company has not determined and provided for the amount of gratuity, liability for the employees on accrual basis as at 31st March 2012 which is required to be determined and provided for as per the accounting standard 15 on employees benefits issued by the Institute of Chartered Accountants of India and also as per the provisions of section 209 of the companies act, 1956 relating to preparation of books of account on accrual basis. In the absence of the value of such provision for gratuity, we are unable to determine quantum of such non provision and its impact of the understatement of the loss for the period ended 31st March 2012.

Company's Response: In view of the huge loss in the company during the current financial year in addition to the last financial year, the company had no cash surplus or sufficient cash generation to meet obligations towards salary of its employees and hence the same are outstanding for senior and lower employees for a substantial period. However, the management is optimistic that the market should revive and make upward trajectory over next 12-24 months and generate cash to meet the statutory obligations.

b) The balance appearing under the secured loans (other than the hire purchase loans) are arrived at after providing for interest at a lower rate than the original contract rate. The interest for the period is calculated based on the concessional rates of interest that are to be charged as per the corporate debt restructuring (CDR) scheme provided by the lenders to the Company on 30th December 2009. However during the current financial year despite restructuring of loans given by banks, the company could not meet its obligations for repayment of loans as per CDR Scheme. Further the promoter also could not bring in capital committed by them. As the company could not execute the CDR package, some of the banks have not charged interest on the outstanding loans during the current financial year. Hence the company has accounted for interest which has been charged by the banks and not made a provision in the books for the interest amount not charged by the banks amounting to ₹.5,149.16 Lakhs. Had this provision been made in the books of account the current year loss would be ₹ 7,368.71 Lakhs.

Company's Response: Interest charged by the banks during the current year has been accounted by the company on the basis of statements received from the bank. However, SBI and its subsidiaries which are SBH, SBJM, SBM have not charged interest on the outstanding amounts due to them and have not been accounted by the company. The company is in dialogue with the bank for an OTS solution and is also looking for a strategic partner who can fund the OTS and is expected to close on this proposal within March 2013. Company is confident of getting benefit of OTS scheme and gaining a substantial reversal in the interest already charged earlier. Hence, the company has not provided for the interest on those loans on which the banks have not charged interest.

c) We are unable to comment on the carrying value of the investment in one of the subsidiary companies Viz. Khandoba Distilleries Limited in view of the non implementation of the project being executed in the said company and also the stipulations made by the secured lenders of the company as part of the corporate debt restructuring scheme requiring the company to dispose of the said project being implemented.

Company's response: The bankers are evaluating to get the valuation done through the Independent valuers before disposing the property. The exercise is in the process.

d) The balances appearing under the Trade Receivables, short Term loans & advances are subject to confirmation and reconciliation. We find no provision has been made in books for doubtful debts.

Company's response: The Company has made an adhoc provision of 100% of telecom receivables over three years and adhoc provision for receivables less than 3 years.

15. Management Discussion & Analysis

The Management Discussion and Analysis Report forming part of Director's Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) in India, forms part of this Annual Report.

16. Acknowledgements

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Securities and Exchange Board of India, the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies.

Your Directors are grateful to the Company's clients, investors, bankers and other business associates for their continued support.

Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed team of employees for their contribution to the Company and rendering high quality services to the clients. We would also like to thank all our shareholders for their support in our endeavors.

**For and on behalf of the Board of Directors
of XL ENERGY LIMITED**

**Place: Secunderabad
Date: 11.01.2013**

**Dinesh Kumar
Managing Director**

**Aneesh Mittal
Whole Time Director**

ANNEXURE TO DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

(1) CONSERVATION OF ENERGY:

a) Energy Conservation Measures taken

Adequate measures have been taken to conserve the energy. Possible steps have been taken to create awareness among employees on the necessity of conservation of energy.

b) Additional Investment and proposals, if any, being implemented for reduction of conservation of energy

No additional investment is proposed.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

NIL

d) Total Energy Consumption and energy consumption per unit of production

NIL

(II) Technology Absorption:

A. RESEARCH AND DEVELOPMENT:

NIL

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts made, in brief, toward technology absorption, adaptation and innovation and benefits derived out of such efforts: NIL

b) Import of Technology: NIL

(III) FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ Lakhs 2011 - 2012 (12 Months)	₹ Lakhs 2010 - 2011 (15 months)
Earnings		
- FOB Value of exports	100.41	16684.63
Expenditure		
- Travelling	0.96	15.63
- Import of Raw Materials (C.I.F. value)	134.35	9888.71

REPORT ON CORPORATE GOVERNANCE

A brief statement on company's philosophy on code of governance

Corporate governance implies governance with highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and business ethics for efficient and ethical conduct of business. Your Company's endeavor has been to inculcate good Corporate Governance practices in its organizational and business systems and processes with a clear goal to not merely adhere to the letter of law to comply with the statutory obligations, but also to center around following the spirit underlying the same.

The Corporate Governance practices followed by the company include the corporate structure, its culture, policies and practices, personal belief, timely and accurate disclosure of information, commitment to enhancing the shareholder while protecting the interests of all stakeholders. The Company is in compliance with all the requirements of the corporate governance code as per Clause 49 of the Listing Agreement with the stock exchanges.

BOARD OF DIRECTORS

- (i) The Company has 6 directors with a Non-Executive Chairman as on 31st March 2012. The Board consists of Three Executive and Three Non-Executive Directors. Post March 31, 2012, following changes took place in the composition of the Board of the Company:

- ★ Mr. Ashok Kumar Goyal, the Independent non-executive director resigned from the directorship of the Board w.e.f 13th April 2012
- ★ Mr. Vishnu Perumthottathil Ravindranathan, has been appointed as an Independent non-executive director w.e.f. 13th March 2012
- ★ Mr. N Prasad, has been appointed as an Independent Non executive director w.e.f. 15th June, 2012 and resigned w.e.f. 3rd November 2012

The Board presently consists of five directors, out of which three are executive directors, One is an independent directors and one is a non-executive director. The composition of the Board is not in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement with the stock exchanges.

- ii. None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2012 have been made by the Directors.
- iii. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

The Board members possess requisite skills, experience and expertise required to take decisions, which are in the best interest of the Company.

Name of the Director	Category	No. of Board meetings during the year 2011-2012 (12 months Period)		Whether attended last AGM held on 24th Nov.2011	No. of Directorships other public companies		No. of Committee position held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Dr. Srinivasan* Chairman	Independend Non-Executive	6	1	No	—	7	4	5
Mr.Rajiv Garg **	Independent, Non-Executive	6	2	No	—	2	—	1
Mr.Ashok Kumar Goyal ***	Independent, Non-Executive	6	1	No	—	3	—	3
Mr. P R Vishnu ****	Independent, Non-Executive	6	1	No	—	—	—	—
Mr.Dhanunjaya Kumar Alla *****	Alternate Director Independent, Non-Executive	6	2	No	—	—	—	—
Mr.Dinesh Kumar Managing Director	Promoter, Executive, non-independent	6	6	Yes	—	1	1	—
Mr.K.Vasudeva Rao	Executive, non-independent	6	3	Yes	—	—	—	—
Mr. Aneesh Mittal	Promoter, Executive, non-independent	6	6	Yes	—	—	—	—
Mrs.Ritu Lal Kumar	Non-independent Non-Executive, Promoter	6	1	No	—	2	—	—

* Ceased to be a Director w.e.f. 30th June 2011.

** Ceased to be a Director w.e.f. 16th February 2012.

*** Ceased to be a Director w.e.f 13th April 2012

**** Appointed as Independent Non Executive Director w.e.f.13th March, 2012

***** Ceased to be a Director w.e.f. 30th September 2011.

- iv. During the 12 months financial period the Board of Directors met 6 times and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:
14th May 2011, 11th August 2011, 24th October 2011, 14th November 2011, 14th February 2012, 28th March 2012
- v. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- vi. During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

AUDIT COMMITTEE:

The scope of the Audit Committee and terms of reference have been defined by the Board of Directors in accordance clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 which among others, includes:

- i) Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- ii) Investigate any activity within its terms of reference
- iii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- iv) Reviewing with management the annual financial statements
- v) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- vi) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- vii) Reviewing the Company's financial and risk management policies
- viii) Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

The Audit Committee specifically reviews the un-audited quarterly financial results before these are submitted to the Board for approval. Minutes of each Audit Committee meeting are placed before the Board for information.

Composition and Attendance

All members of the Audit Committee are Non-Executive Independent Directors. All the members of the committee have adequate financial and accounting knowledge.

During the year, the Committee met Five times viz. on 14th May 2011, 11th August 2011, 24th October 2011, 14th November 2011 and 14th February 2012.

The necessary quorum was present at all the meetings.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of Meetings during the year 2011-12	
		Held	Attended
Dr R.Srinivasan, Chairman *	Chairman, Independent Non Executive	5	1
Mr. Rajiv Garg**	Independent Director	5	3
Mr. Ashok Kumar Goyal***	Independent Director	5	4
Mr.Dhanunjaya Kumar Alla ****	Alternate Director	5	2

* Ceased to be a Director w.e.f. 30th June 2011

** Ceased to be a Director w.e.f. 16th February 2012

*** Ceased to be a Director w.e.f. 13th April 2012

**** Ceased to be a Director w.e.f. 30th September 2011

The present Audit Committee consists of Mr.P.R.Vishnu, Independent Director and Mr. Aneesh Mittal, Whole Time Director.

REMUNERATION COMMITTEE:

i. The Company has reconstituted its Remuneration Committee as on 14th February 2011. The scope of the Remuneration committee has been defined by the Board of Directors in accordance clause 49 of the Listing Agreement, which among others, includes:

- a) To approve the terms and conditions for appointment and remuneration payable to Managing Director and other Executive Directors
- b) To approve the remuneration payable to executives of the Company and other matters related thereto.

ii. Composition and Attendance

As on date the Remuneration committee has 2 Directors, One is Non-Executive Independent and another is Non Executive Director. The Chairman of the committee, Mr.P.R.Vishnu, is a Non-Executive, Independent Director. No Remuneration Committee meetings were held during year 2011-12.

iii. The company does not have any Employee Stock option Scheme.

iv. Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce.

v. The company pays sitting fees to the Non-Executive Directors and reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

vi. Details of remuneration for the period ended 31.03.2012

a. Non-Executive Directors.

Name	Sitting Fees ₹
Dr. R.Srinivasan	17,500
Mr. Rajiv Garg	35,000
Mr.Dhanunjaya Kumar Alla	35,000

b. Managing Director & Executive Directors

Name	Salary	Perquisites & Allowances
Mr. Dinesh Kumar	NIL*	NIL*
Mr.K.Vasudeva Rao	₹. 20,00,000	₹.10,00,000
Mr.Aneesh Mittal	₹. 24,00,000	...

Mr. Dinesh Kumar, Managing Director of the Company, who was drawing remuneration of ₹ 1,50,00,000 p.a. in earlier year had decided not to draw Remuneration for the fiscal year 2011-2012 since the company has not made any profits during the year.

Shareholders / Investors Grievance Committee:

i. The committee constituted for redressing shareholders/investors complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividend and others. The committee when meets reviews all investor grievances and ensure that these are redressed within a period of 7-10 days from the date of receipt of complaint, except those that are constrained by legal impediments/procedural issues.

ii. Also to look into the approval of transfer/transmission /demat/remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate.

iii. No Shareholders / Investors Grievances Committee were held during the year.

iv. As on date the composition of the Shareholders / Investors Grievance Committee is Mr.P.R.Vishnu, Mr.Aneesh Mittal

Name, designation and address of Compliance Officer:

Mrs. Jyoti Khatri
 Company Secretary
 C2, Pooja Plaza, Vikrampur
 Secunderabad - 500 009
 Tel : 040 27775568 Fax : 040 27840081
 Email : jyoti@xlenergy.co

Details of Complaints received:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	NIL	NIL	NIL

MANAGEMENT COMMITTEE

1. Management Committee of Directors is constituted in order to take decisions in day to day operations of the Company viz., opening of Bank accounts, day to day administrative and financial functions, to appoint attorneys for general or specific purposes, to authorise company executives to institute civil suits, to borrow money for working capital requirements and etc. Generally, the Committee meets every month to review business opportunities & handling day to day operations.
2. The terms of references of the Committee are:
 - (a) Mr.Dinesh Kumar, Managing Director of the Company shall be the Chairman of the Management Committee.
 - (b) The quorum for the Committee meetings shall be TWO members or one third of the total number of members whichever is higher.
 - (c) The Company Secretary shall be the Secretary of the Management Committee and shall issue the Notices for the management Committee meetings, prepare minutes of the meetings of the Committee and get the same ratified by the Board of Directors.
3. Six meetings of the Management Committee were held during the year on 28th April, 2011, 19th July 2011, 10th September 2011, 3rd October 2011, 29th February 2012 and 13th March 2012.
4. The composition of the Management Committee and the details of meetings attended by its members are given below:

Name	Category	Name of Meetings during the 2011-12	
		Held	Attended
Mr. Dinesh Kumar	Managing Director	6	6
Mr. K.Vasudeva Rao	Executive Director	6	4
Mr. Aneesh Mittal	Whole Time Director	6	6

General Body meetings:

Location and time, where last three AGMs held:

Year	Date & Time of Meeting	Venue	Special Resolutions
2010-2011	24.11.2011 at 11.00 AM	Plot No.198/A, IDA Cherlapally, Hyderabad - 500051	1) Re-appointment of Mr.K.Vasudeva Rao, Executive Director
2008- 2009	26th May 2010 Cherlapally,	Plot No.198/A, IDA Hyderabad - 500051	1) Increase of Authorised Share Capital & consequent changes in the MOA & AOA 2) Issue of FCCB's/ GDRs/ADRs/ Convertible Securities/Shares 3) Issue of Share warrants 4) Issue of Cumulative Redeemable Preference Shares 5) Re appointment of Mr. Dinesh Kumar, Managing Director 6) Reappointment of Mr. V Visweswara Rao, Director (Finance) 7) Ratification of allotment of equity shares on conversion of warrants issued on Preferential basis 8) Erosion of more than 50% of Company's peak net worth during immediately preceding four financial years
2007-08 (Adjourned AGM)	30th March 2009	Plot No.198/A, IDA Cherlapally, Hyderabad - 500051	1) Authorization to borrow funds of the Company. 2) Mortgage, Charge and/or hypothecate the assets of the company. 3) Re-appointment of and revision in payment of remuneration to Mr. K.Vasudeva Rao, Whole Time Director 4) Re-appointment of Mr.Pramod Kumar Jain as a Director as well as Whole-time Director.
2007-08	24th December 2008	Plot No.198/A, IDA Cherlapally, Hyderabad - 500051	Adjourned due to lack of quorum

DISCLOSURES

- i. During the year, there were no transactions of material nature of the Company with the Promoters, Directors, Management, their relatives, or subsidiaries of the Company etc. that had potential conflict with the interest of the Company at large.
- ii. The related party transactions with the subsidiary/group companies have been disclosed in the Annual Accounts.
- iii. There were no instances of non-compliances by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets.
- iv. The Company adopted the Code of Conduct for Directors and Senior Management. The code has been circulated to all the members of the Board and Senior Management and the same has been put on the company's website www.xlenergy.co. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Managing Director of the Company (i.e. CEO within the meaning of Clause 49 of the listing Agreement) is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the financial year 2011-12."

Secunderabad
11.01.2013

Dinesh Kumar
Managing Director

- v. A certificate from the CEO (Managing Director) and CFO (Director (Finance)) was placed before the Board under clause 49 (V) of the Listing Agreement.
- vi. In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of insider trading by the company insiders.
- vii. A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of Share Capital audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- viii. The Board in its report have confirmed that the financial accounts for the period ended 31st March 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- ix. The details of the shares/convertible warrants held by the Non Executive Director as on 31st March 2012:

Name of the Non-Executive Director	No. of Equity shares	No. of convertible warrants
Mr. Rajiv Garg	7,000	NIL

- x. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreements with the Stock Exchanges:
The Company has set up a Remuneration Committee details of which have been given earlier in this Report.

COMMUNICATION TO SHAREHOLDERS

- (a) The quarterly, half yearly and annual results of the Company are normally published in Financial Express and Andhra Prabha daily.
- (b) The results are also displayed on the Company's website "www.xlenergy.co".
- (c) Press releases made by the Company from time to time are also displayed on the website. Presentations made to the institutional investors and analysts after the declaration of the quarterly results are displayed on the Company's website.
- (d) A management Discussion and Analysis statement is a part of the Company's Annual Report.
- (e) Annual Reports and other communications will be sent through Post.

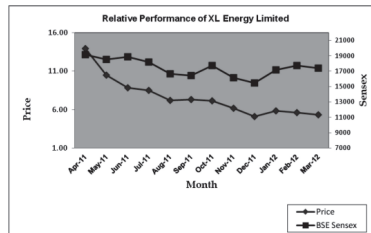
GENERAL SHAREHOLDERS' INFORMATION

- (i) The Annual General Meeting:
 - Date & Time : 4th February 2013 at 11.30 AM
 - Venue : Plot No.198/A, IDA, Cherlapally, Hyderabad -500051
- (ii) Financial year ending : 31st March, 2012
- (iii) Date of Book Closure : 27.01.2013 to 04.02.2013 (both days inclusive)
- (iv) Listing on Stock Exchanges : 1. The Company's equity shares are currently listed in
- (v) Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
 - : 2. Zero Coupon Foreign Currency Convertible Bonds (FCCBs) are listed at Singapore Exchange Securities Trading Limited (SGX-ST)
- v) Stock Code / Symbol
 - For equity shares
 - BSE : 532788 & XLENERGY
 - NSE : XLENERGY
 - ISIN for FCCBs
 - Singapore Stock Exchange: XS0325291861

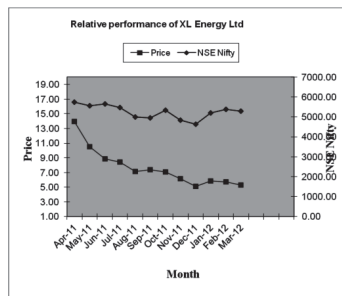
vi) Market Price Data: High, Low during each month in last financial year

Month	BSE		NSE	
	High	Low	High	Low
April, 2011	18.00	13.45	17.80	13.30
May, 2011	14.80	10.06	14.30	10.00
June, 2011	12.30	7.05	10.65	7.05
July, 2011	10.49	8.35	10.40	8.05
August, 2011	8.80	6.75	8.90	6.55
September, 2011	8.70	6.96	8.50	7.00
October, 2011	7.85	6.75	7.85	6.15
November, 2011	7.50	4.75	7.65	4.60
December, 2011	6.80	4.36	7.00	4.30
January, 2011	7.00	5.00	6.85	4.95
February 2012	6.94	5.50	6.90	5.55
March 2012	6.45	4.68	6.35	4.70

Stock Performance in comparison to broad-based indices - BSE Sensex



Stock Performance in comparison to broad-based indices -NSE Nifty



vii) Registrar and Transfer Agents

Bigshare Services Pvt Ltd,
G-10, Left Wing, Amrutha Ville Appt.,
Opp: Yashoda Hospital, Somajiguda,
Rajbhavan Road, HYDERBAD - 500 082
Tel: +91 40 23374967 Fax: +91 40 23370295
E-mail: bsshyd@bigshareonline.com, Website: www.bigshareonline.com

viii) Share Transfer System

All physical share transfers are handled by Bigshare Services Private Limited. The transferee is required to furnish transfer deed duly complete in all respects together with the share certificates to Bigshare Services Private Limited at the above said address in order to enable them to process the transfer. As regard transfers of dematerialized shares, the same can be effected through the demat accounts of the transferor(s) and transferee(s) maintained with recognized Depository Participants.

All requests received by the Company/RTA for Dematerialisation/ Rematerialisation/ transfer are disposed off expeditiously. Share Certificates duly endorsed are issued /transferred to all those shareholders, who opt for shares in the physical form.

ix) Distribution of shareholding
a. Distribution of shareholding as on 31st March 2012:

Range (in Rupees)	No. of shareholders	% of shareholders	No. of shares (Rs)	% of shareholders
1 - 500	20616	80.48	2987594	13.12
501 - 1000	2364	9.23	1952143	8.57
1001 - 2000	1313	5.13	2008790	8.82
2001 - 3000	438	1.71	1118650	4.91
3001 - 4000	216	0.84	767403	3.37
4001 - 5000	183	0.71	868515	3.81
5001 - 10000	285	1.11	2088579	9.17
Above 10000	200	0.79	10982723	48.23
Total	25615	100.00	227743970	100.00

b. Categories of Shareholders as on 31st March 2012

Category	No. of Shares	Percentage
Promoters	4524113	19.86
Indian Public & others	13031394	57.22
Financial Institutions	361101	1.59
Foreign Institutional Investors	42000	0.18
Bodies Corporate	4029840	17.70
NRIs	756506	3.32
Clearing Member	29443	0.13
Grand Total	22774397	100.00

x) Dematerialization of shares and liquidity

The Company has admitted its equity & Cumulative Redeemable Preference shares (CRPS) to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company for Equity is INE 183H01011 & for Preference Shares is INE 183H04015. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by SEBI.

Out of 2,27,74,397 equity shares, 22,76,69,88 equity shares constituting 99.96% of total equity share capital are held in dematerialized form with NSDL and CDSL as on 31st March 2012.

xi) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

As against the outstanding balance of Foreign Currency Convertible Bonds (FCCB) of USD 4.2 Million as at the beginning of the year which was issued in October 2007 having a maturity period of 5 years and one day has matured and is due for redemption in October 2012. However, the FCCB's are not redeemed as on the date of signing of this balance sheet and the company is in negotiations with the Bond holder for rollover of the same for a further period of 5 years at the same terms and conditions and hence classified the same in the balance sheet as long term funds available with the company.

xii) Unclaimed shares in the public issue:

In compliance with clause 5A of the listing agreement, shares issued pursuant to the public issues which remain unclaimed and are lying in the escrow account were transferred to "XL Energy Limited Unclaimed securities Suspense Account". The details of which are as follows:

S.No.	Description	No. of Shareholders	No. of Shares
1	Aggregate No. of unclaimed shareholders & Shares beginning of the year 01.04.2011	6	273
2.	No. of unclaimed shareholders who approached for transfer of shares from suspense account during the year	0	0
3.	No. of unclaimed shareholders and shares transferred from suspense account during the year	0	0
4.	No. of unclaimed shareholders and shares outstanding at the end of year 31.03.2012	6	273

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

WHERE WE OPERATE

The XL group operates across 3 continents, and our products and services are available in more than 4 countries and focused on European countries and USA.

PLANT & LOCATIONS IN INDIA

- | | |
|--|--|
| <p>1. Jointing Kits Division
Shed No. 30 & 31
I.D.A., Mallapur, Hyderabad - 500 076</p> <p>3. SMPS & CDMA Division:
Plot No. 198/A, I.D.A., Cherlapally,
Hyderabad - 500 051</p> <p>5. Fabcity :
Plot No. 36, Raviryal Village,
Fab-City (SEZ) India Pvt. Ltd.
Maheshwaram Mandal,
Ranga Reddy District AP</p> | <p>2. SPV Division
Shed No. 32, I.D.A.,
Mallapur, Hyderabad - 500 076</p> <p>4. Ethanol Division:
Plot Nos. B 8 to B 10, &
B 18 to B21, MIDC, Kushnoor
NANDED (District), Maharastra State</p> |
|--|--|

ADDRESS FOR CORRESPONDENCE

REGISTERED OFFICE

C2, Pooja Plaza, Vikrampur
Secunderabad - 500 009
Tel : 040 27775568 Fax : 040 27840081
Email : info@xlenergy.co
Website : www.xlenergy.co

Management Discussion and Analysis

Statements in this management discussion and analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government/regulatory regulations, tax laws, economic developments within the country and such other factors.

i. Industry structure and developments

Solar Business worldwide has great political support. Even during the recession period many governments provided funding, subsidies and tax benefits. Leading nations are Germany, Italy, France, China, USA, Canada, India etc. The threat of climate change and obligations to reduce Green House Gas (GHG) emissions has put onus on each large country, including on India, to support renewable energy power generation vigorously.

Photovoltaic (PV) Industry -

Renewable energy is expected to play a vital role not only from an environment angle but more importantly from the energy security perspective. Currently, more than 100 countries have renewable energy targets, more than 40 developing nations have introduced feed-in tariffs, and countries from Saudi Arabia to South Africa are making big bets on renewables as a growth market. Many countries are also exploring carbon-trading markets, including the EU, South Korea, and Australia. This year, China launched pilot trading projects in five cities and two provinces, with a goal of a national program by 2015.

The year 2011-12 started out as a very challenging year for the global solar industry, given the rolling effect at the economic slowdown, credit crunch and reduction in the incentive program by the Spanish Government. This was coupled with a short term demand supply mismatch of solar photovoltaic products.

However, after a difficult first half, growth rebounded in the second half of the year with the improving credit conditions. All major markets remained firm, with the strongest growth coming from Germany, Italy and southern Europe. Moreover newer markets like USA, Czech Republic, Belgium, France and India have come out with attractive incentive programmes and increasing the solar market area.

Indian PV Industry -

XL PV Business :

The year 2011-12 was a critical year for XL, enhancing and strengthening our portfolio of businesses. We have been able to continuously reinforce our strengths and resolve weaknesses to weather the storm of industry imbalances. We have been striving in simultaneously managing varied business requirements and different industry & business cycles with blend of diverse corporate strategies through our focus on technology and innovation, manufacturing excellence and quality drive to re-ignite strong, sustainable and balanced growth. Cost, efficiency and price are fundamental drivers of PV industry. Innovations across the value chain will enable higher margins for PV industry. The desire for XL to reduce costs and differentiate will drive opportunities.

ii. Future Outlook

Worldwide the total solar capacity installed last year was about 5000 MW of Solar panels. In India the total employed last year was under 100 MW. Therefore the entire PV Business in India is either based on importing Solar Panels from abroad or exporting the finished goods to Europe or North America.

The Government of India under the Jawaharlal Nehru National Solar Mission (JNNSM) has set an aggressive target of 1,100 MW by 2013 (11th Five-Year Plan) and 20,000 MW by 2022 (13th Five-Year Plan). In addition, many state governments have announced state policies on solar energy aided by the fledgling Renewable Energy Certificate (REC) Government initiative. A total potential of 64,000 MW by 2022 is estimated by business research analysts.

iii. Risks and concerns

- ★ Liquidity and Interest Risk
- ★ Input cost and falling selling price risk
- ★ Government Policies regarding the imports and exports.
- ★ Further, Rupee appreciation would seriously affect the export business being planned in the Solar Segment.

iv Adequacy of internal controls

The company has a strong, independent and adequate system of internal control procedures commensurate with the size and nature of its business to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly. An extensive programme of internal audits, reviews by management and documented policies, guidelines and procedures, supplements the internal control systems. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Financial performance - Overview

The Company for the year 2011-12 has recorded total revenue of Rs. 374.61 lacs as against Rs. 16512.03 lacs for the previous year. The Company has incurred a loss after tax for the year Rs.1026.75 lacs as against a loss of Rs. 17456.60 lacs for the previous year.

Human Resource -

The company's ability to deliver value depends on its ability to attract, motivate, empower and retain the best professional talents. These abilities have to be developed across Company's rapidly expanding operations. There is significant competition from emerging sectors, which poses inherent risks associated with the ability to hire and retain skilled and experienced professionals. Your company continuously benchmarks HR policies and practices with the best in industry and carries out necessary improvements to attract and retain best talent and build intellectual capital

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF
XL ENERGY LIMITED

We have examined the compliance of conditions of Corporate Governance by XL Energy Limited, for the 12 months period ended March 31st 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 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 according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For R&A Associates
Company Secretaries

R.Ramakrishna Gupta
Partner
C.P. No.6696

Hyderabad, 10th February 2013

AUDITORS' REPORT

To
The Members of
M/S XL Energy Limited,
Secunderabad

- 1 We have audited the attached Balance Sheet of M/S XL Energy Limited, C-2, Pooja Plaza, Vikrampuri, Secunderabad - 500 009 as at 31st March 2012, and also the Profit and Loss Account and Cash Flow Statement for the period 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 auditing standards generally accepted in India. These 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 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) section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
- 4 Further to the above our comments are as under:
 - a) Reference is invited to note no. 2.43 of notes to audited financial statements regarding dues to Small, Medium and Micro Enterprises
 - b) Reference is invited to note no. 2.44 of notes to audited financial statements regarding confirmation of balances
 - c) The Company has not determined and provided for the amount of gratuity, liability for the employees on accrual basis as at 31st March 2012 which is required to be determined and provided for as per the accounting standard 15 on employees benefits issued by the Institute of Chartered Accountants of India and also as per the provisions of section 209 of the companies act, 1956 relating to preparation of books of account on accrual basis. In the absence of the value of such provision for gratuity, we are unable to determine quantum of such non provision and its impact of the understatement of the loss for the period ended 31st March 2012.
 - d) The balance appearing under the secured loans (other than the hire purchase loans) are arrived at after providing for interest at a lower rate than the original contract rate. The interest for the period is calculated based on the concessional rates of interest that are to be charged as per the corporate debt restructuring (CDR) scheme provided by the lenders to the Company on 30th December 2009. However during the current financial year despite restructuring of loans given by banks, the company could not meet its obligations for repayment of loans as per CDR Scheme. Further the promoter also could not bring in capital committed by them. As the company could not execute the CDR package, some of the banks have not charged interest on the outstanding loans during the current financial year. Hence the company has accounted for interest which has been charged by the banks and not made a provision in the books for the interest amount not charged by the banks amounting to ₹.5,149.16 Lakhs. Had this provision been made in the books of account the current year loss would be ₹. 7,368.71 Lakhs.
 - e) We are unable to comment on the carrying value of the investment in one of the subsidiary companies Viz. Khandoba Distilleries Limited in view of the non implementation of the project being executed in the said company and also the stipulations made by the secured lenders of the company as part of the corporate debt restructuring scheme requiring the company to dispose of the said project being implemented.
 - f) The balances appearing under the Trade Receivables, short Term loans & advances are subject to confirmation and reconciliation. We find no provision has been made in books for doubtful debts.
- 5 Subject to our qualifications mentioned paragraphs (3) and (4) above, 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 the law have been kept by the Company so far as it appears from our examination of those books excepting in relation to the accounting standard 15 on employee benefits.
- c) The Balance Sheet, the Profit and Loss Account and cash flow statement dealt with by these report are in agreement with the Books of Account.
- d) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 excepting in relation to accounting standard 15 on employee benefits.
- e) On the basis of the written representations received from the directors as on 31st march 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012, from being appointed as Directors 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 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 excepting in relation to accounting standard 15 employee benefits.
 - i. In the case of Balance Sheet, of the state of affairs of the company as on 31st March 2012.
 - ii. In the case Profit and Loss Account, of the Loss for the period ended on that date and
 - iii. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Satyanarayana & Co
Chartered Accountants
FRN 003680S

(J. Jagannadha Rao)
Partner
Membership No. 6239

Place : Secunderabad
Date : 11.01.2013

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE:

- i)
- a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets of the company.
 - b) The Process of physical verification of fixed assets has been started by the company during the year and it is in progress
 - c) During the year the company has not disposed of any fixed assets.
- ii)
- a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories 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 record of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. According to the information and explanations given to us, the company has not taken any loans secured or unsecured from / to companies, firms or other parties covered in the register maintained under sec.301 of the Companies Act, 1956. However, reference is invited to 2.37 of notes to the audited financial statements regarding monies advanced / equity invested.
- iv. In our opinion and according to the information and explanations given to us, the internal control procedures needs to be strengthened and streamlined so as to be commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regards to the sale of goods .
- v. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in to the register maintained under sec. 301 of the Companies Act, 1956 have been so entered.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We broadly reviewed the books of account relating to materials, 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 and sec 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.
- ix.
- a The Company is not regular in depositing with appropriate authorities the following undisputed statutory dues including Provident Fund, investor education protection fund, Employees State Insurance, Income tax, sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it

Provident Fund Dues	₹ 80.89 Lakhs
ESI	₹ 20.92 Lakhs
Tax Deducted At Source	₹ 189.99 Lakhs
Service Tax	₹ 9.64 Lakhs
Total	₹ 301.44 Lakhs
 - b According to the information and explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. In our opinion the accumulated losses of the company are more than 50% of its net worth. The company incurred a cash loss of ₹. 2,045.74 lakhs during the current accounting year. The cash loss during immediately preceding accounting year is ₹. 25,549.07 lakhs.
- xi. The company has defaulted in the repayment of dues to banks and financial institutions, for both term loans and working capital loans. The company was granted restructuring of the payment of interest and principle dues under corporate debt restructuring scheme on 30th December 2009. As per the terms the company could not meet its obligations for repayment as per the terms of restructuring. The details were mentioned in 2.30 of notes to audited financial statements.

- xii. In our opinion and according to the information and explanations given to us the Company has not granted loans and advances against pledge of shares debentures and other securities
- xiii. In our opinion the company is not a chit fund / a Nidhi / mutual benefit fund/ society. Therefore clause 4 (xiii) is not applicable to the company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in or trading in shares and securities. In the case of the investment held by the company, the same are in the name of the company.
- xv. According to the information and explanations given to us the company has given guarantee for loans taken by others to banks or financial institutions excepting corporate guarantee to M/s Soft Projex (India) Limited.
- xvi. In our opinion and according to the information and explanations given to us the term loans have been applied for the purpose for which they were raise.
- xvii. According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. However the borrowing made by the company for the working capital purposes is converted in to long term loans by the lenders under corporate debt restructuring package granted considering the losses suffered by the company.
- xviii. The Company has not made any preferential allotments during the year. With regard to FCCBs reference is invited to note no. 2.33 of notes to audited financial statements.
- xix. The clause 4 (xiv) of the companies (Audit Report) order 2003 relating to the creation of the security for the debentures is not applicable to the company as no debentures are raised by the company.
- xx. The company has not raised any money by way of public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that caused the financial statements to be materially misstated.

For Satyanarayana & Co
Chartered Accountants
FRN 003680S

(J. Jagannadha Rao)
Partner
Membership No. 6239

Place : Secunderabad
Date : 11.01.2013



XL ENERGY LIMITED

XL ENERGY LTD
C2, Pooja Plaza, Vikrampuri, Secunderabad - 500009, A.P
Balance Sheet As At 31st March 2012

Amount in ₹ Lacs

Particulars	Note No.	As At 31-Mar-12	15 Month ended 31-Mar-11
1	2	3	4
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	12,655.48	12,655.48
Reserves and Surplus	2.02	(9,220.53)	(7,000.98)
Money Received against Share Warrants			
Non - Current Liabilities			
Long - Term Borrowings	2.03	56,424.50	65,730.20
Other Long Term Liabilities	2.04	3,254.22	3,254.22
Current Liabilities			
Short Term Borrowings	2.05	4,502.44	4,554.71
Trade Payables	2.06	999.48	2,862.24
Other Current Liabilities	2.07	30,061.59	19,187.14
Short - Term Provisions	2.08	683.50	591.24
TOTAL		99,360.68	101834.25
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	2.09	3,698.31	4,001.00
Intangible Assets			
Capital Work -in-Progress	2.10	29,926.36	28,268.95
Non-Current Investments	2.11	4,186.00	4,186.00
Deferred Tax Assets (Net)	2.12	16,432.75	15,323.14
Long-Term Loans and Advances	2.13	17,228.01	17,585.97
Other Noncurrent Assets	2.14	242.52	288.71
Current Assets			
Inventories	2.15	9,258.12	10,328.08
Trade Receivables	2.16	16,474.53	16,625.28
Cash & Cash Equivalents	2.17	261.11	1,303.80
Short term loans and advances	2.18	1,371.96	3,643.09
Other Current Assets	2.19	281.01	280.23
TOTAL		99,360.68	101834.25
Significant Accounting policies	1.0		

As per our report of even date
For **SATYANARAYANA & CO**
Chartered Accountants
FRN No.003680S

For and on behalf of the Board

(J Jagannadha Rao)
Partner
Membership No. 6239
Place: Secunderabad
Date: 11.01.2013

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri
Company Secretary

XL ENERGY LTD
C2, Pooja Plaza, Vikrampuri, Secunderabad - 500009, A.P
Statement of Profit and Loss for the year ended 31st March 2012

Amount in ₹ Lacs

Particulars	Note No.	For the year ended	
		31-Mar-12	31-Mar-11
Revenue From Operations	2.20	356.18	16,507.85
Other Income	2.21	26.05	83.98
Total Revenue		382.23	16,591.83
Expenses			
Cost of Raw Materials Consumed	2.22	612.44	6,625.52
Purchase of Stock in trade	2.23	-	17,056.76
Changes in Inventories of Finished Goods and WIP	2.24	(333.92)	616.05
Employee Benefit Expense	2.25	622.53	945.27
Finance Costs	2.26	1,015.24	8,092.81
Depreciation and Amortisation Expense	2.09	311.09	377.29
Other Expenses	2.27	557.87	2,418.28
Total Expenses		2,785.25	36,131.98
Profit before exceptional and extraordinary items and Tax		(2,403.02)	(19,540.15)
Exceptional Items	2.28	-	6,386.22
Profit Before extraordinary items and Tax		(2,403.02)	(25,926.37)
Extraordinary Items	2.29	926.13	-
Profit Before Tax		(3,329.15)	(25,926.37)
Tax Expense			
(1) Current Tax		-	-
(2) Deferred Tax		(1,109.60)	(15,291.62)
Profit /(Loss) for the period from continuing operations		(2,219.55)	(10,634.75)
Profit /(Loss) from discontinuing Operations			
Tax Expense on discontinuing Operations			
Profit / (Loss) from Discontinuing Operations (after tax)		-	-
Profit / (Loss) for the Period	(2,219.55)	(10,634.75)	
Earnings per Equity Share			
(1) Basic		(9.75)	(46.70)
(2) Diluted		(9.75)	(46.70)
Significant Accounting Policies	1.0		

As per our report of even date
For **SATYANARAYANA & CO**
Chartered Accountants
FRN No.003680S

For and on behalf of the Board

(J Jaganadha Rao)
Partner
Membership No. 6239
Place: Secunderabad
Date: 11.01.2013

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri

Company Secretary

	As year ended		
	31-Mar-12	31-Mar-11	
A	Cash Flow from Operating Activities		
	Net Profit (loss) before tax and extraordinary items	(3,329.15)	(25,926.36)
	Adjustments for :		
	Depreciation	311.09	377.29
	Misc Exp Written off	46.19	57.74
	Loss on sale of Assets / write off	926.13	-
	Interest Income	(22.56)	(78.46)
	Interest & Finance Charges	1,015.24	8092.81
		2,276.09	8,449.38
	Operating Profit before Working Capital Adjustments	(1,053.06)	(17,476.98)
	Adjustments for :		
	(Increase)/ Decrease in Inventories	1,069.96	13025.68
	(Increase)/ Decrease in Trade and other receivables	150.75	5718.18
	(Increase)/Decrease in Short Term Loans & Advances	2,272.34	479.38
	Increase)/(Decrease) in Trade Payables & others	(20,754.96)	(477.21)
	Cash Generated from Operations	(18,314.97)	1,269.05
	Interest on Borrowings	(1,015.24)	(8,092.81)
	Direct Taxes Paid		-
	Transfer to General reserve		-
	Extraordinary loss of inventory in discontinuing business	(926.13)	
	Net Cash Flow from Operations	(20,256.34)	(6,823.76)
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(8.40)	(362.12)
	Sale of Fixed Assets		
	Purchase / Sale of Investments		
	Advances/ Payables for Capital work in Progress	52.48	-
	Capital work in Progress	(1,657.41)	(1,452.36)
	Interest Income Received	22.56	78.46
	Net Cash used in Investing Activities	(1,590.77)	(1,736.02)
C	Cash Flow from Financing Activities		
	Proceeds from issue of Share Capital including premium	-	13118.35
	Share Application Money		
	Proceeds from Long Term Borrowings	(9,305.70)	(340.81)
	Repayment of Unsecured Loans (FCCB)		(3,838.45)
	Proceeds from Short Term Borrowings	29,806.64	-
	Dividends Paid (Including Tax thereon)		
	intercorporate loans and advances	303.48	-
	Net Cash Flow from Financing Activities	20,804.42	8,939.09
	Net Increase /(Decrease) in Cash and Cash Equivalents	(1,042.69)	379.31
	Cash and Cash Equivalents at the Beginning of the Year	1,303.80	924.49
	Cash and Cash Equivalents at the End of the Year	261.11	1,303.80

As per our report of even date

For **SATYANARAYANA & CO**

Chartered Accountants

FRN No.003680S

(J Jaganadha Rao)

Partner

Membership No. 6239

Place: Secunderabad

Date: 11.01.2013

For and on behalf of the Board

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri

Company Secretary

XL ENERGY LTD
C2, Pooja Plaza, Vikrampuri, Secunderabad - 500009 A.P
Notes on Accounts

Amount in ₹ Lacs

		As At 31-Mar-12 in lacs	15 Month ended 31-Mar-11 in lacs
2.01	Share Capital		
	Authorised		
	4,00,00,000 Equity shares of D 10/- each	4,000.00	4,000.00
	11,00,00,000 Preference shares of D 10/- each	11,000.00	11,000.00
		15,000.00	15,000.00
	Issued, Subscribed and Paid Up		
	2,27,74,397 Equity shares of D 10/- fully paid	2,277.44	2,277.44
	10,37,80,394 Convertible Redeemable Preference Shares of D 10/- each	10,378.04	10,378.04
	Total	12,655.48	12,655.48
2.02	Reserves and Surplus		
(a)	Capital Reserves		
	Opening Balance	543.54	543.54
	Transferred in the current year	-	-
	written back in the current year	-	-
	Closing Balance	543.54	543.54
(b)	Security Premium Reserve		
	Opening Balance	24,269.42	21,270.25
	Transferred in the current year	-	2,999.17
	written back in the current year	-	-
	Closing Balance	24,269.42	24,269.42
(c)	General Reserves		
	Opening Balance	736.72	736.72
	Transferred in the current year	-	-
	written back in the current year	-	-
	Closing Balance	736.72	736.72
(d)	Surplus		
	Opening Balance	(32,550.66)	21,915.91)
	Add: Net Profit / (Net Loss) for Current Year	(2,219.55)	(10,634.75)
	Closing Balance	(34,770.21)	32,550.66)
	Total Reserves & Surplus	(9,220.53)	(7,000.98)
2.03	Long- Term Borrowings		
	Secured		
	Term Loans	54,522.51	63,822.15
	From Banks		
	(Secured by Equitable Mortgage of Land, First charge of immovable Properties of the company both present and future, Hypotecation of all tangible, movable prperties and assets both present and future including Raw Materials, Inventory and Receivables. See detailed breakup in 2.35 notes to accounts		
	Hire Purchase Loans from Banks	-	6.06
		54,522.51	63,828.21

	Unsecured Other Loans and advances Un-Secured Loans -FCCB (Outstanding amount of USD 4.20 million Foreign Currency Convertible Bonds issued in October 2007 with a maturity period of 5 years and one day) See detailed note 2.33 in notes to accounts	1,901.99	1,901.99
		1,901.99	1,901.99
2.04	Total Long Term Liabilities	56,424.50	65,730.20
	Other Long Term Liabilities		
	Sundry Creditors - Capital Goods - Payables	3,243.38	3,243.38
	Sundry Creditors - Capital Goods- Retention Money	10.84	10.84
		3,254.22	3,254.22
2.05	Short Term Borrowings Loans payable on demand a) from banks (Secured by Equitable Mortgage of land, First charge of immovable Properties of the company both present and future, Hypotecation of all tangible, movable pperties and assets both present and future including Raw Materials, Inventory and Receivables.See detailed note 2.35 in notes to accounts b) From other parties	4,502.44	4,554.71
		-	-
		4,502.44	4,554.71
2.06	Trade Payables Sundry Creditors -Trade (unsecured) a) Total outstanding dues of micro, medium and small enterprises b) Total outstanding dues of other than micro, medium and small enterprises Sundry Creditors - Transport	0.00 843.77 155.71 999.48	- 2,550.60 311.64 2,862.24
2.07	Other Current Liabilities Current Maturities of Long Term Debt Interest accrued but not due on borrowings Interest accrued due on borrowings Unpaid Dividends Other Payables : Service Tax TDS Payable Professional tax Work Contract Tax	22,974.49 - 6,884.42 0.02 9.64 189.99 2.55 0.48 30,061.59	13,674.85 5,349.92 3.36 0.70 157.10 1.21 - 19,187.14
2.08	Short - Term Provisions Provision for employee benefits Salary & Reimbursements Contribution to PF Contribution to ESI LIC premium payable Provision for Income Tax Other Liabilites	537.18 80.89 20.92 2.40 29.77 12.34 683.50	246.55 9.75 1.57 0.76 34.52 298.09 591.24

XL ENERGY LTD C2, Pooja Plaza, Vikramপুরi, Secunderabad - 500009 A.P Notes on Accounts											
Amount in ₹ Lacs											
Fixed Assets	Gross Block						Depreciation			Net Block	
	15 Month ended 1-Apr-11	Additions during the year	Disposal during the year	As at 31-Mar-12	15 Month ended 1-Apr-11	Deprecia- tion for the year	Deprecia- tion on disposals	As at 31-Mar-12	As at 31-Mar-12	15 Month ended 31-Mar-11	
2.09	Tangible Assets										
(a)	Land	1,154.60	0.30		1,154.90	-	-	-	1,154.90	1,154.60	
(b)	Buildings	903.26	-		903.26	213.01	30.17	243.18	660.08	690.25	
(c)	Plant and Equipment	3,199.93	7.77		3,207.70	1,493.14	226.51	1,719.65	1,488.05	1,706.79	
(d)	computers	114.11	0.33		114.44	113.12	1.04	114.16	0.28	0.99	
(e)	Vehicles	349.51	-		349.51	135.63	33.20	168.63	180.68	213.88	
(f)	furniture & fixtures	263.35	-		263.35	61.73	16.67	78.40	184.95	201.62	
(g)	Office equipment	73.74	-		73.74	40.87	3.50	44.37	29.37	32.87	
	Total	6,058.50	8.40	-	6,066.90	2,057.50	311.09	2,368.59	3,698.31	4,001.00	
	Previous Year Balance	6,043.33	15.17		6,058.50	1,680.21	377.29	2,057.50	4,001.00	4,363.12	
	Intangible Assets										
	Capital Work -in-Progress										
	CWIP - SPV - Fabcity	28,126.72	1,660.40		29,787.12				29,787.12	28,126.72	
	CWIP-ETAHOL PROJECT	27.96	-		27.96				27.96	27.96	
	CWIP - Photobioreactor - Cherlapally	111.28	-		111.28				111.28	111.28	
	Capital Work -in-Progress	28,265.96	1,660.40	-	29,926.36				29,926.36	28,265.96	
2.10											

XL ENERGY LTD
C2, Pooja Plaza, Vikrampuri, Secunderabad - 500009 A.P
Notes on Accounts

		Amount in ₹ Lacs	
		As At 31-Mar-12 in lacs	15 Month ended 31-Mar-11 in lacs
2.11	Non-Current Investments		
A	Trade Investments		
(i)	Investment in Shares of:		
	(a) Khandoba Distilleries Ltd -Subsidiary (1,53,78,000 fully paid equity shares of ₹ 10/- each)	1,537.80	1,537.80
	(b) Saptashva Solar SL-Spain - Wholly owned subsidiary (2548006 fully paid equity shares of Euro 1 each)	1,636.49	1,636.49
	(c) Saptashva Solar Ltd. - wholly owned subsidiary (50,000 fully paid equity shares of ₹ 10/- each)	5.00	5.00
(ii)	Application money paid - pending allotment of shares		
	(a) Saptashva Solar SL-Spain - Wholly owned subsidiary	1,006.71	1,006.71
	Total 'A'	4,186.00	4,186.00
	Less: Diminution in the value of investments	-	-
	Total	4,186.00	4,186.00
2.12	Deferred Tax Assets (Net)	16,432.75	15,323.14
		16,432.75	15,323.14
2.13	Long-Term Loans and Advances		
	Capital Advances	17,074.00	17,126.48
	Loans and Advances to related parties	113.64	417.12
	Rental Deposits	40.37	42.37
		17,228.01	17,585.97
2.14	Other Non current Assets		
	Preliminary expenses	242.52	288.71
		242.52	288.71
2.15	Inventories (Valued at cost or net realisable value)		
(a)	Raw materials, Stores & Consumables etc	2,384.79	3,738.73
(b)	Work in Progress	6,873.33	6,539.41
(c)	Finished Goods	-	49.94
(d)	Stock In Trade	-	-
		9,258.12	10,328.08
2.16	Trade Receivables (Unsecured Considered Good)		
	Exceeding six months	16,474.53	23,011.50
	Less than six months	-	-
	Less: Provision for Doubtful Debts	-	6,386.22
		16,474.53	16,625.28

2.17	Cash & Cash Equivalents		
	Balances with banks		
	in Current Account	(0.69)	32.12
	in Deposit Accounts (including margin money)	258.79	1,261.76
	Unclaimed Dividend Balance	-	3.35
	Cash On Hand	3.01	6.57
		261.11	1,303.80
2.18	Short term loans and advances (Unsecured, considered good)		
	Deposits	225.06	258.02
	Others advances -Advance to suppliers	1,083.51	3,331.34
	Less: allowance for Doubtful Loans and advances	-	-
	Interest Accrued but not received	63.39	53.73
		1,371.96	3,643.09
2.19	Other Current Assets		
	Other advances	51.45	38.46
	Salary Advances	0.55	-
	Tour Advances	1.94	7.73
	Excise duty & Modavate receivable	220.35	220.35
	VAT & CST Receivables	6.72	13.69
		281.01	280.23
2.20	Revenue From Operations		
	Sale of Products		
i	Domestic Sales		
	Telecome Division	1.84	80.13
	Energy Division	158.14	123.58
ii	Export Sales		
	Telecome Division	-	-
	Energy Division	100.41	16,316.96
iii	Other Sales - Energy Division	95.79	-
		356.18	16,520.67
	Less		
	Excise Duty	-	12.82
	Total	356.18	16,507.85
2.21	Other Income		
	Interest Income	22.567	78.46
	Other Non - Operating Income	-	5.52
	Net Gain / Loss on foreign currency translation and transaction	3.49	-
	Total	26.05	83.98
2.22	Cost of Raw Materials Consumed		
	Opening Stock of Raw Material	3,738.73	10,189.70
	Add : purchase of Raw Material	134.69	174.55
		3,873.42	10,364.25
	Less : Closing Stock of Raw Material	2,384.79	3,738.73
	Less : Loss on Inventory due to absolute &		

	dead stock	876.19	
	Consumption of Raw Materials	612.44	6,625.52
	Details of Raw Material Consumed :		
	a) Raw Material for SPV Modules		
	Solar Cells 6"	484.97	5,173.07
	EVA	24.11	257.19
	Tedlar	24.27	258.86
	Toughened Glass	44.93	479.29
	Ribbon Interconnects	1.65	17.65
	Bus Bar	1.28	13.66
	Aluminium Frames	7.45	79.43
	Silicone Sealant	2.36	25.15
	Flux	0.04	0.48
	Terminal Box	11.62	123.90
	Packing Material	7.00	74.69
	Others	2.76	98.20
		612.44	6,601.57
	b) Raw Material for SMPS units	-	23.95
	Total	612.44	6,625.52
2.23	Purchase of Stock in trade		
	Purchase of Raw Material	-	17,056.76
	Purchase of stock in trade	-	17,056.76
2.24	Changes in Inventories of Finished Goods and WIP		
	i) (Increase/ Decrease in WIP		
	Opening Stock	6,539.41	3,977.88
	Closing Stock	6,873.33	6,539.41
	Changes in Inventories of WIP (a)	(333.92)	(2,561.53)
	ii) (increase)/Decrease in Finished Goods		
	Opening Stock	49.94	3,227.52
	Less : Loss on Inventory due to absolute & dead stock	49.94	
	Closing Stock	-	49.94
	Changes in Inventories of Finished Goods (b)	-	3,177.58
	Total Cost of Materials Consumed (a)+ (b)	(333.92)	616.05
2.25	Employee Benefit Expense		
	Salaries and Wages	554.18	835.60
	Contribution to Provident and other Funds	58.40	53.70
	Staff Welfare Expenses	9.95	55.97
	Total	622.53	945.27
2.26	Finance Costs		
a)	Interest expense		
	Interest on Hire Purchase Loans	2.90	3.32
	Interest on Term Loans	756.86	3,996.35
b)	Other borrowing costs		
	Interest on Working Capital Loans & Bank charges	255.48	4,093.14
	Total	1,015.24	8,092.81

2.27	Other Expenses		
	Power and Fuel expenses	61.22	84.09
	Rent	35.33	86.25
	Repairs to buildings & Machinery		
	- Buildings	4.03	7.90
	- Plant & Machinery	17.19	56.49
	- Others	4.29	7.38
	Insurance	17.91	86.91
	Rates and taxes, excluding taxes on income	1.35	86.61
	Telephone Expenses	12.04	21.24
	Printing & Stationery Expenses	2.11	16.36
	Prof & Consultancy Charges	19.87	483.27
	Traveling & Conveyance Expenses	80.87	129.78
	Managerial Remuneration :		
	- Salary to Managing Director	-	225.00
	- Contribution to PF for Managing Director	-	0.14
	- Salary to Whole time Directors	54.00	119.00
	- Contribution to PF for Whole time Directors	0.17	0.35
	Payment to the Auditor		
	- for Audit	3.04	2.76
	- for Taxation Matters		
	- for Other services	0.15	
	selling exps	14.96	862.32
	Donations	0.32	0.82
	Miscellaneous exps Written off	46.19	57.74
	Other Administrative Expenses	182.83	83.87
		557.87	2,418.28
2.28	Exceptional Items		
	Provision for Bad & Doubtful Debts	-	6,386.22
	Total	-	6,386.22
2.29	Extraordinary Items		
	Loss on Raw Material Inventory due to absolute & dead stock	926.13	
	Loss on Finished Goods Inventory due to absolute & dead stock		
	Total	926.13	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES:

Corporate Information

XL Energy Limited (formerly XL Telecom & Energy Limited) is listed company having its shares listed in BSE and NSE stock exchanges. The company is engaged in manufacturing/trading/production and sale of Solar Photo voltaic Modules as its main business. In addition to this the company is engaged in the business of manufacture of equipment for Telecom Industry and manufacture of Ethanol. However at present this business conducted in this segment has become negligible. The company caters to both international and domestic market in Solar PV Business.

1.1 Change in accounting policy:

PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS for the year ended 31st March 2012, the revised schedule VI notified under the companies Act, 1956 has become applicable to the company for preparation and presentation of its financial status. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

1.2 System of Accounting:

The accounts have been prepared and presented under the historical cost convention method on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable.

1.3 Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgment estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although, these estimates are used on the managements' best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the out come requiring a material adjustment to the carrying amounts of assets or liabilities to the carrying amounts of assets or liabilities in further periods.

1.4 Tangible Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of duties & taxes (net of CENVAT/VAT), incidental expenses and erection / commissioning expenses.

1.5 Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on Assets bought / sold during the year is charged at applicable rates on monthly basis in the month the Asset is put to use / sold.

1.6 Expenditure during construction period:

Expenditure (including Finance cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as preoperative expenses pending allocation to the assets and are shown under "Capital Work in Progress". These expenses will be apportioned to fixed assets on commencement of commercial production.

1.7 Investments:

Long term investments and investments in subsidiary companies are carried at cost. Provision for diminution in value is made whenever necessary in accordance with the Accounting Standards in force.

1.8 Valuation of Inventories:

- a) Inventories are valued at the lower of weighted average cost or net realizable value. The weighted average value is calculated on the basis of net landed cost.
- b) Cost for the purpose of finished goods and material in process is computed on the basis of cost of material, labour and other related overheads.
- c) In all the cases necessary adjustments are made in respect of non-moving, slow moving, damaged and unserviceable goods.
- d) During the year, Raw Materials to the extent of ₹ .876.19 lacs and Finished Goods to the extent of ₹ .49.94 lacs have been written off to the Profit and Loss account. This loss is on account of absolute and dead stock.

1.9 Foreign Exchange:

Foreign Exchange transactions are recorded at the exchange rates prevailing at the time of transactions or at contracted rates. Current assets and current liabilities are translated at values prevailing at the Balance Sheet date. Gains/losses, if any, arising thereby are recognized in the Profit and Loss account.

1.10 Revenue Recognition:

- a) Revenue from sales is recognized when significant risk and rewards in respect of ownership of the products are transferred.
- b) Revenue from domestic sales is recognized on dispatch of products from the factory of the Company.
- c) Revenue from export sales is recognized on the basis of dates of Bill of Lading.

1.11 Employee Retirement Benefits:

Defined Contribution Plan: Contributions paid/ payable the defined contribution plan of provident fund for employees covered under the scheme are recognized in the profit and loss account each year.

Defined Benefit Plan: The Company is accounting gratuity and bonus on cash basis. The company has not provided for gratuity and bonus liability as at the Balance Sheet date in accordance with revised accounting standard 15 used by ICAI

Other Long Term employee Benefits: The company has not provided any other Long term employee Benefits comprising of Leave encashment, bonus, etc. as at the Balance Sheet date.

1.12 Borrowing Costs:

Borrowing costs incurred in relation to the acquisition and construction of assets is capitalized as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

1.13 Income Tax Expenditure:

- a) Current Tax Expense: The current charge for income tax is calculated in accordance with the tax regulations.
- b) Deferred Tax Expense: Deferred income tax reflects the impact of timing difference between accounting income and tax income for the year/ period. Deferred tax is measured based on the tax rates and the tax laws enacted at the Balance sheet date. Deferred tax asset is recognized only to the extent of certainty of realization of the asset.
- c) The company has received a demand notice from the Income Tax department in September 2012, for payment of Income tax dues for the AY.2005-06, AY.2006-07, AY. 2007-08 & AY 2008-09 for a total aggregate sum of ₹ 319.68 Lacs. The company has not provided for such expenses in the account as the company is contesting the demand raised by the department and the company is confident of winning the appeals.

1.14 Miscellaneous Expenditure:

Miscellaneous expenditure comprises of preliminary/ public issue expenses which are amortized over a period of ten years.

NOTES TO AUDITED FINANCIAL STATEMENTS

2.30 Corporate Debt Restructuring (CDR)- Loan Repayments & Interest :

The company could not execute the CDR package due to various reasons already explained in the previous year and the continuation of the same situation, the company's operations have substantially come down with both revenues and cash flows drying up, the company was unable to pay either interest or installments due to the banks as per the CDR package. Interest charged by the banks during the current year has been accounted by the company on the basis of statements received from the bank. However, SBI and its subsidiaries which are SBH, SBJM, SBM have not charged interest on the outstanding amounts due to them and have not been accounted by the company. The company is in dialogue with the bank for an OTS solution and is also looking for a strategic partner who can fund the OTS and is expected to close on this proposal within March 2013, hence, the company has not provided for the interest on those loans on which the banks have not charged interest.

2.31 The net worth of the Company suffered further depletion due substantial reduction in revenues of the company and the consequent losses suffered during the period. However, considering the extension of time granted to the Company under CDR (Corporate Debt Restructuring) scheme and also the various measures taken by the Company and taking into consideration such business potential in solar power space and future business prospects of the company, the accounts are stated on going concern basis.

2.32 Previous Figures are not comparable as current year consists of 12 months (ie. 01.04.2011 to 31.03.2012) as against the 15months period (01.01.2010 to 31.03.2011) of previous year.

2.33 Foreign Currency Convertible Bonds:

As against the outstanding balance of Foreign Currency Convertible Bonds (FCCB) of USD 4.2 Million as at the beginning of the year which was issued in October 2007 having a maturity period of 5 years and one day has matured and is due for redemption in October 2012. However, the FCCB's are not redeemed as on the date of signing of this balance sheet and the company is in negotiations with the Bond holder for rollover of the same for a further period at the same terms and conditions and hence classified the same in the balance sheet as long term funds available with the company since the company is confident of getting the FCCB's rolled over for a further long term period.

Contingent liabilities not provided for in respect of:

Particulars	Amount in ₹ Lacs	
	As at 31.03.2012	15 Month ended 31.03.2011
a) Guarantee / Counter Guarantees given on sale of contracts	597.26	1954.50
b) Letter of credits by Banks	NIL	NIL
c) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for	762.91	2476.42

2.34 Secured Loans:

Sl No	Particulars	Amount in ₹ Lacs	
		As at 31.03.2012	15 Month ended 31.03.2011
	A. Term Loans:		
i)	Canara Bank - SPV	4345.55	4106.12
ii)	IDBI Bank - SPV	5415.83	4935.79
iii)	Bank of India - SPV	5191.90	4956.30
iv)	State Bank of Bikaner & Jaipur - SPV	2423.16	2477.41
v)	State Bank of Mysore - SPV	2021.01	2051.92
vi)	IDBI corporate loan	250.00	250.00
	Total	19647.45	18777.54
	B. Funded interest Term loans I:		
i)	Canara Bank - SPV	86.86	70.45
ii)	State Bank of Bikaner & Jaipur - Fabcity	86.45	88.36
iii)	State Bank of Mysore - Fabcity	0.00	0.00
iv)	IDBI - Fabcity	194.12	176.91
v)	Bank of India - Fabcity	0.00	158.34
	Total	367.43	494.06
	C. Short Term Loans:		
i)	Canara Bank	8711.28	8178.24
ii)	IDBI Bank	3104.72	2829.52
iii)	State Bank of India	21442.82	21783.64
	Total	33258.82	32791.40

	D. Working Capital Term Loans:		
i)	Canara Bank	8601.25	8093.93
ii)	Vijaya Bank	1548.87	1548.87
iii)	Federal Bank - Telecom	1415.49	1415.51
iv)	State Bank of Hyderabad	1421.37	1420.27
v)	IDBI Bank	2872.90	2617.84
vi)	State Bank of India	13964.07	14539.18
vii)	ICICI Bank	752.41	277.19
	Total	30576.36	29912.79
	E.Funded interest term loans II:		
i)	Canara Bank	177.78	177.41
ii)	State Bank of India	353.58	720.33
	Total	531.36	897.74
	F. Working Capital Borrowings:		
i)	Canara Bank	419.52	370.92
ii)	Vijaya Bank - Telecom	1235.17	1235.15
iii)	Federal Bank - Telecom	1373.80	1373.83
iv)	ICICI Bank - Telecom	58.00	504.40
v)	State Bank of Hyderabad - CC	190.82	186.85
vi)	IDBI Bank - Telecom	821.13	694.22
vii)	State Bank of India - CC	404.00	189.17
viii)	Indian Overseas Bank - Telecom		0.15
ix)	Dev.CR.Bank-Telecom		0.01
	Total	4502.44	4554.70
	G. Hire Purchase Loans:		
i)	ICICI Bank	0.00	3.01
ii)	HDFC Bank	0.00	3.05
	Total	0.00	6.06

All the loans are secured by,

- Mortgage and first charges on immovable properties, both present and future situated at Plot No. 198 A&B, IDA Cherlapally, Hyderabad
- Mortgage and first charges on the fixed assets of Ethanol Division situated at Plot No. B 8-10, MIDC, Kushnour, Nanded, Maharashtra
- Mortgage and first charges on lease hold rights on land admeasuring 2,02,350 sq. mts. Approximately and fixed assets both present and future, situated at survey nos. 50,66,68,69,70,84,85,86 & 87 situated at Fabcity, Raviryal village, Maheswaram mandal, Rangareddy district, Andhra Pradesh
- First charge on immovable properties, present and future situated at Shed nos. 30, 31 and 32, IDA, Mallapur, Hyderabad.
- Hypothecation of all tangible, movable properties and Assets, both present and future including raw materials, goods in process, finished goods and book debts.
- Personal guarantee of Directors of the Company - Mr. Dinesh Kumar, Mr. Aneesh Mittal and Mrs. Ritulal Kumar.

2.35 Segment Reports

The company considers Solar business segment as the primary segment. In addition to Solar business, the company was involved in Telecom business of manufacturing CDMA handsets, JKits & OFC, SMPS and manufacture of Enthanol. However, during the year there was negligible business in these segments. Hence, the segment reports are not provided

2.36 Related Party Transactions:

Information relating to Related Party transactions as per Accounting Standard 18, issued by The Institute of Chartered Accountants of India, notified under Section 211(3C) of the Companies Act, 1956 is as under:

a) Names of related parties and the nature of relationships:

Name	Relationship
i. Khandoba Distilleries Ltd	Subsidiary Company
ii. Saptashva Solar Ltd	Wholly owned subsidiary Company
iii. Saptashva Solar SA	Wholly owned subsidiary Company
iv. Saptashva Solar SRL	Subsidiary of Saptashva Solar SA
v. Digrun Grun SL	Subsidiary of Saptashva Solar SA
vi. Apulia Solar SRL	Subsidiary of Saptashva Solar SRL
vii. Sree Sahasya Enterprises Pvt Ltd	Associate Company
viii. Sree Sahasya Entertainments Pvt	Associate Company
ix. Soft Projex (I) Ltd	Associate Company
x. Key Management Personnel:	
Shri Dinesh Kumar	Managing Director
Smt Ritu lal Kumar	Director

b) Transactions made during the period:

Name of the Party	Relationship	Sale of goods & Services	Advances/ Loans given	Advances/ Loans recovered	Loans received	Loans repaid	Receivable/ payable) as at 31.03.2012
Khandoba Distilleries Limited	Subsidiary Company	-	-	246.67	287.25	-	(287.25)
Saptashva Solar Limited	Subsidiary Company	161.32	-	-	-	248.67	(55.34)
Sree Sahasya Enterprises Pvt. Ltd	Associate company	-	-	303.61	-	-	-
Sree Sahasya Entertainments Pvt Ltd	Associate company	-	-	27.68	-	-	-
Soft Projex (I) Ltd	Associate company	-	-	585.83	-	-	-

c) Amounts outstanding at the Balance Sheet date

Amount in ₹ Lacs

Name of the Party	Relationship	Amounts Due to the company	Amounts Payable by the company	Amounts Due to the company	Amounts Payable by the company	Remarks
Khandoba Distilleries Limited	Subsidiary Company	1,537.80	-	1,537.80	-	Equity Subscribed
Khandoba Distilleries Limited	Subsidiary Company		287.25	246.67	-	Loans given/received
Saptashva Solar Limited	Subsidiary Company	5.00		5.00		Equity Subscribed
Saptashva Solar Limited	Subsidiary Company		55.34		465.33	Loans given/received
Saptashva Solar S.A, Spain	Subsidiary Company	1,636.49		1,636.49		Equity Subscribed
Saptashva Solar S.A, Spain	Subsidiary Company	1,006.71		1,006.71		Application money pending allotment
Saptashva Solar S.A, Spain	Subsidiary Company	46.59		46.59		Amounts due against sales
Saptashva Solar SRL, Italy	Step down Subsidiary Company	345.55		345.55		Advances for expenses
Digrun Grun SL, Spain	Step down Subsidiary Company	653.93		653.93		Amounts due against sales
Sree Sahasya Enterprises Pvt. Ltd	Associate Company	-		303.61		Advances given
Sree Sahasya Entertainments Pvt. Ltd	Associate Company	-		27.68		Advances given
Soft Projex (I) Ltd	Associate Company	-		585.83		Advances given

2.37 a) Earnings in Foreign Currency:

Amount in ₹ Lacs

Particulars	2011-12	2010-11
FOB value of exports during the year	100.41	16684.63

b) Expenditure in Foreign Currency:

Amount in ₹ Lacs

Particulars	2011-12	2010-11
Traveling Expenses	0.96	15.63
Import of Raw material (CIF Value)	134.35	9888.71

2.38 Details of Imported and Indigenous Raw Materials, Spare Parts and other Components:

(Value in ₹ Lakhs)

Name of the Material	2011-12		2010-11	
	%	Value	%	Value
Imported	98.89	133.20	98.26	16,932.44
Indigenous	1.11	1.49	1.74	298.87
Total	100.00	134.69	100.00	17,231.31

2.39 Capacities and Production:

Class of Goods	Units	Licensed Capacity	Installed Capacity	Production	
				2011-12	2010-11
Cable jointing kits	Nos	- N.A. -	500,000	NIL	Nil
SMPS	Nos	- N.A. -	2,880	NIL	6
Solar Modules	MW	- N.A. -	180	0.75	8
CDMA Phones	MW	- N.A. -	3,000,000	NIL	NIL
Ethanol	BL	- N.A. -	45,000,000	NIL	NIL

2.40 Details of Raw Material consumption:

Amount in ₹ Lacs

Sl. No	Raw Material for SPV Modules	2011-12		2010-11	
		Qty.	Value (Lakhs)	Qty.	Value (Lakhs)
1	Solar Cells 6"	190935	484.97	2036640	5,173.07
2	EVA	10438	24.11	111336	257.19
3	Tedlar	5219	24.27	55668	258.86
4	Toughened Glass	5135	44.93	54775	479.29
5	Ribbon Interconnects	255	1.65	2716	17.65
6	Bus Bar	223	1.28	2376	13.66
7	Aluminium Frames	3182	7.45	33944	79.43
8	Silicone Sealant	955	2.36	10183	25.15
9	Flux	32	0.04	339	0.48
10	Terminal Box	3182	11.62	33944	123.90
11	Packing Material	152	7.00	1616	74.69
12	Others		2.75		98.20
	Total Raw Material for SPV Modules		612.43		6,601.57
	Raw Material for SMPS units		-		23.95
	Total		612.43		6,625.52

2.41 Details of Finished Goods stock:

(Value in ₹ Lakhs)

Particulars	2011-12				2010-11			
	Op.Qty.	Value	Cl.Qty.	Value	Op.Qty.	Value	Cl.Qty.	Value
Kits	-	-	-	-	-	-	-	-
CDMA	975	49.94	-	-	975	51.82	975	49.94
Solar Modules	-	-	-	-	11445	3156.63	-	-
Ethanol	-	-	-	-	90399	19.07	-	-
Total		49.94		Nil		3227.52		49.94

- 2.43 There are no dues to Micro, small and medium enterprises under Development Act, 2006, exceeding 45 days. The micro, small and medium industries are determined to the extent such parties have been identified on the basis of the information available with the Company.
- 2.44 Balances appearing under other long term liabilities, short term borrowings, trade payables, other current liabilities, long term loans and advances, CWIP advances, trade receivables, short term loans and advance and other current assets are subject to confirmation and / or reconciliation, if any.
- 2.45 Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date
For **SATYANARAYANA & CO**
Chartered Accountants
FRN No.003680S

For and on behalf of the Board

(J Jagannadha Rao)
Partner
Membership No. 6239
Place: Secunderabad
Date: 11.01.2013

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri
Company Secretary

**Annexure to the Balance Sheet as at March 31, 2012
Statement Pursuant to Section 212 of the Companies Act, 1956**

XL Energy Limited

Sr. No.	Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/Loss before Taxation	Profit/Loss after Taxation	Proposed Dividend
1	Khandoba Distilleries Ltd.	1537.82	-	3323.05	1785.24	-	-	-	-	Nil
2.	Saptashva Solar Ltd	10.21	1.48	485.96	474.27	-	2417.48	2.14	1.48	Nil
3.	Saptashva Solar SA, Spain	1636.49	-356.51	7638.34	6358.36	-	368.38	-98.23	-100.76	Nil

Note :

2 Converted into Indian Rupee at the Exchange Rate, 1 Euro = Rs.68.34 for Balance sheet items and Rs.68.34 for P&L items

As per our report of even date
For **SATYANARAYANA & CO**
Chartered Accountants
FRN No.003680S

For and on behalf of the Board

(J Jaganadha Rao)
Partner
Membership No. 6239
Place: Secunderabad
Date: 11.01.2013

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri
Company Secretary

Consolidated Auditors Report

To,
The Board of Directors XL Energy Limited
Secunderabad

- 1 We have audited the attached balance sheet of M/s XL Energy Limited (formerly XL Telecom & Energy Limited) its subsidiaries of M/s Khandoba Distilleries Limited, M/s Saptshva Solar Limited, M/s Saptshva Solar SA as at 31st March 2012, Profit & Loss Account and cash flow statement for the period ended on that date annexed there to. These financial statements are 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 auditing standards generally accepted in India. These 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 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 We did not audit the financial statements of the subsidiaries, whose financial statements reflected total assets of ₹. 9,426.98 lakhs as at 31st March 2012 and total revenue of ₹. 2,809.46 Lakhs for the period ended on that date. This financial statement and other financial information have been certified by the management.
- 4 We report that a consolidated financial statements has been prepared by the company's management in accordance with the requirements of accounting standards (AS 21), issued by the institute of chartered accountants of India and on the basis of audited financial statement of the group and unaudited financial statement of a consolidated entity
- 5 As required by the company's (Auditors Report) order 2003 issued by the central Govt. 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 paragraph 4 & 5 of the said order.
- 6 Further to the above our comments are as under
 - a) Reference is invited to note no. 2.39 of notes to audited financial statements regarding dues to Small, Medium and Micro Enterprises
 - b) Reference is invited to note no. 2.40 of notes to audited financial statements regarding confirmation of balances
 - c) The Company has not determined and provided for the amount of gratuity, liability for the employees on accrual basis as at 31st March 2012 which is required to be determined and provided for as per the accounting standard 15 on employees benefits issued by the Institute of Chartered Accountants of India and also as per the provisions of section 209 of the companies act, 1956 relating to preparation of books of account on accrual basis. In the absence of the value of such provision for gratuity , we are unable to determine quantum of such non provision and its impact of the understatement of the loss for the period ended 31st march 2012
 - d) The balance appearing under the secured loans (other than the hire purchase loans) are arrived at after providing for interest at a lower rate than the original contract rate. The interest for the period is calculated based on the concessional rates of interest that are to be charged as per the corporate debt restructuring (CDR) scheme provided by the lenders to the Company on 30th December 2009. However during the current financial year despite restructuring of loans given by banks, the company could not meet its obligations for repayment of loans as per CDR Scheme. Further the promoter also could not bring in capital committed by them. As the company could not execute the CDR package, some of the banks have not charged interest on the outstanding loans during the current financial year. Hence the company has accounted for interest which has been charged by the banks and not made a provision in the books for the interest amount not charged by the banks amounting to ₹.5,149.16 lakhs. Had this provision been made in the books of account the current year loss would be ₹. 7,472.01 lakhs.
 - e) We are unable to comment on the carrying value of the investment in one of the subsidiary companies Viz. Khandoba Distilleries Limited in view of the non implementation of the project being executed in the said company and also the

stipulations made by the secured lenders of the company as part of the corporate debt restructuring scheme requiring the company to dispose of the said project being implemented.

- f) The balances appearing under the Trade Receivables, short Term loans & advances are subject to confirmation and reconciliation. We find no provision has been made in books for doubtful debts.

7 Subject to our qualifications mentioned paragraph (5) (6) 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 the law have been kept by the Company so far as it appears from our examination of those books excepting in relation to the accounting standard 15 on employee benefits.
- c) The Balance Sheet, the Profit and Loss Account and cash flow statement dealt with by these report are in agreement with the Books of Account.
- d) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 excepting in relation to accounting standard 15 on employee benefits.
- e) On the basis of the written representations received from the directors as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012, from being appointed as Directors 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 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 excepting in relation to accounting standard 15 employee benefits.
- I. In the case of Balance Sheet, of the state of affairs of the company as on 31st March 2012.
- II. In the case Profit and Loss Account, of the Loss for the period ended on that date and
- III. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For Satyanarayana & Co
Chartered Accountants
FRN 003680S**

Place: Secunderabad
Date : 11.01.2013

**(J. Jagannadha Rao)
Partner
Membership No. 6239**

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE:

- I.
- a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets of the company.
 - b) The Process of physical verification of fixed assets has been started by the company during the year and it is in progress
 - c) During the year the company has not disposed of any fixed assets.
- II.
- a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable..
 - b) The procedures of physical verification of inventories 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 record of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- III.
- According to the information and explanations given to us, the company has not taken any loans secured or unsecured from / to companies, firms or other parties covered in the register maintained under sec.301 of the Companies Act, 1956. However, reference is invited to 2.38 of notes to the audited financial statements regarding monies advanced / equity invested.
- IV.
- In our opinion and according to the information and explanations given to us, the internal control procedures needs to be strengthened and streamlined so as to be commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regards to the sale of goods
- V.
- According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in to the register maintained under sec. 301 of the Companies Act, 1956 have been so entered.
- VI.
- The Company has not accepted any deposits from the public.
- VII.
- In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII.
- We broadly reviewed the books of account relating to materials, 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 and sec 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.
- IX.
- a) The Company is not regular in depositing with appropriate authorities the following undisputed statutory dues including Provident Fund, investor education protection fund, Employees State Insurance, Income tax, sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

Provident Fund Dues	₹ 80.89 Lakhs
ESI	₹ 20.92 Lakhs
Tax Deducted At Source	₹ 189.99 Lakhs
Service Tax	₹ 9.64 Lakhs
Total	₹ 301.44 Lakhs
 - b) According to the information and explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- X.
- In our opinion the accumulated losses of the company are more than 50% of its net worth. The company incurred a cash loss of ₹ 1,867.50 lakhs during the current accounting year. The cash loss during immediately preceding accounting year is ₹ 24,756.07 lakhs.
- XI.
- The company has defaulted in the repayment of dues to banks and financial institutions, for both term loans and working capital loans. The company was granted restructuring of the payment of interest and principle dues under corporate

- debt restructuring scheme on 30th December 2009. As per the terms the company could not meet its obligations for repayment as per the terms of restructuring. The details were mentioned in 2.31 of notes to audited financial statements.
- XII. In our opinion and according to the information and explanations given to us the Company has not granted loans and advances against pledge of shares debentures and other securities
- XIII. In our opinion the company is not a chit fund / a Nidhi / mutual benefit fund/ society. Therefore clause 4 (xiii) is not applicable to the company.
- XIV. In our opinion and according to the information and explanations given to us the Company is not dealing in or trading in shares and securities. In the case of the investment held by the company, the same are in the name of the company.
- XV. According to the information and explanations given to us the company has given guarantee for loans taken by others to banks or financial institutions excepting corporate guarantee to M/s Soft Projex (India) Limited.
- XVI. In our opinion and according to the information and explanations given to us the term loans have been applied for the purpose for which they were raise.
- XVII. According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. However the borrowing made by the company for the working capital purposes is converted in to long term loans by the lenders under corporate debt restructuring package granted considering the losses suffered by the company.
- XVIII. The Company has not made any preferential allotments during the year. With regard to FCCBs reference is invited to note no. 2.34 of notes to audited financial statements.
- XIX. The clause 4 (xiv) of the companies (Audit Report) order 2003 relating to the creation of the security for the debentures is not applicable to the company as no debentures are raised by the company.
- XX. The company has not raised any money by way of public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that caused the financial statements to be materially misstated.

**For Satyanarayana & Co
Chartered Accountants
FRN 003680S**

Place: Secunderabad
Date : 11.01.2013

**(J. Jagannadha Rao)
Partner
Membership No. 6239**

XL ENERGY LTD
C2, Pooja Plaza, Vikrampuri, Secunderabad - 500009, A.P.
Consolidated Balance Sheet As At 31st March 2012

Amount in ₹ Lacs

Particulars	Note No.	As At 31-Mar-12	15 Month ended 31-Mar-11
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	12,655.48	12,655.48
Reserves and Surplus	2.02	(10,786.05)	(8,463.21)
Money Received against Share Warrants			
Minority Interest	2.03	5.23	0.02
Non - Current Liabilities			
Long- Term Borrowings	2.04	58,289.51	67,225.97
Other Long Term Liabilities	2.05	3,254.22	3,254.23
Current Liabilities			
Short Term Borrowings	2.06	4,785.98	4,554.71
Trade Payables	2.07	1,035.82	3,406.83
Other Current Liabilities	2.08	30,062.21	19,190.52
Short - Term Provisions	2.09	717.65	903.57
TOTAL		100,020.05	102,728.12
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	2.10	9,486.53	10,067.35
Intangible Assets	2.11	1,803.50	1,676.00
Capital Work -in-Progress	2.12	31,761.62	30,630.81
Deferred Tax Assets (Net)	2.13	16,493.11	15,323.14
Long-Term Loans and Advances	2.14	17,142.02	17,240.41
Other Non current Assets	2.15	1,180.53	927.11
Current Assets			
Inventories	2.16	9,258.12	10,328.08
Trade Receivables	2.17	10,858.55	12,344.63
Cash & Cash Equivalents	2.18	283.61	1,304.29
Short term loans and advances	2.19	1,371.96	2,606.07
Other Current Assets	2.20	380.50	280.23
TOTAL		100,020.05	102,728.12
Significant Accounting policies	1.0	-	-

As per our report of even date
For **SATYANARAYANA & CO**
Chartered Accountants
FRN No.003680S

For and on behalf of the Board

(J Jaganadha Rao)
Partner
Membership No. 6239
Place: Secunderabad
Date: 11.01.2013

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri
Company Secretary



XL ENERGY LTD

C2, Pooja Plaza, Vikrampuri, Secunderabad - 500009, A.P.

Consolidated Profit and Loss for the year ended 31st March 2012

Amount in ₹ Lacs

Particulars	Note No.	Amount in ₹ Lacs	
		Year ended 31-March-12	15 Month ended 31-March-11
Revenue From Operations	2.21	3,165.64	17,644.94
Other Income	2.22	26.05	88.47
Total Revenue (I + II)		3,191.69	17,733.41
Expenses			
Cost of Raw Materials Consumed	2.23	612.44	6,625.52
Purchase of Stock in trade	2.24	2,308.75	17,079.52
Changes in Inventories of Finished Goods and WIP	2.25	(333.92)	616.05
Employee Benefit Expense	2.26	651.14	945.27
Finance Costs	2.27	1,058.38	8,096.79
Depreciation and Amortisation Expense	2.10	589.05	1,132.59
Other Expenses	2.28	811.39	2,740.11
Total Expenses		5,697.23	37,235.85
Profit before exceptional and extraordinary items and Tax (III- IV)		(2,505.54)	(19,502.44)
Exceptional Items	2.29	-	6,386.22
Profit Before extraordinary items and Tax (V-VI)		(2,505.54)	(25,888.66)
Extraordinary Items	2.30	923.55	1,718.09
Profit Before Tax (VII - VIII)		(3,429.09)	(27,606.75)
Tax Expense			
(1) Current Tax		3.36	42.62
(2) Deferred Tax		(1,109.60)	(15,291.61)
Profit /(Loss) for the period from continuing operations (VII-VIII)		(2,322.85)	(12,357.76)
Profit /(Loss) from discontinuing Operations	-	-	-
Tax Expense on discontinuing Operations	-	-	-
Profit / (Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
Profit / (Loss) for the Period (XI + XIV)		(2,322.85)	(12,357.76)
Earnings per Equity Share			
(1) Basic		(10.20)	(54.26)
(2) Diluted		(10.20)	(54.26)
Significant Accounting Policies	1.0		

As per our report of even date
For **SATYANARAYANA & CO**
Chartered Accountants
FRN No.003680S

For and on behalf of the Board

(J Jaganadha Rao)
Partner
Membership No. 6239
Place: Secunderabad
Date: 11.01.2013

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri
Company Secretary

		31-March-12	31-March-11	
A	Cash Flow from Operating Activities			
	Net Profit (loss) before tax and extraordinary items	(2,505.54)	(25,888.66)	
	Adjustments for :			
	Depreciation	589.05	1132.59	
	Misc Exp Written off	48.99	57.74	
	Interest Income	(22.56)	(78.46)	
	Interest & Finance Charges	1,058.38	8096.79	
	Operating Profit before Working Capital Adjustments	(831.68)	(16,680.00)	
	Adjustments for :			
	(Increase)/ Decrease in Inventories	1,069.96	13025.68	
	(Increase)/ Decrease in Trade and other receivables	1,486.08	1922.77	
	(Increase)/Decrease in Short Term Loans & Advances	1,119.75	1287.51	
	Increase)/ (Decrease) in Trade Payables & others	(2,519.38)	4483.03	
	Increase)/ (Decrease) in Working Capital Borrowings		243.79	
	Cash Generated from Operations	324.73	4,282.78	
	Interest on Borrowings	(1,058.38)	(8,096.79)	
	Direct Taxes Paid	(3.36)	(42.62)	
	Transfer to General reserve			
	Cash Flow from Operations before extraordinary items	(737.01)	(3,856.63)	
	Reduction in Value of Inventories (MTM losses)	(923.55)	(1,718.09)	
Net Cash Flow from Operations	(1,660.561)	(5,574.720)		
B	Cash Flow from Investing Activities			
	Purchase of Fixed Assets	(8.23)	(150.49)	
	Preoperative expenses in Distillery Unit	(302.40)		
	Intangible Assets	(127.50)		
	Advances / Payables for Capital work in Progress	52.47		
	Capital work in Progress	(1,130.81)	(986.94)	
	Interest Income Received	22.56	78.46	
	Net Cash used in Investing Activities	(1,493.91)	(1,058.97)	
	C	Cash Flow from Financing Activities		
		Proceeds from issue of Share Capital including premium		12,182.45
Share Application Money				
Proceeds from Long Term Borrowings		(8,936.46)		
Repayment of Unsecured Loans (FCCB)			(5,175.56)	
Proceeds from Short Term Borrowings		11,065.41		
Dividends Paid (Including Tax thereon)				
Minority Interest		5.21		
Net Cash Flow from Financing Activities		2,134.16	7,006.89	
Net Increase /(Decrease) in Cash and Cash Equivalents		(1,020.31)	373.20	
Cash and Cash Equivalents at the Beginning of the Year	1,304.29	931.09		
Cash and Cash Equivalents at the End of the Year	283.98	1,304.29		

As per our report of even date

For **SATYANARAYANA & CO**

Chartered Accountants

FRN No.003680S

(J Jaganadha Rao)

Partner

Membership No. 6239

Place: Secunderabad

Date: 11.01.2013

For and on behalf of the Board

Dinesh Kumar
Managing Director

Aneesh Mittal
Director

Jyoti Khatri
Company Secretary

		As At 31-Mar-12	15 Month ended 31-Mar-11
2.01	Share Capital		
	Authorised		
	4,00,00,000 Equity shares of ₹ 10/- each	4,000.00	4,000.00
	11,00,00,000 Preference shares of ₹ 10/- each	11,000.00	11,000.00
		15,000.00	15,000.00
	Issued Subscribed and Paid Up		
	2,27,74,397 Equity shares of ₹ 10/- fully paid	10,378.04	10,378.04
	10,37,80,394 Convertible Redeemable Preference Shares of ₹ 10 each	2,277.44	2,277.44
	Total	12,655.48	12,655.48
2.02	Reserves and Surplus		
(a)	Capital Reserves		
	Opening Balance	543.54	543.54
	Transferred in the current year	-	-
	written back in the current year	-	-
	Closing Balance	543.54	543.54
(b)	Security Premium Reserve		
	Opening Balance	24,269.42	21,270.25
	Transferred in the current year	-	2,999.17
	written back in the current year	-	-
	Closing Balance	24,269.42	24,269.42
(c)	General Reserves		
	Opening Balance	779.03	779.03
	Transferred in the current year	-	-
	written back in the current year	-	-
	Closing Balance	779.03	779.03
(d)	Surplus		
	Opening Balance	(34,055.20)	(21,697.45)
	Add: Net Profit / (Net Loss) for Current Year	(2,322.85)	(12,357.75)
	Closing Balance	(36,378.05)	(34,055.20)
	Total Reserves & Surplus	(10,786.05)	(8,463.21)
2.03	Minority Interest		
	Minority Interest in M/s Khandoba Distilleries Ltd		
	150 Equity Shares of ₹10/- each fully paid	0.02	0.02
	Minority Interest in M/s Saptashva Solar Ltd		
	52100 Equity Shares of ₹ 10/- each fully paid	5.21	-
	Total Minority Interest	5.23	0.02
2.04	Long-Term Borrowings		
	Secured		
	Term Loans		
	From Banks	56,015.08	65,317.93
	(Secured by Mortgage of Land and first charge of immovable Properties of the company both present and future, Hypotecation of all tangible, movable		

	properties and assets both present and future including Raw Materials, Inventory and Receivables See detailed note 2.36 in notes to accounts		
	Hire Purchase Loans from Banks (Secured by hypothecation of vehicles)	9.91	6.05
		56,024.98	65,323.98
	Unsecured		
	Other Loans and advances		
	Un-Secured Loans -FCCB (Outstanding amount of USD 4.20 million Foreign Currency Convertible Bonds issued in October 2007 with a maturity period of 5 years and one day) See detailed note 2.34 in notes to accounts	1,901.99	1,901.99
	Loans and Advances from Related parties (Loan from IVRCL Ltd. to JV Subsidiary " Saptashva Solar Limited"	362.53	-
		2,264.52	1,901.99
	Total Long Term Liabilities	58,289.51	67,225.97
2.05	Other Long Term Liabilities		
(a)	Sundry Creditors - Capital Goods - Payables	3,243.38	3,243.39
(b)	Sundry Creditors - Capital Goods- Retention Money	10.84	10.84
		3,254.22	3,254.23
2.06	Short Term Borrowings		
	Loans payable on demand		
	a) from banks (Secured by Mortgage and first charge of immovable Properties of the company both present and future, Hypotecation of all tangible, movable properties and assets both present and future including Raw Materials, Inventory and Receivables See detailed note 2.36 in notes to accounts	4,785.98	4,554.71
	b) From others	-	-
		4,785.98	4,554.71
2.07	Trade Payables		
	Sundry Creditors -Trade (unsecured)		
	a) Total outstanding dues of micro, medium and small enterprises	-	-
	b) Total outstanding dues of other than micro, medium and small enterprises	880.11	3095.19
	Sundry Creditors - Transport	155.71	311.64
		1035.82	3406.83
2.08	Other Current Liabilities		
	Current Maturities of Long Term Debt	22,974.49	13674.85
	Interest accrued but not due on borrowings	-	-
	Interest accrued due on borrowings	6,884.42	5349.92
	Unpaid Dividends	0.02	3.36
	Other Payables	-	-

	Service Tax	9.64	
	TDS Payable	190.61	162.39
	Professional tax	2.55	
	Work Contract Tax	0.48	
		30,062.21	19,190.52
2.09	Short - Term Provisions		
	a) Provision for employee benefits		
	Salary & Reimbursements	537.18	246.55
	Contribution to PF	80.89	9.75
	Contribution to ESI	20.92	0.51
	LIC premium payable	2.40	0.76
	b) Others	-	
	Provision for Income Tax	30.43	34.52
	Other Liabilities	45.82	611.48
		717.65	903.57

XL ENERGY LTD											
C2, Pooja Plaza, Vikramপুরi, Secunderabad - 500009, A.P.											
Notes on Consolidated Accounts											
Amount in ₹ Lacs											
	Fixed Assets	Gross Block				Depreciation				Net Block	
		15 Month ended	Disposal	As at	15 Month ended	Deprecia-	Deprecia-	As at	As at	15 Month ended	
		1-Apr-11	during the	31-Mar-12	1-Apr-11	tion for the	tion on	31-Mar-12	31-Mar-12	31-Mar-11	
		year	year	year	year	disposals	31-Mar-12	31-Mar-12	31-Mar-11		
2.10	Tangible Assets										
(a)	Land	1,288.99	0.30	1,289.28	-	-	-	-	1,289.28	1,288.99	
(b)	Buildings	903.26	-	903.26	213.01	30.17	243.18	660.08	690.25		
(c)	Plant and Equipment	10,159.88	7.77	10,167.65	2,522.15	504.32	3,026.47	7,141.18	7,637.73		
(d)	computers	114.49	0.33	114.82	113.23	1.10	114.33	0.49	1.26		
(e)	Vehicles	350.06	0.16	350.22	135.75	33.29	169.04	181.18	214.31		
(f)	furniture & fixtures	263.35	-	263.35	61.73	16.67	78.40	184.95	201.62		
(g)	Office equipment	73.74	-	73.74	40.87	3.50	44.37	29.37	32.87		
	Total	13,153.76	8.56	13,162.32	3,086.74	589.05	3,675.79	9,486.53	10,067.35		
2.11	Intangible Assets										
(a)	Goodwill	1,676		1,676.00					1,676	1,676	
(b)	Licenses and franchise		127.50	127.50					127.50		
	Total	1,676	127.50	1,803.50					1,803.50	1,676	
2.12	Capital Work -in-Progress										
	CWIP - SPV - Fabcity	28,126.72	1,660.40	29,787.12					29,787.12	28,126.72	
	CWIP-ETAHNOI PROJECT	27.96	-	27.96					27.96	27.96	
	CWIP - Photobioreactor - Cherlapally	111.28	-	111.28					111.28	111.28	
	CWIP - Khandoba Distilleries Ltd	2,462.76	-	1,835.26	627.50				1,835.26	2,462.76	
	Total	30,728.72	1,660.40	31,761.62	627.50				31,761.62	30,728.72	

XL ENERGY LTD
C2, Pooja Plaza, Vikrampuri, Secunderabad - 500009, A.P.
Notes on Consolidated Accounts

		Amount in ₹ Lacs	
		As At 31-Mar-12	15 Month ended 31-Mar-11
2.13	Deferred Tax Assets (Net)	16,493.11	15323.14
		16,493.11	15,323.14
2.14	Long-Term Loans and Advances		
	Capital Advances	17,074.00	17126.48
	Security Deposits	19.75	-
	Loans and Advances to related parties	0.00	71.56
	Rental Deposits	48.27	42.37
		17,142.02	17,240.41
2.15	Other Non current Assets		
	Miscellaneous Expenses to the extent not written off or adjusted	250.99	299.98
	Preliminary & Preoperative Expenses -Kandoba unit	929.53	627.13
		1180.52	927.11
2.16	Inventories (Valued at cost or net realisable value)		
	Raw materials, Stores & Consumables etc	2,384.79	3738.73
	Work in Progress	6,873.33	6539.41
	Finished Goods	-	49.94
	Stock In Trade	-	-
		9,258.12	10,328.08
2.17	Trade Receivables (Unsecured Considered Good)		
	Exceeding six months	10,858.55	12,344.63
	Less than six months	-	-
		10,858.55	12,344.63
2.18	Cash & Cash Equivalents		
	Balances with banks in Current Account	9.99	32.12
	in Deposit Accounts (including margin money)	258.79	1,261.76
	unclaimed Divident Balance	-	3.35
	Cash On Hand	14.83	7.06
		283.61	1,304.29
2.19	Short term loans and advances (Unsecured, considered good)		
	Deposits	225.06	258.02
	Others advances -Advance to suppliers	1,083.51	2,294.32
	Less: allowance for Doubtful Loans and advances	-	-
	Interest Accrued but not received	63.39	53.73
		1,371.96	2,606.07
2.20	Other Current Assets		
	Other advances	130.56	38.46
	Salary Advances	0.55	-
	Tour Advances	2.32	7.73
	Tds receivable	20.00	-
	Excise duty & Modavate receivable	220.35	220.35
	VAT & CST Receivables	6.72	13.69
		380.50	280.23

2.21	Revenue From Operations		
a)	Sale of Products		
i	Domestic Sales		
	Telecome Division	1.84	80.13
	Energy Division	158.14	123.58
ii	Export Sales		
	Telecome Division	-	-
	Energy Division	100.41	16316.96
iii	Other Sales - Energy Division	2905.24	1137.09
		3165.64	17657.76
	Less		
	Excise Duty	-	12.82
	Total	3165.64	17,644.94
2.22	Other Income		
	Interest Income	22.56	78.46
	Net Gain / Loss on foreign currency translation and transaction	3.49	
	Miscellaneous Income	10.01	
	Total	26.05	88.47
2.23	Cost of Raw Materials Consumed		
	Opening Stock of Raw Material	3,738.73	10,189.70
	Add : purchase of Raw Material	134.69	174.55
		3,873.42	10,364.25
	Less : Closing Stock of Raw Material	2,384.79	3,738.73
	Less : Loss on Inventory due to absolute & dead stock	876.19	-
	Consumption of Raw Materials	612.44	6,625.52
	Details of Raw Material Consumed :		
	a) Raw Material for SPV Modules		
	Solar Cells 6"	484.97	5,173.07
	EVA	24.11	257.19
	Tedlar	24.27	258.86
	Toughened Glass	44.93	479.29
	Ribbon Interconnects	1.65	17.65
	Bus Bar	1.28	13.66
	Aluminium Frames	7.45	79.43
	Silicone Sealant	2.36	25.15
	Flux	0.04	0.48
	Terminal Box	11.62	123.90
	Packing Material	7.00	74.69
	Others	2.76	98.20
		612.44	6,601.57
	b) Raw Material for SMPS units	-	23.95
	Total	612.44	6,625.52
2.24	Purchase of Stock in trade		
	Purchase of Raw Material	2,308.75	17,079.52
	Purchase of stock in trade	2,308.75	17,079.52

2.25	Changes in Inventories of Finished Goods and WIP		
	i) (Increase/ Decrease in WIP		
	Opening Stock	6,539.41	3,977.88
	Closing Stock	6,873.33	6,539.41
	Changes in Inventories of WIP (a)	(333.92)	(2,561.53)
	ii)(increase)/Decrease in Finished Goods		
	Opening Stock	49.94	3,227.52
	Less : Loss on Inventory due to absolute & dead stock	49.94	-
	Closing Stock	-	49.94
	Changes in Inventories of Finished Goods (b)	-	3,177.58
	Total Cost of Materials Consumed a) + (b)	(333.92)	616.05
2.26	Employee Benefit Expense		
	Salaries and Wages	581.62	835.60
	Contribution to Provident and other Funds	58.40	53.70
	Staff Welfare Expenses	11.12	55.97
	Total	651.14	945.27
2.27	Finance Costs		
	Interest expense		
	Interest on Hire Purchase Loans	2.90	7.43
	Interest on Term Loans	756.86	3,996.22
	Other borrowing costs	-	-
	Interest on Working Capital Loans & Bank charges	298.62	4,093.14
	Total	1,058.38	8,096.79
2.28	Other Expenses		
	Power and Fuel expenses	61.72	89.41
	Rent	90.72	121.47
	Repairs to buildings & Machinery		
	- Buildings	4.03	7.90
	- Plant & Machinery	17.19	76.81
	- Others	6.33	7.38
	Insurance	26.69	86.91
	Rates and taxes, excluding taxes on income	4.39	86.61
	Communication Expenses	13.38	21.24
	Printing & Stationery Expenses	2.90	18.13
	Prof & Consultancy Charges	40.04	548.70
	Traveling & Conveyance Expenses	102.48	129.78
	Managerial Remuneration :		
	- Salary to Managing Director	0.00	225.00
	- Contribution to PF for Managing Director	0.00	0.14
	- Salary to Whole time Directors	54.00	119.00
	- Contribution to PF for Whole time Directors	0.17	0.35
	Payment to the Auditor		
	- for Audit	4.16	2.75
	- for Taxation Matters	0.00	-
	- for Other services	0.15	-
	selling exps	107.59	862.32
	Donations	0.32	0.82
	Miscellaneous exps Written off	48.31	57.74
	Other Administrative Expenses	226.82	277.65
	Total	811.39	2,740.11
2.29	Exceptional Items		
	Provision for Bad & Doubtful Debts	-	6,386.22
	Total	-	6,386.22
2.30	Extraordinary Items		
	Loss on Inventory due to absolute & dead stock	926.13	-
	Foreign currency Translation adjustment	(2.58)	1718.09
	Total	923.55	(1,718.09)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED AUDITED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES:

Corporate Information

XL Energy Limited (formerly XL Telecom & Energy Limited) is listed company having its shares listed in BSE and NSE stock exchanges. The company is engaged in manufacturing/trading/production and sale of Solar Photo voltaic Modules as its main business. In addition to this the company is engaged in the business of manufacture of equipment for Telecom Industry and manufacture of Ethanol. However at present this business conducted in this segment has become negligible. The company caters to both international and domestic market in Solar PV Business.

1.1 Change in accounting policy:

PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS for the year ended 31st March 2012, the revised schedule VI notified under the companies Act, 1956 has become applicable to the company for preparation and presentation of its financial status. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

1.2 System of Accounting:

The accounts have been prepared and presented under the historical cost convention method on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) to the extent applicable.

1.3 Principles of consolidation:

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down on the accounting standards on Consolidated Financial Statements by the ICAI. The financial statements of the parent company, XL Telecom & Energy Limited and the subsidiary companies, Khandoba Distilleries Ltd, Saptashva Solar Ltd, Saptashva Solar SA, Spain have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gains / losses. Exchange differences resulting from the difference due to transactions of foreign currency assets and liabilities in subsidiary company is disclosed as foreign currency translation adjustment. The consolidated financial statements are prepared applying uniform accounting policies for like transactions and other events in similar circumstances in use at the parent and subsidiary company.

1.4 Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgment estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although, these estimates are used on the managements' best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities to the carrying amounts of assets or liabilities in further periods.

1.5 Tangible Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of duties & taxes (net of CENVAT/VAT), incidental expenses and erection / commissioning expenses.

1.6 Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on Assets bought / sold during the year is charged at applicable rates on monthly basis in the month the Asset is put to use / sold.

1.7 Expenditure during construction period:

Expenditure (including Finance cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as preoperative expenses pending allocation to the assets and are shown under "Capital Work in Progress". These expenses will be apportioned to fixed assets on commencement of commercial production.

1.8 Investments:

Long term investments and investments in subsidiary companies are carried at cost. Provision for diminution in value is made whenever necessary in accordance with the Accounting Standards in force.

1.9 Valuation of Inventories:

- a) Inventories are valued at the lower of weighted average cost or net realizable value. The weighted average value is calculated on the basis of net landed cost.
- b) Cost for the purpose of finished goods and material in process is computed on the basis of cost of material, labour and other related overheads.
- c) In all the cases necessary adjustments are made in respect of non-moving, slow moving, damaged and unserviceable goods.
- d) During the year, Raw Materials to the extent of ₹.876.19 lacs and Finished Goods to the extent of ₹.49.94 lacs have been written off to the Profit and Loss account. This loss is on account of absolute and dead stock.

1.10 Foreign Exchange:

Foreign Exchange transactions are recorded at the exchange rates prevailing at the time of transactions or at contracted rates. Current assets and current liabilities are translated at values prevailing at the Balance Sheet date. Gains/losses, if any, arising thereby are recognized in the Profit and Loss account

1.11 Revenue Recognition:

- a) Revenue from sales is recognized when significant risk and rewards in respect of ownership of the products are transferred.
- b) Revenue from domestic sales is recognized on dispatch of products from the factory of the Company.
- c) Revenue from export sales is recognized on the basis of dates of Bill of Lading.

1.12 Employee Retirement Benefits:

Defined Contribution Plan: Contributions paid/ payable the defined contribution plan of provident fund for employees covered under the scheme are recognized in the profit and loss account each year.

Defined Benefit Plan: The company is accounting gratuity and bonus on cash basis. The company has not provided for gratuity and bonus liability as at the Balance Sheet date in accordance with revised accounting standard 15 used by ICAI

Other Long Term employee Benefits: The company has not provided any other Long term employee Benefits comprising of Leave encashment, bonus, etc. as at the Balance Sheet date.

1.13 Borrowing Costs:

Borrowing costs incurred in relation to the acquisition and construction of assets is capitalized as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

1.14 Income Tax Expenditure:

- a) Current Tax Expense: The current charge for income tax is calculated in accordance with the tax regulations.
- b) Deferred Tax Expense: Deferred income tax reflects the impact of timing difference between accounting income and tax income for the year/ period. Deferred tax is measured based on the tax rates and the tax laws enacted at the Balance sheet date. Deferred tax asset is recognized only to the extent of certainty of realization of the asset.
- c) The company has received a demand notice from the Income Tax department in September 2012, for payment of Income tax dues for the AY.2005-06, AY.2006-07, AY. 2007-08 & AY 2008-09 for a total aggregate sum of ₹ 319.68 Lacs. The company has not provided for such expenses in the account as the company is contesting the demand raised by the department and the company is confident of winning the appeals.

1.15 Miscellaneous Expenditure:

Miscellaneous expenditure comprises of preliminary/ public issue expenses and deferred revenue expenditure which are amortized over a period of ten years.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS
2.31 Corporate Debt Restructuring (CDR)- Loan Repayments & Interest :

The company could not execute the CDR package due to various reasons already explained in the previous year and the continuation of the same situation, the company's operations have substantially come down with both revenues and cash flows drying up, the company was unable to pay either interest or installments due to the banks as per the CDR package. Interest charged by the banks during the current year has been accounted by the company on the basis of statements received from the bank. However, SBI and its subsidiaries which are SBH, SBJM, SBM have not charged interest on the outstanding amounts due to them and have not been accounted by the company. The company is in dialogue with the bank for an OTS solution and is also looking for a strategic partner who can fund the OTS and is expected to close on this proposal within March 2013, hence, the company has not provided for the interest on those loans on which the banks have not charged interest.

2.32 The net worth of the Company suffered further depletion due substantial reduction in revenues of the company and the consequent losses suffered during the period. However, considering the extension of time granted to the Company under CDR (Corporate Debt Restructuring) scheme and also the various measures taken by the Company and taking into consideration such business potential in solar power space and future business prospects of the company, the accounts are stated ongoing concern basis.

2.33 Previous Figures are not comparable as current year consists of 12months period (01.04.2011 to 31.03.2012) as against the 15 months period (01.01.2010 to 31.03.2011) of previous year.

2.34 Foreign Currency Convertible Bonds:

As against the Outstanding balance of Foreign Currency Convertible Bonds (FCCB) of USD 4.2 Million as at the beginning of the year which was issued in October 2007 having a maturity period of 5 years and one day has matured and is due for redemption in October 2012. However, the FCCB's are not redeemed as on the date of signing of this balance sheet and the company is in negotiations with the Bond holder for rollover of the same for a further period at the same terms and conditions and hence classified the same in the balance sheet as long term funds available with the company since the company is confident of getting the FCCB's rolled over for a further long term period.

2.35 Contingent liabilities not provided for in respect of:

Amount in ₹ Lacs

Particulars	As at 31.03.2012	15 Month ended 31.03.2011
a) Guarantee / Counter Guarantees given on sale of contracts	597.26	1954.50
b) Letter of credits by Banks		NIL
c) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for	6622.91	8336.42

2.36 Secured Loans:

Amount in ₹ Lacs

Particulars	As at 31.03.2012	15 Month ended 31.03.2011
Term loans	19,647.45	18,777.54
Funded interest term loans I	367.43	494.06
Short term Loans	33,258.82	32,791.40
Working Capital Term loans	30,576.36	29,912.79
Funded interest term loans II	531.36	897.74
Working Capital Borrowings	4,502.44	4,554.70
Hire purchase loans from Banks	0.00	6.06
Total Secured Loans	88,883.86	88,903.46

All the loans are secured by,

- Mortgage and first charges on immovable properties, both present and future situated at Plot No. 198 A&B, IDA Cherlapally, Hyderabad
- Mortgage and first charges on the fixed assets of Ethanol Division situated at Plot No. B 8-10, MIDC, Kushnoor, Nanded, Maharashtra
- Mortgage and first charges on lease hold rights on land admeasuring 2,02,350 sq. mts. Approximately and fixed assets both present and future, situated at survey nos. 50,66,68,69,70,84,85,86 & 87 situated at Fabcity, Raviryal village, Maheswaram mandal, Rangareddy district, Andhra Pradesh
- First charge on immovable properties, present and future situated at Shed nos. 30, 31 and 32, IDA, Mallapur, Hyderabad.
- Hypothecation of all tangible, movable properties and Assets, both present and future including raw materials, goods in process, finished goods and book debts.
- Personal guarantee of Directors of the Company Mr. Dinesh Kumar, Mr. Aneesh Mittal and Mrs. Ritulal Kumar.
- Hire Purchase loans are secured by hypothecation of specific vehicles

2.37 Segment Reports

The company considers Solar business segment as the primary segment. In addition to Solar business, the company was involved in Telecom business of manufacturing CDMA handsets, JKits & OFC, SMPS and manufacture of Enthanol. However, during the year there was negligible business in these segments. Hence, the segment reports are not provided

2.38 Related Party Transactions:

Information relating to Related Party transactions as per Accounting Standard 18, issued by The Institute of Chartered Accountants of India, notified under Section 211(3C) of the Companies Act, 1956 is as under:

a) Names of related parties and the nature of relationships:

Name	Relationship
i. Khandoba Distilleries Ltd	Subsidiary Company
ii. Saptashva Solar Ltd	Wholly owned subsidiary Company
iii. Saptashva Solar SA	Wholly owned subsidiary Company
iv. Saptashva Solar SRL	Subsidiary of Saptashva Solar SA
v. Digrun Grun SL	Subsidiary of Saptashva Solar SA
vi. Apulia Solar SRL	Subsidiary of Saptashva Solar SRL
vii. Sree Sahasya Enterprises Pvt Ltd	Associate Company
viii. Sree Sahasya Entertainments Pvt Ltd	Associate Company
ix. Soft Projex (I) Ltd	Associate Company
x. Key Management Personnel:	
Shri Dinesh Kumar	Managing Director
Smt Ritulal Kumar	Director

b) Transactions made during the period:

Name of the Party	Relationship	Sale of goods & Services	Advances/ Loans given	Advances/ Loans recovered	Loans received	Loans repaid	Receivable/ payable) as at 31.03.2012
Khandoba Distilleries Limited	Subsidiary Company	-	-	246.67	287.25	-	(287.25)
Saptashva Solar Limited	Subsidiary Company	161.32	-	-	-	248.67	(55.34)
Sree Sahasya Enterprises Pvt. Ltd	Associate company	-	-	303.61	-	-	-
Sree Sahasya Entertainments Pvt Ltd	Associate company	-	-	27.68	-	-	-
Soft Projex (I) Ltd	Associate company	-	-	585.83	-	-	-

c) Amounts outstanding at the Balance Sheet date

Amount in ₹ Lacs

Name of the Party	Relationship	2011-12		2010-11		Remarks
		Amounts Due to the company	Amounts Payable by the company	Amounts Due to the company	Amounts Payable by the company	
Khandoba Distilleries Limited	Subsidiary Company	1,537.80	-	1,537.80	-	Equity Subscribed
Khandoba Distilleries Limited	Subsidiary Company		287.25	246.67	-	Loans given/received
Saptashva Solar Limited	Subsidiary Company	5.00		5.00		Equity Subscribed
Saptashva Solar Limited	Subsidiary Company		55.34		465.33	Loans given/received
Saptashva Solar S.A, Spain	Subsidiary Company	1,636.49		1,636.49		Equity Subscribed
Saptashva Solar S.A, Spain	Subsidiary Company	1,006.71		1,006.71		Application money pending allotment
Saptashva Solar S.A, Spain	Subsidiary Company	46.59		46.59		Amounts due against sales
Saptashva Solar SRL, Italy	Step down Subsidiary Company	345.55		345.55		Advances for expenses
Digrun Grun SL, Spain	Step down Subsidiary Company	653.93		653.93		Amounts due against sales
Sree Sahasya Enterprises Pvt. Ltd	Associate Company	-		303.61		Advances given
Sree Sahasya Entertainments Pvt. Ltd	Associate Company	-		27.68		Advances given
Soft Projex (I) Ltd	Associate Company	-		585.83		Advances given

2.39 There are no dues to Micro, small and medium enterprises under Development Act, 2006, exceeding 45 days. The micro, small and medium industries are determined to the extent such parties have been identified on the basis of the information available with the Company.

2.40 Balances appearing under unsecured loans, sundry creditors, Capital WIP, Loans and advances and debtors are subject to confirmation and / or reconciliation, if any.

2.41 Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date
 For **SATYANARAYANA & CO**
 Chartered Accountants
 FRN No.003680S

For and on behalf of the Board

(J Jaganadha Rao)
 Partner
 Membership No. 6239
 Place: Secunderabad
 Date: 11.01.2013

Dinesh Kumar
 Managing Director

Aneesh Mittal
 Director

Jyoti Khatri
 Company Secretary

XL Energy Limited

Balance Sheet Abstract and Company's General Profile

I Registration Details
 Registration No. State Code
 Balance Sheet Date

II Capital Raised During the Year (Amount in Rs. Lakhs)

Public Issue Right Issue
 Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)

Total Liabilities Total Assets

Sources of Funds

Paid Up Capital
 Share Application Money
 Reserves & Surplus
 Secured Loans
 Unsecured Loans

Application of Funds

Net Fixed Assets
 Investments
 Net Current Assets
 Misc. Expenditure
 Deferred Tax (Asset)

IV Performance of Company (Amount in Rs. Thousands)

Turnover
 Total Expenditure
 Profit/Loss(-) Before Tax
 Profit/Loss(-) After Tax
 Earning Per Share Rs.

V Generic Names Principle Products / services of the Company (As per the Monetary Terms)

Item Code No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/>	Product Description	<input type="text" value="Protection Module for MDF in telecom equipment"/>
Item Code No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="1"/>	Product Description	<input type="text" value="Sleeves"/>
Item Code No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/>	Product Description	<input type="text" value="Solar Power Generating Systems"/>
Item Code No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/>	Product Description	<input type="text" value="Switch mode power supply power plants-100 amps"/>
Item Code No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/>	Product Description	<input type="text" value="CDMA Mobile Handsets"/>
Item Code No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	<input type="text" value="Ethanol"/>



XL ENERGY LIMITED

Regd. Office: C2, Pooja Plaza, Vikrampuri, Secunderabad - 500 009
Ph: +91 40 27883333 Fax: +91 40 27883344

PROXY FORM

Regd. folio No DP ID Client ID

I / Webeing a Member / Members of the above named Company hereby appointofor failing himoras my / our proxy to vote for me / us on my / our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on 4th day, of February 2013 at 11.30 AM at Premises of the Company's Plant at Plot No. 198/A, I.D.A., Cherlapally, Hyderabad - 500051 and at any adjournment thereof.

Signed thisday of 2013

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited to the registered office of the Company, not less than 48 hours before the meeting.

XL ENERGY LIMITED

Regd. Office: C2, Pooja Plaza, Vikrampuri, Secunderabad - 500 009
Ph: +91 40 27883333 Fax: +91 40 27883344

ATTENDANCE SLIP

Regd. Folio No..... DP ID Client ID

I certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the company,

I hereby record my presence in the Twenty Fifth Annual General Meeting of the Company to be held on 4th day, of February 2013 at 11.30 AM at Premises of the Company's Plant at Plot No. 198/A, I.D.A., Cherlapally, Hyderabad - 500051 and at any adjournment thereof.

Member's / Proxy's Name
(in Block Letters)

Member's / Proxy's Name
Signature

Note: Please fill in this attendance slip and hand it over at the entrance of the Hall.

BOOK POST

If undelivered, please return to



The Company Secretary
XL Energy Limited
(Formerly XL Telecom Limited)
C2, Pooja Plaza, Vikramপুরi
Secunderabad - 500 009